

CHAPTER 487

THE INSURANCE ACT

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THE INSURANCE REGULATIONS

[Legal Notice 312 of 1986, Legal Notice 52 of 1987, Legal Notice 349 of 1987, Legal Notice 180 of 1992, Legal Notice 189 of 1994, Legal Notice 372 of 1995, Legal Notice 87 of 1996, Legal Notice 169 of 1998, Legal Notice 75 of 1999, Legal Notice 172 of 1999, Legal Notice 108 of 2002, Legal Notice 91 of 2003, Legal Notice 40 of 2004, Legal Notice 65 of 2006, Legal Notice 99 of 2006, Legal Notice 2 of 2007, Legal Notice 135 of 2007, Legal Notice 97 of 2009, Legal Notice 85 of 2010, Legal Notice 154 of 2010, Legal Notice 51 of 2011, Legal Notice 57 of 2012, Legal Notice 178 of 2014, Legal Notice 104 of 2015, Legal Notice 108 of 2016, Legal Notice 51 of 2017, Legal Notice 275 of 2017, Legal Notice 93 of 2019, Legal Notice 217 of 2020, Legal Notice 167 of 2021, Legal Notice 69 of 2022]

PART I – PRELIMINARY

1. Citation

These Regulations may be cited as the Insurance Regulations.

2. Applicability

These Regulations shall apply to all members of the insurance industry, *mutatis mutandis*, unless otherwise specified.

3. Interpretation

(1) In these Regulations—

“Kenya citizen” means an individual, being a natural person, who is a citizen of Kenya;

“Kenya company” means a company, incorporated under the Companies Act (Cap. 486) whose shares are wholly owned by Kenya citizens;

“Kenya partnership” means a partnership whose partners are all Kenya citizens.

(2) For the purposes of these Regulations and the management of the insurance industry the classes and sub-classes of insurance business shall be serialized according to the serial numbers specified in these Regulations.

4. Excluded business

For the purposes of the definition of “insurance business” in section 2 of the Act the following are declared not to be insurance businesses for the purposes of the Act—

- (a) business undertaken by a person being a carrier, carrier’s agent, forwarding agent, wharfinger, warehouse man or shipping agent, relating only to his liability in respect of goods belonging to another person and in his possession or under his possession or under his control for the purpose of carriage, storage or sale of those goods;
- (b) business undertaken by a person, being an inn-keeper or lodging, housekeeper relating only to his liability in respect of goods belonging to another person and in the possession or under the control of a guest at the inn or lodging house of which the first-mentioned person is the inn-keeper or lodging-housekeeper for safe custody.

PART II – REGISTRATION OF INSURERS

5. Insurer’s application for registration

The application for registration as an insurer under section 30 of the Act, shall be submitted in Form No. INS. 30–1 in the First Schedule together with all the information required to be submitted in the appendices to that form specified in that Schedule.

[L.N. 51/2017, r. 2]

6. Registration and annual fees

(1) The registration fees for an insurer that is registered under section 31 shall be—

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- (a) in the case of an insurer, one hundred and fifty thousand shillings; and
 - (b) in the case of a reinsurer, two hundred and fifty thousand shillings.
- (2) The annual fees for an insurer that is registered under section 31 shall be—
- (a) in the case of an insurer, one hundred and fifty thousand shillings; and
 - (b) in the case of a reinsurer, two hundred and fifty thousand shillings.
- (3) The fees specified in paragraph (2) shall be payable annually on or before the 30th September in each year.
- (4) The Authority may, with respect to an insurer that fails to pay the annual fees on the date specified in paragraph (3)—
- (a) impose a penalty of twenty thousand shillings for each day the fees remain unpaid; and
 - (b) cancel the insurer's licence.

[L.N. 189/1994, r. 2, L.N. 167/2021, r. 2.]

7. Statements to be submitted under section 30(k) of the Act

For the purpose of section 30(k) of the Act, every insurer shall, at the time of first making application for registration under one or more of the classes of insurance business prescribed under regulations 9 and 10, lodge with the Commissioner the following statements:

- (a) a photocopy of the certificate of incorporation;
- (b) in the case of an insurer who has not transacted insurance business prior to making the application or where authorization is sought to transact a class of business not transacted before, a copy of the feasibility study report carried out in this regard, showing estimates of premium, expenses and claims for each of the first three financial years following the year in which the application is made, separately on a year by year basis and separately for each such year on both optimistic and pessimistic bases and such feasibility study report shall contain the following information—
 - (i) estimates relating to—
 - (A) premiums both gross and net of reinsurance and broken down between business in Kenya and elsewhere; and
 - (B) claims, after all reinsurance recoveries;
 - (ii) a forecast balance sheet;
 - (iii) estimates relating to the financial resources to cover underwriting liabilities and the margin of solvency;
 - (iv) in the case of long term insurance business, the number of contracts, and the total sums assured or amounts of annuity per annum expected to be issued;
- (c) the sources of business (for example, insurance brokers, agents, own employees or direct selling) and the approximate per centage expected from each source;
- (d) a summary (that is to say a treaty slip) of reinsurance treaties arranged for each class of business containing all the terms and conditions;
- (e) copies or drafts of any agreements with persons (other than employees of the insurer) who will manage the business of the insurer;
- (f) copies or drafts of any standard agreements which the insurer may have with brokers or agents;
- (g) in the case of long term insurance business, a certificate by an actuary, supported by calculations or projections by the actuary, that he considers the financing of the insurer to be sufficient to cover both technical reserves and

the required margin of solvency during the first three financial years following the financial year in which application is made;

- (h) in the case of an insurer who has not transacted insurance business prior to making the application or where authorization is sought to transact a class of business not transacted before, the estimated costs of installing the administrative services and organization for securing business, and the financial resources intended to cover those costs;
- (i) accounts, statements and reports laid before the shareholders at the last three annual general meetings or, if less than three annual general meetings have been held, the accounts, statements and reports laid before the annual general meetings which have been held and the minutes of the annual general meetings shall also be lodged;
- (j) in the case of an insurer who was carrying on or transacting long term insurance business immediately prior to the date of commencement of the Act, copies of the last three valuation reports of the actuary.

7A. Deposits for Insurers Registration

For the purposes of section 32 of the Act, deposits required to be kept with the Central Bank of Kenya shall be under lien in favour of the Insurance Regulatory Authority.

[L.N. 97/2009, r. 2]

PART III – ADMITTED ASSETS AND ADMITTED LIABILITIES

8.

[Deleted by L.N. 93/2019, r. 2.]

PART IV – ACCOUNTS, BALANCE SHEETS, AUDIT AND ACTUARIAL INVESTIGATIONS

9. Classes of insurance business in respect of which separate accounts to be maintained

(1) Classes of insurance business in respect of which separate accounts to be maintained (1) An insurer carrying on insurance business, shall maintain separate accounts in respect of the following classes of insurance business—

INSURANCE BUSINESS — CLASSES OF BUSINESS

<i>Serial No. of Classes</i>	<i>Brief Description of Classes</i>
31	Life Assurance
32	Annuities
33	Pensions
	(a) Personal pension
	(b) Deposit Administration
34	Group life
35	Group Credit
36	Permanent Health
37	Investment
	(a) Unit link and Linked Investment
	(b) Non-linked investments

(2) For the purposes of this regulation—

- (a) "annuity" means an insurance contract that provides for a series of guaranteed payments, either for a specified period of time or for the lifetime of one or more individuals;
- (b) "deposit administration" means an insurance plan for retaining retirement contributions made by employers in a special fund held by an insurer which shall be applied towards the purchase of annuities as employees retire;

[Subsidiary]

- (c) "group credit insurance" means insurance purchased by a creditor on the life or health of debtors to pay off the creditor's debt in the case of the creditor's disability or death:
- (d) "permanent health insurance" means a long term insurance contract designed to provide a replacement income to a policyholder if the policyholder is unable to work due to illness or injury:
- (e) "personal pension" means a long term savings product where an individual shall contribute voluntarily and a lump sum shall be available upon that individuals retirement: and
- (f) "unit link and linked investment" means an insurance product that offers the benefit of insurance and investment in an integrated plan".

[L.N. 108 of 2016, L.N. 93/2019, r. 2]

10. Classes of general insurance business in respect of which separate accounts to be maintained

An insurer carrying on general insurance business shall maintain separate accounts in respect of the classes of business listed in Part A of the Third Schedule and defined for the purposes of these Regulations in Part B of that Schedule.

11. Forms of accounts

(1) For the purposes of section 54 of the Act, the forms of accounts shall be the following forms set out in Part C of the Third Schedule—

- (a) the general insurance business revenue account, Form No. INS. 54-1;
- (b) the long term insurance business revenue account, Form No. INS. 54-2;
- (c) *deleted by L.N. 57/2012, r. 2;*
- (d) the profit and loss account, Form No. INS. 54-4;
- (e) the balance sheet, Form No. INS. 54-5.

(2) The forms shall be prepared in accordance with the directions specified in Part D of the Third Schedule and such other directions as the Commissioner may from time to time in writing issue to members of the insurance industry.

[L.N. 57/2012, r. 2.]

12. Actuarial abstracts

For the purposes of section 57(1) of the Act, the actuarial abstracts and statements in respect of long term insurance business shall be prepared in accordance with the provisions of the Fourth Schedule.

13. Statements of long-term insurance business

For the purposes of section 57(3) of the Act, the statement required of an insurer following an investigation under section 57(1) of the Act shall be prepared in accordance with the provisions of the Fifth Schedule.

14. Actuarial valuation of liabilities

For the purposes of section 57(5) of the Act, the value of assets and the amount of liabilities for purposes of an actuarial investigation shall, subject to section 58 of the Act, be determined in accordance with the provisions of the Sixth Schedule.

15. Prescribed basis

For the purposes of section 58(3) of the Act, the calculation on the prescribed basis of the value of liability of a statutory fund in respect of its policies, shall be according to the provisions of the Seventh Schedule.

[L.N. 108 of 2016, r. 3.]

16. Actuary's certificate

For the purposes of section 58(5)(c) of the Act, an actuary's certificate shall be in form set out in the Eighth Schedule.

17. Annual returns: long term insurance business

For the purposes of section 59 of the Act, every insurer carrying on long term insurance business shall, within three months after the end of the period to which they relate, lodge with the Commissioner, in respect of every financial year—

- (a) *deleted by L.N. 93/2019 r. 4;*
- (b) the following statements in the forms set out in the Ninth Schedule signed by the principal officer and also by an auditor in the case of those under (i), (ii), (iii), (iv) and (v)—
 - (i) statement of premium income, Form No. INS 59-14;
 - (ii) statement of incurred claims, Form No. INS 59-3A;
 - (iii) statement of commission and management expenses, Form No. INS 59-5;
 - (iv) particulars of inward and outward re-insurance treaties, Form No. INS 59-6;
 - (v) particulars of brokers, reinsurers and re-insured under inward and outward reinsurance treaties, Form No. INS 59-7;
 - (vi) particulars of insurance business not covered by any reinsurance arrangement, Form INS. 59-8;
 - (vii) statement of reinsurance premiums on long term business, Form No. INS 59-9A
 - (viii) particulars of inward and outward reinsurance treaties;
 - (ix) statement of commission Form No. INS. 59-10A;
 - (x) statement of long term insurance business, Form No. INS. 59-11;
 - (xi) statement of movement in long term insurance business, Form No. INS 59-12.

[L.N. 108/2002, r. 2, L.N. 57/2012, r. 3, L.N. 108/2016, r. 4, L.N. 93/2019, r. 4.]

18. Annual returns: general insurance business

For the purposes of section 59 of the Act, every insurer carrying on general insurance business shall, within six months after the end of the period to which they relate, lodge with the Commissioner, in respect of every financial year—

- (a) *deleted by L.N. 93/2019, r. 5;*
- (b) the following statements in the forms set out in the Ninth Schedule, signed by the principal officer and also by an auditor in the case of the statements under (i), (ii), (iii), (iv), (v), (vi) and (vii)—
 - (i) statement of premium income, Form No. INS. 59-1B;
 - (ii) statement of incurred claims in respect of incidents occurring in previous years, Form No. INS. 59-2;
 - (iii) statement of incurred claims in respect of incidents occurring in the current year and total incurred claims, Form No. INS. 59-3B;
 - (iv) statement of underwriting balances, Form No. INS. 59-4;
 - (v) statement of commission and management expenses, Form No. INS. 59-5;
 - (vi) particulars of inward and outward reinsurance treaties, Form No. INS 59-6;

Insurance

[Subsidiary]

- (vii) particulars of brokers, reinsurers and re-insured under inward and outward reinsurance treaties, Form No. INS. 59-7;
- (viii) particulars of insurance business not covered by any reinsurance arrangement, Form No. INS. 59-8;
- (ix) statement of premium, Form No. INS. 59-9B;
- (x) statement of commission, Form No. INS. 59-10B.

[L.N. 108/2002, r. 3, L.N. 57/2012, r. 4, L.N. 93/2019, r. 5.]

19. Annual returns: supplementary provisions

(1) The statements required under regulations 17 and 18 shall be submitted separately in respect of Kenya business and outside Kenya business.

(2) In case an insurer does not have any information to submit in respect of any of the classes of business under regulations 17 and 18 the statements required shall be submitted indicating that the insurer has no information to submit.

(3) "Class of business" and "sub-class of business" wherever shown in the statements required to be furnished under regulations 17 and 18 are those specified in regulation 9 in respect of long term insurance business and in Part A of the Third Schedule in respect of general insurance business.

20. Authentication and certification of accounts and statements

(1) The copies of the accounts, balance sheets, certificates, abstracts, returns or statements required to be deposited with the Commissioner under section 61(1) of the Act shall, in addition to the signatures required under section 60 of the Act, by the insurer a certificate of authentication signed by the principal officer and the person who prepared the account, balance sheet, certificate, abstract, return or statement in this form:

"CERTIFIED ON THE 20
TO BE AN AUTHENTIC COPY FOR THE PURPOSES OF SECTION 61 OF THE
INSURANCE ACT, 1984.

.....
.....

(2) The name of the person signing any statement, document, return, abstract, report, submitted to the Commissioner under the provisions of the Act or these Regulations shall be printed just below the signature and any one signing in the name of a firm shall print his own name and also that of his firm below the signature.

(3) Subject to such conditions as the Commissioner may prescribe, insurance formalities or submission of documents under this regulation may be done through the use of information technology.

[L.N. 85/2010, r. 2, L.N. 57/2012, r. 5.]

PART V – MANAGEMENT AND EXPENSES

21. Management expenses

(1) For the purposes of section 70(1) of the Act the limits of management expenses shall be as set out in Part A of the Tenth Schedule.

(2) Every insurer shall submit statements in forms Nos. INS. 70-1, INS. 70-2, INS. 70-3, INS. 70-3A, INS. 70-4 set out in part B of the Tenth Schedule as may be applicable, within four months of the period to which they relate, duly certified by the principal officer.

[L.N. 57/2012, r. 6.]

22. Restriction on commission

For the purposes of section 73(2) of the Act, the maximum rates of brokerage, commission, payable by an insurer shall be those specified in the Eleventh Schedule in respect of the classes of business specified in that schedule.

[L.N. 108 of 2002, r. 4.]

PART VI – POLICY TERMS

23. Exemption from the provision regarding avoidance of contracts of unlimited amounts

The following categories of contracts shall be exempt from the operation of section 78 of the Act, namely—

- (a) contracts of insurance covering the liability under the Insurance (Motor Vehicles Third Party Risks) Act (Cap. 405);
- (b) contracts of insurance covering the liability of an employer to the employee under common law.

24. Paid up policies

For the purposes of section 88(1) of the Act, the rules on paid up policies shall be those specified in the Twelfth Schedule.

25. Surrender values

For the purposes of section 89 of the Act, the surrender value of a policy shall be calculated in accordance with the rules set out in the Thirteenth Schedule.

26. Payment of interest on overdue premiums

For the purposes of section 90(2) of the Act the prescribed terms shall be terms under which the amount of interest chargeable in respect of an overdue premium would be an amount calculated at a rate of interest not exceeding ten per centum per annum on the overdue premium compounded annually.

27. Paid up industrial life policies

For the purposes of section 91(4) of the Act the prescribed rules shall be those set out in the Twelfth Schedule.

28. Certain policies to which sections 88-92 do not apply

In accordance with subsection (2) of section 93 of the Act, it is declared that the provisions of sections 88 to 92 (inclusive) of the Act shall apply in respect of each of the classes of policies specified in this regulation, subject to the modifications declared in the paragraph of this regulation in which that class is specified—

- (a) *Family Income Policies and Policies which provide other additional benefits on death within a specified term—*

If a policy provides income or other additional life insurance benefits so that the amount payable (exclusive of bonuses) in the event of death within a specified term dating from the commencement of the policy exceeds the amount payable (exclusive of bonuses) in the event of death or survival after the expiry of the specified term (which latter amount is hereinafter referred to as the basic sum insured), the paid up policy to which the policy owner is entitled shall be payable on the same contingencies as the basic sum insured only, and shall not carry such additional benefits.

- (b) *Policies which include certain contingent additional benefits—*

If a policy includes provision for a benefit payable in an event other than death or survival, or a benefit payable in the event of death by accident or in the event of a specified sickness only (either or both of which benefits are hereinafter referred to as additional benefits), the paid up policy to which the policy owner shall be entitled shall be calculated in accordance with the rules set out in the Twelfth Schedule; and for the purpose of that calculation the additional benefits shall be ignored, and the paid up policy shall not provide any part of the additional benefits.

- (c) *Option Policies—*

[Subsidiary]

If a policy contains provision for the contract thereunder to be varied at the option of the owner of the policy on a specified date or on the happening of a specified event and the policy owner becomes entitled to a paid up policy before that option has been exercised, the paid up policy to which the policy owner shall be entitled shall be that to which he would be entitled if the policy did not include provision for that optional variation.

(d) *Altered Ordinary Life Policies—*

In cases where, since the issue of any ordinary policy, the contract thereunder has been varied at the request of the policy owner in such a manner that either the date upon which the sum insured becomes payable, or the term during which premium payments are to be made, or both, have been altered, the paid up value of the policy shall be calculated according to the rules determined for the purpose by the insurer's actuary.

(e) *Policies providing for endowment insurance payable in instalments depending on survival with level premiums until the last instalment is paid—*

If an endowment insurance policy provides for payment of the sum assured by instalments depending on survival and full sum assured or any unpaid balance at death, premiums being payable at a level rate until the final balance of the sum insured has been paid, the paid up policy value of such a policy shall be calculated according to rule 2 instead of rule 1 of the rules set out in the Twelfth Schedule:

Provided that—

- (i) if, according to the practice of the insurer, on the policy being made paid up, the paid up amount is payable in one lumpsum on death or at maturity instead of instalments as provided in the original contract, this factor shall be allowed for in the calculation of the paid up value of the policy under rule 2 of the Twelfth Schedule; and
- (ii) for the actual calculation of paid up values of policies referred to in this paragraph an insurer may use, with the approval of the Commissioner, working rules framed by the insurer's actuary consistent with the provision of this paragraph.

(f) *Paid up Policies—*

Where a policy has been rendered paid up (whether by the grant of a paid up policy as required by the Insurance Act or otherwise) and a calculation of the surrender value of the policy is subsequently required to be made, the calculation shall be made according to the rules set out in the Thirteenth Schedule, and the amount of the paid up policy of which the present value is to be found in terms of rule 1 of those rules shall be the actual amount of the paid up policy.

PART VII – NOMINATIONS

29. Nomination of minors

For the purposes of the proviso to section 111(1) of the Act, the appointment of a person to receive the money secured by a policy in the event of the death of the holder of a policy during the minority of the nominee shall be in the form set out in the Fourteenth Schedule.

30. Fee for registering, cancelling or changing a nomination

An insurer may charge a policy-holder ten shillings for registering a nomination or its cancellation or change pursuant to section 111(3) of the Act.

PART VIII – CLAIMS ON SMALL LIFE POLICIES

31. Fee for adjudication

The fee to be charged and collected for an adjudication under section 112 of the Act shall be two percentum of the sum assured of the policy in dispute or one hundred shillings, whichever is the greater amount.

PART IX – MANDATORY REINSURANCE CESSIONS

32. Mandatory cessions

For the purposes of section 145 of the Act, the proportions of business which shall be ceded to the Corporation by insurers, the manner of cessions and the terms and conditions applicable shall be those set out in the Fifteenth Schedule for the various classes of insurance business specified in that schedule.

33. Payment of re-insurance cessions

Payment by insurers to the Corporation in respect of re-insurance effected under Part XIV of the Act shall be made within the periods of payment specified in the Fifteenth Schedule.

PART X – INTERMEDIARIES, CLAIMS SETTLING AGENTS, INSURANCE
SURVEYORS, MEDICAL INSURANCE PROVIDERS, LOSS ADJUSTERS,
MOTOR ASSESSORS, INSURANCE INVESTIGATORS AND RISK MANAGERS

[L.N. 57/2012, r. 7.]

34. Forms of application for registration and renewal of registration of intermediaries, etc

(1) The forms set out in the Sixteenth Schedule shall be used by brokers, agents, risk managers, motor assessors, insurance investigators, loss adjusters, insurance surveyors, medical insurance providers, bank assurance intermediaries and claims settling agents when applying for registration under the Act and shall be submitted together with the appendices thereto prescribed in that Schedule.

(2) For purposes of registration of insurers registration and renewal of registration of micro-insurers agents, brokers, risk managers, motor assessors, insurance investigators, loss adjusters, insurance surveyors, medical insurance providers, bancassurance intermediaries and claims settling agents the registration certificates to be issued on registration shall be in the forms set out in the Twenty-Second Schedule.

[L.N. 52/1987, r. 2, L.N. 57/2012, r. 7, r. 8, L.N. 275/2017, r. 2, L.N. 69/2022, r. 2.]

35. Policy of professional indemnity for a broker

For the purposes of section 151(1)(a) of the Act, the policy of professional indemnity insurance to be taken out by a broker or medical insurance provider shall be as prescribed in the Seventeenth Schedule.

[L.N. 57/2012, r. 9.]

36. Statement of business

For the purposes of section 151(1)(c), every agent, broker, claims settling agent, insurance surveyor, medical insurance provider, loss adjuster, motor assessor, insurance investigator and risk manager, shall submit a statement of business in the appropriate form prescribed in the Eighteenth Schedule and in accordance with the notes thereto.

[L.N. 57/2012, r. 10.]

37. Fees payable

The fees for registration and renewal of registration under sections 151(1)(d) and 188(2) of the Act shall be as follows—

Ksh

Insurance

[Subsidiary]

Insurance broker	10,000
Risk manager	3,000
Motor assessor	3,000
Insurance investigator	3,000
Loss adjuster	3,000
Insurance surveyor	3,000
Medical insurance agent	10,000
Claims setting agent	3,000
Insurance Agent	1,000
Corporate insurance agent	1,000

[L.N. 189/1994, r. 2, L.N. 57/2012, r. 11.]

38. Other documents

For the purposes of section 151(1)(e) of the Act, a broker, an insurance provider who is already carrying on business on the appointed date shall, at the time of the application for the first registration under the Act, submit—

- (a) an audited profit and loss account;
- (b) an audited balance sheet;
- (c) a report from an auditor as to whether—
 - (i) proper accounting records have been kept;
 - (ii) proper returns adequate for audit have been received;
 - (iii) the balance sheet and profit and loss accounts are in accordance with the accounting records:

Provided that—

- (i) if the auditor is unable to make a positive opinion in respect of the matters specified in this paragraph he shall state that fact in his report and shall qualify the report if he fails to obtain all the information and explanations which are necessary for the purposes of the audit; and
- (ii) if the broker carries on any other business, he shall attach a supplementary statement—
 - (A) showing the total revenue of the business divided between revenue directly derived from insurance broking and all other revenue and stating the nature of each type of business carried on;
 - (B) classifying expenditure and grouping it under appropriate headings;
 - (C) showing the total brokerage income contained in the accounts unless this figure is already stated in the accounts.

[L.N. 57/2012, r. 12.]

39. Bank guarantee for broker's registration

For the purpose of section 153(1) of the Act the form of guarantee which may be required of a broker by the Authority shall be as set out in Form 153-1 in the Nineteenth Schedule or in the form of a two-year Government bond held by the Authority, and the minimum amount of the guarantee shall be, at the time of first registration of the broker and at the time of subsequent renewals, three million shillings.

Provided that a broker who is registered before the commencement of this provision shall provide the guarantee referred to herein within a period of eighteen months from the date of such commencement.

[L.N. 124/1994, r. 2, L.N. 75/1999, r. 2, L.N. 108/2002, r. 5, L.N. 65/2006, r. 2, L.N. 2/2007, r. 2, L.N. 97/2009, r. 3, L.N. 85/2010, r. 3.]

40. Returns by corporate persons under the Act

For the purposes of section 155 of the Act, every corporate person registered under Part XV - of the Act, shall furnish to the Commissioner, within four months after the end of the period to which they relate, such audited accounts and statements together with the auditors' report as are required to be prepared as may be prescribed by the Authority, from time to time shall, in addition, furnish, within sixty days from the end of each half year, audited statements showing the total amount of premium due from the broker to all insurers in Kenya remaining outstanding as at 30th June and 31st December of every year in respect of risks placed with the insurers before the respective dates and also separately, in respect of risks placed with the insurers before the respective dates and also separately, in respect of risks placed more than sixty days prior to the respective dates, in Form No. INS. 153-1 in the Nineteenth Schedule.

[L.N. 85/2010, r. 4, L.N. 57/2012, r. 13.]

PART XI – ADVANCE PAYMENT OF PREMIUM

41. Advance payment of premium

For the purposes of section 156(1) of the Act, a risk in respect of a policy may be assumed before the premium payable in respect thereof is received—

- (a) if the entire amount of premium is guaranteed to be paid by a bank licensed under the Banking Act (Cap. 488);
- (b) if an advance deposit is made with the insurer to the credit of the insured sufficient to cover the payment of the entire amount of the premium together with the premium, if any, due from the insured in respect of any other risk already assumed against such deposit, such deposit being agreed to be adjusted towards the premium.

[L.N. 91/2003, r. 2.]

42. Despatch of premium

For the purposes of section 156(4) of the Act, the premium collected by an agent or a received by him shall be deposited with or despatched to the insurer immediately upon the receipt thereof.

[L.N. 91/2003, r. 3.]

43. Relaxations

For the purposes of section 156(5) of the Act, in respect of the categories of insurance policies mentioned hereunder the provisions of subsection (1) of section 156 of the Act and regulation 41 shall stand relaxed to the extent and in the manner mentioned in respect of each category of policy, subject to the conditions mentioned therein—

- (a) *Policies under Sickness Insurance Scheme—*
Premiums on such policies may be accepted in instalments provided that the instalment covering a particular period shall be received on or before the date of commencement of the period.
- (b) *Declaration Policies—*
Risks in respect of such policies may be insured if at least the premium calculated on 75 percentum of the sum insured has been received before assumption of the risk.
- (c) *Policies issued on the basis of adjustable premiums—*
Risk in respect of policies issued on the basis of adjustable premium such as workmen's compensation, cash in transit, and others, may be assumed on receipt of provisional premiums based on a fair estimate.
- (d) *Annual insurances connected with aircraft hulls and marine hulls—*

[Subsidiary]

Facilities for delayed payment of premium on such policies, or the payment of premiums by means of instalments not exceeding four in number and on the basis of an approved clause, may be allowed at the discretion of the insurer, provided that such clause is endorsed on the policy.

- (e) *Short period covers in respect of insurance connected with aircraft hulls and marine hulls—*

Short period covers may be granted on such risks on a held covered basis, subject to the condition that the premium or additional premium in respect of risks assumed in a calendar month shall be paid by the end of the next calendar month.

- (f) *Policies issued for long term—*

In the case of policies issued for long term, such as contract performance bonds or guarantees, contractors' all risks policies, machinery erection policies and the like, the premium may be staggered as necessary according to custom, over the period of the cover, provided that the first instalment is higher than any other instalment by at least five per centum of the total premiums payable and each instalment is paid in advance, but where the premium is payable by declaration, it may be paid within fifteen days from the effective date of such declaration.

- (g) *Schedule and Consequential Loss Policies—*

In such cases a provisional amount towards the premium shall be collected before the date of inception or renewal of risk on the basis of the previous year's premium.

- (h) *Marine Covers other than hulls—*

- (i) In the case of inland shipments and transit risks, risk may be assumed under open policies in respect of seasonal crops such as tea, on the payment of a provisional premium based on a fair estimate.
- (ii) In the case of exports overseas, risk may be assumed subject to the condition that the premium shall be paid within fifteen days from the date of sailing of the overseas vessel;
- (iii) In the case of imports, risk may be assumed subject to the condition that the premium shall be paid within fifteen days of the receipt of declaration in Kenya from the insurer's or insured's representative overseas:

Provided that the relaxations under subparagraphs (ii) and (iii) shall apply to marine cover notes only and not to marine policies.

- (i) *Policies relating to co-insurances—*

The premiums shall be deemed to have been duly paid if paid on the full insurance to any one of the co-insurers.

- (j) *Policies of reinsurance—*

Risks may be assumed without payment of premium in advance in insurances accepted under automatic re-insurance contracts.

PART XII – GENERAL PROVISIONS

44. Folio copies

For the purposes of section 177(2) of the Act the fee per page of a document deposited with the Commissioner copied and furnished shall be two shillings.

45. Inspection fees

The fee for inspection of a register under section 185 of the Act shall be ten shillings.

46. Fees for duplicate certificates

The fee for a duplicate certificate under section 189(2) of the Act shall be five hundred shillings.

PART XIII – SUPPLEMENTARY PROVISIONS

47. Application for remittance

An application for the Commissioner's approval under section 201 of the Act to remit money or securities out of Kenya shall be made in Form No. INS. 201–1 in the Twentieth Schedule and every insurer shall also furnish to the Commissioner a statement in respect of re-insurance business ceded abroad and re-insurance in Form No. INS. 201–2 in the Twentieth Schedule showing, separately business accepted from abroad and also separately in respect of long term insurance business re-insurance and general insurance business re-insurances, the total amount (in equivalent Kenya shillings remitted abroad and the total amount of recoveries (in equivalent Kenya shillings) made from foreign reinsurers and insurers during each of the quarters ending on the last day of March, June, September and December within one month from the close of the quarter to which it relates; and every such statement shall be signed by the principal officer of the insurer.

48. Claims

For the purposes of section 203 of the Act, an insurer shall furnish the following statements to the Commissioner duly certified by the principal officer—

- (i) a statement in Form No. INS. 203–1A in the Twenty-First Schedule in respect of the long term insurance business within three months after the end of the period to which it relates; and
- (ii) a statement in Form No. INS. 203–1B in the Twenty-First Schedule in respect of the general insurance business within three months after the end of the period to which it relates; and
- (iii) a statement in Form No. INS. 203–2 in the Twenty-First Schedule in respect of the long term and general insurance business within 15 days after the end of the period to which it relates.

49. Manner of payment of fees

The fees payable by the members of the insurance industry for registration or renewal of registration under the Act and the Regulations shall be paid to "The Insurance Regulatory Authority".

[L.N. 97/2009, r. 4, L.N. 85/2010, r. 5.]

50. Reference to schedules

A reference in these Regulations to a Schedule shall be a reference to the particular Schedule set out in the "Schedules to the Insurance Regulations, 1986" published by the Government Printer, which Schedules shall be construed as one with these Regulations.

[L.N. 312/1986.]

51. Monthly insurance training levy return

For the purposes of section 197A (2), the rates of Levy shall be—

- (a) in case of gross direct premiums written by such insurers, one per cent (1%); and
- (b) in case of reinsurance premiums paid or credited to a reinsurer outside of Kenya, five per cent (5%).

[L.N. 146/1987, r. 2, Corr. No. 43/1987, L.N. 180/1992, r. 2, L.N. 124/1994, r. 3, L.N. 135/2007, r. 2, L.N. 97/2009, r. 5.]

[Subsidiary]

52. Monthly premium tax return

For purposes of section 197A(4), the levies payable under regulation 51 shall—

- (a) become payable at the end of each calendar month in case of the gross direct premiums;
- (b) become payable at the end of each quarter in case of the reinsurance premiums, in which the premiums were received or paid by the insurer and shall be payable by such insurer not later than the last day of the first month succeeding that in which the levies become due.

[L.N. 180/1992, r. 2, L.N. 124/1994, r. 3, L.N. 135/2007, r. 2.]

53. Annual premium tax return

For purposes of section 197E every insurer registered or authorized to carry on insurance business in Kenya shall—

- (a) at the end of each calendar month, prepare a monthly premium levy return, showing the total premiums due from the insurer for that particular month as set out in the Twenty Fourth Schedule;
- (b) at the end of each quarter, prepare a quarterly reinsurance levy return, showing the total insurance premiums due from the insurer for that particular quarter as set out in the Twenty Seventh Schedule; and
- (c) at the end of each calendar year and not later than the third month following the end of that year, prepare—
 - (i) an annual premium levy return as set out in the Twenty Fifth Schedule; and
 - (ii) an annual reinsurance premium levy return as set out in the Twenty Eighth Schedule.

[L.N. 180/1992, r. 2, L.N. 124/1994, r. 3, L.N. 135/2007, r. 2.]

54. Monthly re-insurance premium tax return

For the purposes of section 197B (2), the rates of the levy shall be calculated at the rate of zero point two per cent (0.2%) of the gross direct premiums written by the insurer in respect of general insurance business.

[L.N. 124/1994, r. 4, L.N. 135/2007, r. 2.]

55. Annual premium tax return

For the purposes of section 197B (3), the form set out in the Twenty Third Schedule shall be in the form for the monthly insurance training levy return.

[L.N. 124/1994, r. 4, L.N. 135/2007, r. 2.]

56. Annual Insurance Training Levy return

For the purposes of section 197E, an insurer carrying on general business in Kenya shall, at the end of each calendar year and not later than the third month following that year, prepare an annual insurance training levy return as set out in the Twenty Ninth Schedule.

[L.N. 135/2007, r. 3.]

57. Payment of Insurance Training Levy

For the purposes of section 197E, the levy payable under section 197B shall be paid to the Insurance Training and Education Trust in such manner as may be prescribed by the Authority from time to time.

[L.N. 135/2007, r. 3, L.N. 57/2012, r. 14.]

58. Monies Payable to Fund

For the purposes of section 4(2), all monies payable into the Fund shall be paid to the Insurance Regulatory Authority in such manner as may be prescribed by the Authority from time to time.

[L.N. 135/2007, r. 3, L.N. 57/2012, r. 15.]

FIRST SCHEDULE

APPLICATION FOR REGISTRATION AS AN INSURER

FORM INS. 30-1 (rr. 30, r. 188(2), r. 5)

[L.N. 51/2017, r. 3.]

All amounts in Kenya shillings

APPLICATION FOR REGISTRATION OF AN INSURER

(*Delete whichever is not applicable)

Read the Notes in Appendix F to this Form carefully and comply

A. APPLICANT

1. *Name:*
2. *Registered Office:*
 - Postal Address:
 - Telegraphic Address:
 - Telex: —Telephone:
3. *Location of Offices:*
 - Principal:
 - (give address)
 - Branches:
 - (give address)
4. *Incorporation:*
 - Place: —Date:
 - Insurance Business:*
 - Date of first licence:
 - Date of Commencement:
5. *Particulars of—*
 - (i) Members of Board of Directors (Appendix A)
 - (ii) Principal Officer, Company Secretary and other senior management staff (Appendix B)
 - (iii) Departmental staff (Appendix C)
 - (iv) Auditors, Legal Advisers and Actuaries (Appendix D)
 - (v) Members of the insurance industry excluding insurers whose services were availed of during the current year (Appendix E)

Insurance

[Subsidiary]

Please complete the forms in the above-mentioned Appendices.
 6. Bankers: Name Address Since when
 7. (i) Does the applicant or a director or an employee of the applicant directly or indirectly hold shares in or have any other financial or controlling interest in the affairs of another insurer or any agent, broker or other member of the insurance industry? If so, give details specifying name of the member, nature and extent of shareholding/interest in Appendices A and B.
 (ii) Is any of the individuals or firms listed in Appendices D and E-
 (a) a director or employee of the applicant or a related company?
 (b) holding any shares in, debentures of, or other interests with the applicant or a related company?
 8. Share Capital

A. AUTHORIZED CAPITAL

Type of Shares (1)	Number of Shares (2)	Amount per Share (3)	Total Amount (4)
(a).....			
(b).....			
(c).....			
(d).....			
TOTAL			

B. PAID-UP CAPITAL

Type of Shares (1)	Number of Shares (2)	Amount per Share Sh. (3)	Total Amount (2)x(3) (4)	Total Number of Share-holders (5)	HOLDING BY KENYA CITIZENS, BY KENYA COMPANIES, BY KENYA PARTNERSHIPS, BY THE GOVERNMENT		
					Total Number of shares (6)	Total Amount (7)	Percentage of Total Shareholding Voting rights (8)
(a)							
(b)							

Type of Shares	Number of Shares	Amount per Share Sh.	Total Amount (2)x(3)	Total Number of Share-holders	HOLDING BY KENYA CITIZENS, BY KENYA COMPANIES, BY KENYA PARTNERSHIPS, BY THE GOVERNMENT		
					Total Number of shares	Total Amount	Percentage of Total Shareholding Voting rights
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(c)							
(d)							
TOTAL							

9. In case the applicant does not have only ordinary shares of a uniform paid-up value as required under section 25 of the Act, describe the steps being taken to comply with the said requirement.

10. Deposit under section 32 of the Act

Amount of deposit made: Sh.

Central Bank of Kenya's

Receipt No.(s):

Date(s)

11. Business Particulars

A. Business Carried on/Proposed to be carried on

(i) Classes of long-term insurance business:

(Please refer to regulation 9)

(ii) Classes of general insurance business:

(Please refer to regulation 10)

(iii) Other business

B. Number of agents (employed or expected to be employed in the next 12 months):

Long-term insurance

General insurance

Total

Insurance

[Subsidiary]

C. Is assistance being taken or proposed to be taken from a broker or agent or any other agency in respect of underwriting, claims handling, reinsurance, etc. If so, please give details as under:

- (a) Name:
- (b) Work handled:
- (c) Reasons why outside agency is employed:
- (d) When is the work proposed to be handled by the applicant in his office:

12. Actuarial Valuation:

Date of the last valuation:
 Date of submission of the report to the Commissioner:

13. Annual Accounts:

Date up to which accounts made up:
 Date of submission of the accounts to the Commissioner:
 Date of last Annual meeting of shareholders:
 Date of submission of minutes of the above meeting to the Commissioner:

14. Valuation of assets by a member of the Institute of Surveyors of Kenya:

Date of valuation:
 Has a copy of the report been submitted? If so, date of submission:
 I hereby certify that the statements contained herein and in the documents submitted herewith required by section 30 or 188(2) of the Insurance Act, and the Insurance Regulations, are true and accurate to the best of my knowledge and belief. Any alterations in particulars stated herein or in the said documents will be promptly communicated to the Commissioner of Insurance.

I hereby declare that the company does not and does not intend to carry on any business other than insurance business for which it is seeking registration.

Signed on this day of, 20

.....
Principal Officer

APPENDIX A TO FORM INS. 30-1
PARTICULARS OF BOARD OF DIRECTORS

Serial Number	Name of Insurer:	Citizenship	Residential Address	Occupation	Date of Appointment	Number of Shares Held (See Note 1 Below)	COURT CONVICTION (See NOTE 2 BELOW)	INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (See Item (7i) OF FORM No. INS. 30-1)		
								Nature of Business	Name	Dates of Interest
1.							(a)	(b)	(c)	
2.										
3.										
4.										
5.										
6.										

As at 31st December, 20

Date: Principal Officer

NOTES: 1. If the shareholding consists of two or more types of shares, details should be given separately of the type, number and total paid-up values of each type of shares. If additional shares are held in the names of any relatives (who are not directors themselves) of the director, particulars of the same should be given separately.

2. Has there been in the past:

- (a) Any conviction of an offence involving fraud or dishonesty?
- (b) Any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors for?
- (c) Finding to be of unsound mind by a court of competent jurisdiction? Please state "Yes" or "No" in the above form and if the answer is "Yes", give full details separately.

3. If the space herein is insufficient, please use additional paper

Insurance

[Subsidiary]

APPENDIX B TO FORM INS. 30-1
PARTICULARS OF MANAGEMENT STAFF

Name of Insurer: As at 31st December, 20

Serial Number	Full Name	Designation	Citizenship	Age	Residential Address	QUALIFICATION		Years of Experience	Date of Appointment	Number of Shares held (See Note 1 below)	COURT CONVICTION (see note 2 below)			INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (See Item 7 (i) OF FORM No. INS, 30-1)			
						Academic	Professional				(a)	(b)	(c)	Nature of Business	Name	Details of interest	
1.																	
2.																	
3.																	
4.																	
5.																	
6.																	
7.																	
8.																	

..... Date: Principal Officer

NOTES: 1. If the shareholding consists of two or more types of shares, details should be given separately of the type, number and total paid up values of each type of shares. If additional shares are held in the names of any relatives (who are not members of management staff themselves) of the members of management staff particulars of the same should be given separately.

2. Has there been in the past:
- (a) Any conviction of an offence involving fraud or dishonesty?
 - (b) Any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors?
 - (c) Finding to be of unsound mind by a court of competent jurisdiction? Please state "Yes" or "No" in the above form and if the answer is "Yes" give details separately.
3. If the space herein is insufficient, please use additional paper.

APPENDIX C TO FORM INS. 30-1
 PARTICULARS OF DEPARTMENTAL STAFF
 As at 31st December, 20

Department	NUMBERS OF STAFF					Numbers of staff who are not Kenya Citizens (Please See Note 2 below)
	Officers	Clerks	Stenographers/Typists	Messengers	Others	
Underwriting						
Claims						
Administration						
Accounts						
Others						
(Please Specify)						
TOTAL						

Date: Principal Officer

NOTES:

1. If any management staff listed in Appendix B is also included here, please indicate below as note.

Insurance

[Subsidiary]

2. If any of the departmental staff is not a Kenyan Citizen, please give the name, citizenship and the date of expiry of the entry permit issued under the Immigration Act in a separate statement.

3. If any of the departmental state holds any professional qualifications, such as A.C.I.I., F.C.I.I., A.C.A., etc, please give the name and professional qualifications in a separate statement.

APPENDIX D TO FORM NO. INS. 30-1

PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES

Name of Insurer..... As at 31st December, 20

		Name of Firm	Address	Partners Names	Professional Qualifications	Since When
AUDITORS	1.					
	2.					
	3.					
LEGAL ADVISERS	1.					
	2.					
	3.					
ACTUARIES	1.					
	2.					
	3.					

Date:
Principal Officer

APPENDIX E

PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY WHOSE SERVICES AVAILED OF

Name of Insurer: As at 31st December, 20.....

Members of the Insurance Industry (Please see Note 1)	Name (2)	Address (3)	Nature of Work Handled (4)	Shareholding other interest (6) (Please See Note 2)	Registration Number (5)

Date:
Principal Officer

NOTES:

1. State here broker, agent or any other capacity in which the member is registered under the Act.
2. Please give information of number and type of shares held, amount, of shareholding and any other interest as per item 7(ii) of FORM INS. 30-1.
3. If the space herein is insufficient, please use additional paper.
4. Please mention in column (6) the reference number of the registration under the Insurance Act, 1984.

APPENDIX F TO FORM NO. INS. 30-1
LIST OF DOCUMENTS TO BE SUBMITTED

A. Statements/documents and information required from an insurer applying for registration to the Commissioner:

- (a) A copy of the memorandum of association or other instrument or document by which the applicant is constituted.
- (b) A copy of the articles of association or other rules of the applicant.
- (c) A certified copy of the published prospectus, if any.
- (d) A copy of each of the proposal and policy forms, endorsements and any form of written matter describing the terms or conditions of or the benefits to or likely to be derived from policies or intended to be used by the applicant.
- (e) Statements of the premium rates, advantages and terms and conditions to be offered in connection with insurance policies and details of the bases and formulae from which those rates have been calculated.
- (f) In connection with long-term insurance business, a certificate by an actuary that the rates, advantages, terms and conditions proposed to be offered are sound and workable.
- (g) Detailed statement of assets and liabilities as at the date of application.
- (h) A description of all reserves with detailed descriptions of the method, bases and formulae for calculating each of the reserves.
- (i) A certificate from the Central Bank of Kenya specifying the amounts and details of deposits made by the applicant under section 32 of the Act.
- (j) Certified copies of reinsurance contracts.
- (k) the prescribed fee and a certified copy of the receipt should be enclosed.

NOTE:— In case the applicant is a member of a tariff body in Kenya, in respect of one or more classes of insurance business, please mention it whilst dealing with (e) and (f) above and indicate variations of any, made in the policy wording and premium rating schedules from those provided under tariff regulations.

B. Statements required in terms of section 30(k) of the Act:

- (a) A photo-copy of the certificate of incorporation.
- (b) Financial forecasts as required under regulation 7(b).
- (c) An estimate of sources of business as required under regulation 7(c).
- (d) A summary of reinsurance treaties as per regulation 7(d).
- (e) Copies or drafts agreements as per regulation 7(e).
- (f) Copies or drafts of any standard agreements with brokers and agents as per regulation 7(f).
- (g) In the case of long term insurance business, an actuary's certificate with regard to adequacy of financing arrangements as per regulation 7(g).
- (h) In the case of a new insurer or a new class of insurance business of an existing insurer, estimates of cost of installation and other information as per regulation 7(h).
- (i) Copies of accounts, statements and reports laid before shareholders as per regulation 7(i).
- (j) In the case of an insurer carrying on long term insurance business, copies of valuation reports as per regulation 7(j).

Insurance

[Subsidiary]

NOTE:— *Items (b) to (h) above apply to an insurer who has not transacted insurance business before or where authorization is sought to transact a class of business not transacted before.*

SECOND SCHEDULE

DELETED

[L.N. 85/2010, r. 6.]

Deleted by L.N. 104/2015.

THIRD SCHEDULE

[r. 52, r. 10]

GENERAL INSURANCE BUSINESS

PART A – GENERAL INSURANCE BUSINESS—CLASSES AND SUB-CLASSES

[L.N. 108 of 2002, L.N. 85 of 2010, r. 7, L.N. 51 of 2011, L.N. 57 /2012, r. 16, L.N. 70 /2021, r. 2, L.N. 167 /2021, r. 3.]

<i>Serial Number</i>	<i>Class of Business</i>	<i>Brief Description of Class</i>	<i>Serial Number</i>	<i>Sub-Class of Business</i>
01	Aviation Insurance.	Aviation	010	Aviation
02	Engineering Insurance including Contractor's Risks, Machinery Breakdown, Erection All Risks and Consequential Loss from Breakdown	Engineering	020 021	Contractor's All Risks Engineering Insurance— Others
03	Fire Insurance—Domestic Risks including House owners, Householders and other comprehensive package covers.	Fire—Domestic	030	Fire—Domestic
04	Fire Insurance—Industrial and Commercial Risks and consequential	Fire—Industrial	040	Fire—Industrial

Insurance

[Subsidiary]

	loss from fire insurance.			
05	Liability Insurance	Liability	50 51 52 53 54 55	Product Liability Professional Indemnity Latent Defects Liability Structural Defects Liability Public Liability Others
06	Marine Insurance.	Marine	060 061 062	Marine Hull Marine Cargo Other Transit
07	Motor Insurance—Private Vehicles.	Motor—Private	070	Motor—Private
08	Motor Insurance—Commercial Vehicles.	Motor—Commercial	080	Motor—Commercial
09	Personal Accident Insurance.	Personal Accident	090 091	Personal Accident and Sickness Health/Medical Expenses Insurance (where separate policies are issued).
10	Theft Insurance including Burglary, Cash-in-Transit and Fidelity Guarantee.	Theft	100 101 102	Cash-in-Transit Fidelity Guarantee Burglary, All Risks and other Theft Insurance
11	Workmen's Compensation and Employer's Liability Insurance.	Workmen's Compensation	110	Workmen's Compensation and Employer's Liability
12	Medical insurance	Medical	120	Medical insurance

Insurance

[Subsidiary]

13	Micro-Insurance	Micro	130	Micro-insurance
14	Miscellaneous	Miscellaneous	140	Bond
	Insurance (i.e.,		141	Insurance
	class of		142	Livestock
	business not		143	Insurance
	included under			Crop
	those			Insurance
	listed above.			Any other
				Insurance

NOTE:— The above classes and sub-classes shall have the meanings as per Part B of this Schedule unless otherwise defined in the Act or the Regulations.

Part B - GENERAL INSURANCE BUSINESS**DEFINITIONS OF CLASSES OF INSURANCE**

[L.N. 57/2012, r. 16.]

Serial Number

For the purposes of these Regulations the following are the definitions of the classes of general insurance business listed in Part A of this Schedule:

01. Aviation insurance business— means the business of effecting and carrying out contracts of insurance

- (a) upon the aircraft or upon the machinery, tackle or furniture or equipment of aircraft;
- (b) against damage arising out of or in connection with the use of aircraft or against risks incidental to construction, repair or landing of aircraft, including airport owners liability and third party risks;
- (c) against loss of life by accident, or injury by accident to aircrew members whilst performing or deemed to be performing their duties in accordance with their employment but does not include contracts of insurance in respect of risks of aviation excess of loss or crew loss of licence.

02. Engineering insurance business — means the business of effecting and carrying out contracts of insurance of various perils arising out of plant and machinery, such as explosion or collapse of boilers, breakdown of electrical or mechanical plant and lifts and cranes, and resultant damage to the insured's surrounding property and liability to third parties arising therefrom, also including contracts of insurance in respect of contract works covering damage to property on site however caused and third party liability arising therefrom. **Fire insurance business**—means the business of effecting and carrying out of contracts of insurance, otherwise than incidental to some other class of insurance business against loss of or damage to property due to fire, explosion, storm, and other occurrences customarily included among the risks insured against in fire insurance policies.

03. Fire insurance business — Domestic Risks means fire insurance of risks which are of private or personal use, that is, other than commercial or industrial use.

04. Fire insurance business— Industrial and Commercial risks means fire insurance of commercial or industrial risks which are not domestic risks.

05. Liability insurance business — means the business of effecting and carrying out contracts of insurance against risks of persons insured incurring liabilities to third parties not being risks arising out of, or in connection with the use of, motor vehicles or out of, or in connection with the use of, vessels or aircraft or risks incidental to the construction, repair or docking of vessels or aircraft.

06. Marine insurance business — means the business of effecting and carrying out contracts of insurance

- (a) upon vessels or upon the machinery, tackle, furniture or equipment of vessels;
- (b) upon goods, merchandise or property of any description on board of vessels;
- (c) upon the freight of, or any other interest in or relating to, vessels;
- (d) against liability arising out of, or in connection with, the use of vessels;
- (e) against risks incidental to the construction, repair or docking of vessels, including third-party risks;
- (f) against transit risks (whether the transit is by sea, inland water, land or air, or partly one and partly another), including risks incidental to the transit insured from the commencement of the transit to the ultimate destination covered by the insurance; or
- (g) against any other risks insurance against which is customarily undertaken in conjunction with, or as incidental to, the undertaking of such business as falls within this definition.

Motor insurance business— means the business of effecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third-party risks but exclusive of transit risks.

07. Motor insurance business— Private vehicles means motor insurance of private vehicles i.e. vehicles not used for business or other commercial purposes.

08. Motor insurance business— Commercial vehicles means motor insurance of commercial vehicles used for business and other commercial purposes.

09. Personal Accident Insurance business— means the business of effecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class, not being contracts of Long term insurance business.

10. Theft insurance business— means the business of effecting and carrying out contracts of insurance against loss of or damage to property due to theft or any other cause not covered under any other class and shall include the insurance of cash in transit, fidelity guarantee insurance and all risks insurance.

11. Workmen's compensation insurance business— means the business of effecting and carrying out contracts of insurance against the liability of the employer to the employees in respect of any injury or disease arising out of and in the course of their employment.

12. Medical insurance business— means the insurance business of paying for medical expenses, including the business of covering disability or long term nursing or custodial care needs.

13. Micro-Insurance business— means the authorized insurance business that provides protection accessible to the low income population, against specific perils in exchange for regular provision payments proportionate to that risk and managed in accordance with generally acceptable insurance principles.

14. Miscellaneous insurance business— means the business of effecting and carrying out contracts of insurance which are not principally or wholly of any type or types included in other classes of business but shall include insurance of bonds of all types, insurance of livestock and crop insurance.

Insurance

[Subsidiary]

FORM INS. 54-1 [L.N. 108/2002, r. 6, L.N. 51/2011, r. 2, L.N. 57/2012, r. 16.]
 PART C-GENERAL INSURANCE BUSINESS-REVENUE ACCOUNTS
 (To be completed in accordance with regulation 11 of the Insurance Regulations, 1986)

Name of Insurer..... All Amounts in Kenya Shillings

Class of Business	Year Ending: 31 st December, 20													
	Aviation	Engin eering	Fire Dom estic	Fire Indus trial	Liability	Marine	Motor Private	Motor Comm ercial	Personal Accident	Theft	Workmen's Compensa tion	Medical Insurance	Miscell aneous	Total (01 to 13)
1 Gross Premium	01	02	03	04	05	06	07	08	09	10	11	12	13	14
2 Reinsurance Premium														
3 Net Premium (1-2)														
4 Unearned Premium brought forward														
5 Additional unexpired risk reserve brought forward														
6 Unearned Premium carried forward														
7 Addition unexpired risk reserve carried forward														

	Aviation	Engin eering	Fire Dom estic	Fire Indust rial	Liability	Marine	Motor Private	Motor Comm ercial	Personal Accident	Theft	Workmen's Compensa tion	Medical Insurance	Miscell aneous	Total (01 to 13)
	01	02	03	04	05	06	07	08	09	10	11	12	13	14
Net earned Premium (3+4+5-6-7)	8													
Claims paid	9													
Amount of claims outstanding at the end of the year	10													
Amount of claims outstanding at the beginning of the year	11													
Total claims incurred (9+10-11)	12													
Commissions	13													
Expenses of Management	14													
Total Expenses (13+14)	15													
Balance being underwriting profit or loss (8-12-15)	16													
Increase (decrease) in the fund (3-9-13)	17													

Insurance

[Subsidiary]

	Aviation 01	Engin eering 02	Fire Dom estic 03	Fire Indust rial 04	Liability 05	Marine 06	Motor Private 07	Motor Comm ercial 08	Personal Accident 09	Theft 10	Workmen's Compensa tion 11	Medical Insurance 12	Miscell aneous 13	Total (01 to 13) 14
Investment income receivable before deduction of tax 18														
Other expenses (specify) 19														
Gross profit or loss transferred to Profit & Loss Account (16+18-19) 20														
Insurance fund at the beginning of the year 21														
Insurance fund at the end of the year (17+18-19-21) 22														

Item numbers 3, 9, 13, 14, 15, 17, 18, 19, 20, 21 and 22 only need to be completed in respect of a class of business which is funded business and items 17, 21 and should be omitted in respect of the class of business.

..... Date: Auditor Director Director Principal Officer

FORM INS. 54-2

[L.N. 108/2002, r. 6.]

LONG-TERM INSURANCE BUSINESS-REVENUE ACCOUNTS

(To be completed in accordance with regulation 11 of the Insurance Regulations, 1986)

All Amounts in Kenya Shillings

Name of Insurer.....
 Year Ending: 31 st December, 20

Class of Business	Bond Investment	Industrial Life	Ordinary Life	Superannuation		Total
				Group Life	Pensions	
	31	32	33	34		
Gross Premium	1					
Reinsurance Premium	2					
Net Premium (1-2)	3					
Claims paid and outstanding-						
-By death	4A					
-By Maturity	4B					
-Others (specify)	4C					
Total claims (4A+4B+4C)	5					
Surrenders (including surrender of bonus)	6					
Bonuses paid in cash or for deduction of premium	7					
Annuities paid	8					
Total benefit payment (6+7+8)	9					

Insurance

[Subsidiary]

Class of Business	Bond Investment	Industrial Life	Ordinary Life	Superannuation		Total
				Group Life	Pensions	
	31	32	33	34		
Commissions						
Expenses of management						
Other expenses (specify)						
Total (10+11+12)	13					
Investment Income						
Investment expenses						
Transfer to (or from) Profit and Loss Account						
Increase or decrease in the fund (3-0-13-14-12+16)	17					
Insurance fund at the beginning of the year	18					
Insurance fund at the end of the year (17+18)	19					

..... Date Auditor Director Director Principal Officer

Insurance

[Subsidiary]

INCOME		
Profit transferred from Revenue Accounts	1	
Investment income (not to any fund or account)	2	
TOTAL INCOME (1+2)	3	
OUTGO		
Loss transferred from Revenue Accounts	4	
Management Expenses (not charged to any particular fund or account)	5	
Depreciation (not charged to any particular fund or account)	8	
Bad Debts (not charged to any particular fund or account)	7	
TOTAL OUTGO (4+5+6+7)	8	
Profit or loss before taxation (3-8)	9	
Provision for taxation	10	
Profit or loss after taxation (9-10)	11	
APPROPRIATION		
Unappropriated profit/loss brought forward	12	
Total amount of profit available for appropriation (11+12)	13	
Transfers to reserves (specify)	14	
Dividends paid or proposed to be paid	15	
Other appropriation (specify)	16	
Unappropriated profit/loss carried forward (13-14-15-16)	17	

NOTES

1. Under items 1 and 4, the amounts transferred from (1) Long Term and (2) General Insurance revenue accounts must be stated separately.
2. Amounts under items 2, 5, 6 and 7 should be those which do not pertain to any fund or account and as such are not included in the revenue accounts.
3. Where this account includes any amounts of dividends or other payments to shareholders, the financial year in respect of which those dividends or other payments are made shall be stated.

Insurance

[Subsidiary]

PART B		
Furniture, fixtures, fittings and office equipment other than computer equipment		
less depreciation		
Fixed Assets		
Other*		
less depreciation		
Sub-Total (5)		
6. Investments		
(i) Securities issued by		
-Government of Kenya*		
-Local Government authorities		
-State Corporations*		
-Other organizations		
Prescribed under section 50(3)(d) of the Act		
Sub-Total 6(i)		
(ii) Other		
*Ordinary Shares (Quoted on a Kenyan Stock Exchange)	<i>Related Bodies Corporate</i>	<i>Total</i>
*Preference Shares (Quoted on a Kenyan Stock Exchange)	<i>Other</i>	
*Preference Shares (Unquoted)		
*Debentures and notes (Quoted on a Kenyan Stock Exchange)		
*Debentures and notes (Unquoted) Loans Secured		
-by mortgages on real property"		
-on personal property		
-other"		
Loan on life insurance policies within their surrender value unsecured Loans to-		
-directors of the insurer or related bodies and the spouses of those directors		
-employees of the insurer		
-other"		
Deposits with		
-banks		
-non-bank financial institutions		
-building Societies		
-others'		
Sub-Total 6(i)		
Sub-Total 6(i)+(ii)		

Insurance

[Subsidiary]

	<i>Related Bodies Corporate</i>	<i>Other</i>	<i>Total</i>
7. Current Assets			
Cash			
Premiums outstanding**			
Amounts retained under reinsurance			
Contracts*			
Amount due from bodies engaged in			
-Insurance business**			
-Other business**			
Sundry debtors**			
Other*			
Sub-Total (7)			
8. Intangible Assets			
Goodwill			
Establishment expenses			
Other*			
Sub-Total (8)			
9. Total Assets (5+6+7+8)			
LIABILITIES			
10. Underwriting Provisions			
Long term insurance business			
Statutory funds (to be specified)			
Premium Provisions			
-Unearned premium provision			
-Other premium provisions			
Outstanding claims provision			
Other underwriting provisions*			
Sub-Total (10)			
11. Long term Liabilities			
Bank loans			
Amount due to related bodies engaged in			
-Insurance business (other than under reinsurance contracts)			
-Other business (excluding banking)			
Amount due to insurers (including related bodies) under reinsurance contracts			
Other amount due to insurers (not being related bodies)			
Debentures			
Other Loans			
-Secured			
-Unsecured			
Other*			
Sub-Total (11)			

6. All entries in the above forms shall be in respect of insurer's total business i.e. Kenya business and outside Kenya business.

7. Particulars of each item of expense or income, as the case may be, included in and which accounts for more than ten percentum of the amount shown in respect of "other" income or "other" expenditure shall be given.

8. The basis on which reserves for unearned premium, unexpired risks and incurred but not reported claims in respect of each class of general insurance business were calculated should be stated by way of supplementary notes.

9. Where in respect of Aviation and/or Marine insurance business an insurer elects to account for the business on a three-year basis, he shall, in addition to the information furnished under Form INS. No. 54-1 (L.N. 108/2002), furnish the break-up in the Form INS. No. 54-3 (L.N. 108/2002), and also attach a certificate, signed by the same persons as are required to sign the revenue account, stating whether the fund carried forward for each of the three years of account is, in their opinion sufficient.

DIRECTIONS FOR PREPARATION OF THE BALANCE SHEET

FORM INS. 54-5

1. Separate balance sheets shall be furnished for General Insurance Business and for Long-Insurance Business.

2. An insurer when lodging with the Commissioner a statement in accordance with the above form in the Third Schedule shall—

- (a) where any asset which is encumbered is included in a class of assets for which class a value is given in the statement, attach particulars of the asset, the nature of the encumbrance and the amount secured by the encumbrance;
- (b) attach particulars of all contingent liabilities of the insurer (including contingent liabilities arising from the endorsement of bills of exchange) other than liabilities under contracts of insurance;
- (c) attach particulars of each liability and asset which accounts for more than ten percentum of the total amount shown in respect of each of the items marked on the above form with the symbol*; and
- (d) deduct amounts for bad and doubtful debts in calculating the amounts to be inserted in respect of the items marked with the symbol**.

3. The value of an asset or liability shall be the value of that asset or liability as determined in accordance with such criteria as may be prescribed by a professional body of accountants, if any, or in accordance with generally accepted accounting concepts, bases and policies or other generally accepted methods deemed by accountants practising in Kenya to be appropriate for insurers transacting business in Kenya.

FOURTH SCHEDULE

[s. 57(1)(b), r. 12]

PROVISIONS RELATING TO THE PREPARATION OF ABSTRACTS OF ACTUARY'S REPORTS

[L.N. 85/2010, r. 8, L.N. 108/2016, r. 5.]

SECTION 1

1. Abstracts and statements shall be so arranged that the numbers and letters of the paragraph correspond with those of the provisions of section II of this Schedule.

2. The Actuary shall describe a valuation and the presentation of policy liabilities for the Insurer.

[Subsidiary]

3. The Assumptions and method for determination of liability of policies shall be in accordance with generally accepted actuarial principles and as prescribed by the Authority.
4. The Actuary shall, in respect to long term Insurance, apply best estimate assumptions and allow for margins as prescribed by the Authority.
5. In regard to long term business, the average rate of interest earned or yielded in any year by the assets constituting a statutory fund shall, for the purpose of provision (5) or Part II of this Schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest, dividends and rents credited to the statutory fund during the year after deductions of rates and taxes (any refund of rates or taxes made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one half of the aggregate of the balance or balances of any revenue accounts or accounts and the balances of any reserve accounts in respect of the long-term insurance business to which the statutory fund relates at the beginning of the year to a sum equal to one half of the aggregate of balances of those account at the end of the year, and deducting from the aggregate of those two sums an amount equal to one half of the interest of the year.
6. Every abstract prepared in accordance with the requirements of Part II shall be signed by an actuary and shall contain a certificate to the effect that the Actuary is satisfied as to the accuracy of the valuation made for the purpose thereof and of the valuation data.
7. Notwithstanding the provisions of paragraph 6, the principal officer shall sign the certificate as to accuracy of the data and the actuary shall insert in the abstract a signed statement showing what precautions have been taken to ensure the accuracy of the data.
8. For the purposes of this Schedule —

"inter-valuation period" means, in relation to any valuation in respect of any class of business, the period to the valuation date of that valuation from the valuation date of the last preceding valuation;

"maturity date" means the fixed date on which any benefit will become payable either absolutely or contingently;

"premium term" means the period during which premiums are payable;

"valuation date" means, in relation to any valuation, the date as at which the valuation is made.

SECTION II

Part 1 – Long-Term Business

The following documents shall be annexed to every abstract prepared in accordance with this Part of this Schedule:

- (a) A summary and valuation in Form No. INS. 57-1 of this Schedule of the policies included at the valuation date in the class of business to which the abstract relates.
- (b) A Valuation Balance Sheet in Form No. INS 57-2 of this Schedule; and
- (c) A statement of specimen Policy Reserve Values and Minimum Surrender Values in Form No. INS 57-1 of this Schedule, and every such abstract shall show—

1. the valuation date.
2. the general principles and full details of the methods adopted in the valuation of each class of long-term insurance business including statements on the following matters—
 - (a) the method of allowing for the incidence and the frequency of the premium income.
 - (b) the methods by which provision has been made for the following matters, namely—

- (c) payment of benefits or waiver of premiums during death, disability or any other pre-defined condition in the contract.
3. the expense assumptions adopted taking into consideration the current and future expected experiences separately specified for each class of business.
 4. the basis adopted in the distribution of surplus as between the insurer and policyholders, and how the basis was determined.
 5. the general principles adopted in the distribution of surplus among policyholders, including statements on the following matters—
 - (a) how the principles were determined;
 6. a statement of the actuarial opinion on the capital adequacy of the insurer.

Part 2 – General Insurance Business

The following documents shall be annexed to every abstract prepared in accordance with this Part of this Schedule:

- (a) A summary and valuation in Form No. INS. 57-1(b) of this Schedule of the policies included at the valuation date in the class of business to which the abstract relates.
- (b) every such abstract shall show—
 - (i) the valuation date;
 - (ii) the general principles and details of the methodology applied in the valuation of each class of general insurance business;
 - (iii) a statement on the reliance and limitation of the data used in the valuation including statements on the following matters:
 - (a) Whether the data used in the valuation is on Accident Year, Underwriting Year or Reporting Year basis.
 - (b) Whether direct or indirect or both claims handling expenses were used in the valuation.
 - (c) The number of development years of data used in valuation, and where this varies by type of business, it should be disclosed.
 - (iv) a statement on the assumptions of development factors and ultimate loss ratios, expense rates and recoveries including a statement on the following matters:
 - (a) In relation to development factors and ultimate loss ratios chosen, disclose the assumptions underpinning development factors and ultimate loss ratios chosen in the valuation.
 - (b) In relation to the expense rate, disclose the assumption used on the direct or indirect claims expenses rate in the valuation and;
 - (c) In relation to recoveries, disclose how he has taken into account reinsurance and non-reinsurance recoveries and any assumption made relating to them in the process.
 - (v) a statement on whether there was a change to the valuation method used to determine Incurred but Not Reported (IBNR) claims compared to the previous review.
 - (vi) a statement on the sufficiency of the outstanding claims amount reported.
 - (vii) the basis adopted in the claim inflation during valuation.
 - (viii) the basis adopted in the claim history regarding the number of years taken for claims to run-off completely. This should be provided for each class of business.

Insurance

[Subsidiary]

- (ix) the method adopted in determination of the Unearned Premium Reserve and the amount of reserves for each line of business.
- (x) a statement on the comparison between Insurer's actual experience and previous valuation explaining any significant difference
- (xi) the actuary's opinion on the adequacy of the reserves.
- (xii) a statement of the actuary's opinion on the capital adequacy of the insurer.

Part 3 - Financial Condition Report

1. The actuary shall prepare the abstract of the Financial Condition Report in such form as shall be prescribed by the Authority.
2. The abstract of the Financial Condition Report shall outline material risks, their impact and implications to the financial condition of the insurer.
3. The abstract of the Financial Condition Report shall provide a statement on the recommendations intended to address each of the material risks identified.
4. The abstract of the Financial Condition Report shall provide a statement on the extent to which the insurer has addressed recommendations provided in the Financial Condition Report of the previous year.

PART B-FORMS																	
Long Term Business																	
SUMMARY AND VALUATION OF THE POLICIES AS AT																	
VALUATION ON BASES DESCRIBED																	
57-1	PARTICULARS OF THE POLICIES FOR VALUATION						VALUATION ON BASES DESCRIBED										
	No of Policies	No of Lives	Same Assured	Bonus	Annual Office Premiums	EPV of Benefits	EPV of Bonuses	EPV of Expenses	EPV of Premiums	Best Estimate Liability	Prescribed Margin of Adverse Deviation	Gross Reserve Before Zeroisation	Negative Reserves	Gross Reserve Before Zeroisation	Reinsurance	Net Liability	
Insurance Policies																	
With Profits-Individual Business																	
Life Assurance																	
Annuities																	
Personal Pensions																	
Linked Investments																	
Non-Linked Investments																	

[Subsidiary]

Theft
 Workmens'
 Compensation
 Miscellaneous
 Medical
 Total

 FIFTH SCHEDULE

[s. 57(3), r. 13]

 PROVISIONS RELATING TO THE PREPARATION OF
 STATEMENTS OF LONG —TERM INSURANCE BUSINESS

[L.N. 108 of 2016, r. 6.]

PART I

1. For the purposes of this Schedule—

"Office Premiums" means the actual premiums received by the company and for which credit is taken in the valuation in connection with which any statement is prepared, it is also called the "Gross Premium";

"valuation date" means, in relation to any valuation, the date as at which the valuation is made.

PART II

The statements required to be prepared under this Part are the following:

2. Statements separately prepared in respect of policies with immediate profits, with deferred profits, and without profits showing in quinquennial groups—

- (a) in relation to policies in single lives for the whole term of life—
 - (i) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life grouped according to ages attained; and
 - (ii) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable for a limited number of years grouped in accordance with the grouping adopted for the purpose of the valuation;
- (b) in relation to endowment insurance policies on single lives—
 - (i) the amount per annum, after deducting abatements made by application of bonus and office premiums payable grouped in with the grouping adopted for the purposes of valuation;
- (c) in relation to policies specified in the preceding provisions of this Schedule, under which a continuous disability benefit is granted—
 - (i) the amount per annum, after deducting abatements made by the application of bonus, of office premiums payable (including premiums of which payment is, at the valuation date, suspended owing to disability arising from sickness or accident), grouped according to the grouping adopted for the purposes of the valuation; and
- (d) in relation to sinking fund policies—
 - (i) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable grouped according to the number of years' payments remaining to be made.

Insurance

[Subsidiary]

SIXTH SCHEDULE

[S. 57(5), r. 14]

REGULATIONS RELATING TO ACTUARIAL VALUATION OF LIABILITIES

[L.N. 108/2016, r. 7]

1. The value placed upon the aggregate liabilities of a statutory fund in respect of policies by reason of the adoption of any basis of valuation shall not be less than it would have been if it had been calculated as prescribed by the Authority.
2. The actuary who makes the valuation shall certify whether, in his opinion, the value placed upon the aggregate liabilities of a statutory fund in respect of policies by the valuation is not less than the value which would have been placed upon those aggregate liabilities if it has been calculated as prescribed by the Authority.

SEVENTH SCHEDULE

[s. 58(3), r. 15]

RULES FOR THE CALCULATION OF THE VALUE OF LIABILITIES ON THE PRESCRIBED BASIS

[L.N. 51/2011, r. 3, L.N. 108/2016, r. 8]

1. The rates of mortality to be used in calculating the liability under a policy shall be as prescribed by the Authority.
2. The discount rates to be used in calculating the liability under a policy shall be as prescribed by the Authority.
3. The margins, in respect to long term Insurance, to be applied in addition to the best estimate assumptions shall be as prescribed by the Authority.
4. The liability calculated shall be the present value of all prospective cash flows.
5. All negative reserves shall be zeroised.

EIGHTH SCHEDULE

[r. 16]

ACTUARY'S CERTIFICATE

[L.N. 108/2016, r. 9.]

I, of (full name) (business address) being an Actuary duly qualified in terms of section 2 of the Insurance Act having conducted an investigation in terms of section 57 and 58 of that Act, do hereby certify as under:

- (a) that in my opinion the value placed upon the aggregate liabilities relating to the (statutory fund) in respect of policies on the basis of valuation I have adopted is not less than what it would have been if the aggregate value had been calculated on the prescribed basis;
- (b) that necessary steps as required under section 58(5)(a) were taken; and
- (c) that I am satisfied that the value of assets I have adopted are on the basis of the auditor's certificates appended to the balance sheet, fully of the value so adopted.

.....
Date

.....
Actuary

[Subsidiary]

NINTH SCHEDULE

NOTES TO FORM NOS. INS. 59-1 TO 59-12

[L.N. 51/2011, r. 4.]

1. Separate statements need to be furnished in respect of—
 - (a) (i) Kenya business and
(ii) outside Kenya business;
 - (b) (i) Long term business and
(ii) General insurance business;
 - (c) (i) Inward reinsurance and
(ii) Outward reinsurance business,unless the references on the form indicate otherwise.
2. Reference may be made to Part A of Third Schedule with regard to Class and Sub-Class of General insurance business.
3. All premium amounts shall be taken after deduction of return premiums and rebate and shall include extra or additional premiums. In this context, gross direct premiums shall mean premiums in respect of direct business, and inward reinsurance premiums shall mean amounts of premiums received by way of reinsurances accepted. Outward reinsurance premiums shall mean amounts of premiums ceded by way of reinsurance.
4. Amounts of commission which shall include brokerage fee or other remuneration paid to an intermediary shall be shown separately under appropriate headings and not deducted from premium amounts.
5. Claim amounts shall include claims expenses and amounts of outstanding claims provision shall include provision for incurred but not reported except where required to be shown separately.
6. Particulars of portfolio transfers made during the year should be furnished in a separate statement.
7. Care should be taken to ensure that the amounts stated in the various forms in this Schedule are consistent amongst themselves and with those in the revenue accounts.
8. If the space in any form is inadequate give the required information in a separate statement.
9. KRC means Kenya Reinsurance Corporation.
10. Africa Re means African Reinsurance Corporation.

FORM INS. 59-1A

STATEMENT OF PREMIUM INCOME "LONG-TERM INSURANCE BUSINESS *KENYA BUSINESS/OUTSIDE KENYA BUSINESS

*(Delete whichever is not applicable)

Name of Insurer : Year ending 31st December, 20.....

Class of Business	Serial Number	Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
		01	02	03	04	
Gross Direct Premium	1					
Inward Reinsurance premium	2					
Outward Reinsurance Premium	3					
NET PREMIUM (1+2-3)	4					

.....
 Date Auditor Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-1B [L.N . 51/2011 . r.4] STATEMENT OF PREMIUM INCOME GENERAL INSURANCE BUSINESS (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*

("Delete whichever is not applicable")

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Aviation		ENGINEERING		Fire Domestic		Fire Industrial		LIABILITY			MARINE AND TRANSIT			Motor Private		Medical Insurance				
	01	010	car	Others	020	021	030	040	Products Liability	Prof. indus trial	Others	050	051	052	060	061	062	070	08		
1 Gross direct premium.....																					
2 Inward reinsurance premium.....																					
3 Outward reinsurance premium.....																					
4 Net premium (1+2-3).....																					
5 Premium reserved at the beginning of the year																					
6 -earned premium.....																					
7 -any other.....																					
TOTAL (5+6)																					

Class of Business	Aviation		ENGINEERING		Fire Domestic		Fire Industrial		LIABILITY			MARINE AND TRANSIT			Motor Private		Medical Insurance
	01		02		03		04		05		06			07	08		
Sub-Class of Business	Aviation		car	Others	Fire Domestic		Fire Industrial		Products Liability	Prof. industrial	Others	Marine Cargo	Other Transit	Marine Hull	Motor Private		
	010		020	021	030		040		050	051	052	060	061	062	070		
Premium reserved at the end of the year																	
-earned premium																	
-any other.....																	
TOTAL (8+9)																	
Earned premium for the year (4+7-10).....																	

Date

Auditor

Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

STATEMENT OF PREMIUM INCOME GENERAL INSURANCE BUSINESS (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*

("Delete whichever is not applicable")

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....	Class of Business	Motor Commercial		Personal Accident		THEFT			Workmen's Compensation	MISCELLANEOUS			Grand Total
		08	09	09	09	10	11	12	11	Bond	Crop Livestock	Any other	
	Sub-Class of Business	Motor Commercial	Personal Accident and sickness	Cash in Transit	Fidelity Guarantee	Burglary all risks others	Workmen's Compensation	Bond	Crop Livestock	Any other			
		080	090	091	100	101	102	120	121	122	123		
	Gross direct premium.....	1											
	Inward reinsurance premium.....	2											
	Outward reinsurance premium.....	3											
	Net premium (1+2-3).....	4											
	Premium reserved at the beginning of the year												
	-earned premium.....	5											
	-any other.....	6											
	TOTAL (5+6)	7											

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12			Grand Total 13	
		Motor Commercial 080	Personal Accident and sickness 090	Health 091	Cash in Transit 100	Fidelity Guarantee 101		Burglary all risks others 102	Workmen's Compensation 110	Bond 120		Crop Livestock 121
Sub-Class of Business												
Premium reserved at the end of the year												
-earned premium	8											
-any other.....	9											
TOTAL (8+9)	10											
Earned premium for the year (4+7-10).....	11											

.....
 Date Auditor Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-2
 [L.N. 51/2011 . r.4]
 STATEMENT OF PREMIUM INCOME GENERAL INSURANCE BUSINESS
 (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*
 ("Delete whichever is not applicable")

All amounts in Kenya Shillings.

Name of Insurer: Year ending 31st December, 20.....

Class of Business	Aviation 01	ENGINEERING 02	Fire Domestic 03	Fire Industrial 04	LIABILITY 05			MARINE AND TRANSIT 06			Motor Private 07	Medical Insurance 08	
					Aviation 010	car 020	Others 021	Fire Domestic 030	Fire Industrial 040	Products Liability 050			Prof indus trial 051
Gross direct business													
1 Claims paid													
2 Claims outstanding at end of:													
3 -current year													
4 -the preceding year													
Inurred claims (1+2-3).....													
5 Inward reinsurance business:													
6 Claims paid													
7 Claims outstanding at the end of:													
-current year.....													

Insurance

[Subsidiary]

(d) 15% of all annuities paid during the year.				
2. In cases of Permanent health:				
(a) 5% of all premiums received during the year on single premium policies				
(b) 10% of all first year's premium received during the financial year on policies cover in consideration more than one premium				
(c) 4% of all renewal premium received during the financial year on policies granting cover in consideration of more than one premium				
3. In cases of Group life, group credit and pensions:				
15% of all premiums received during the year.				
4. In case of policies which no further premium is paid by the policyholder:				
0.1% of the average of the total sums assured by policies on which no further premiums are payable (less reinsurance) at the beginning and end of the year				
5. In case of life assurance:				
(1) In the case of an insurer who has not transacted long-term insurance business for five years:				
(a) 100% of the first year's premiums received during the year				
(b) 30% of renewal premiums received during the year				
(2) In the case of an insurer who has transacted long-term insurance business for more than five years but less than eight years				
(a) 97% of the first year's premiums received during the year				

CLASS OF BUSINESS	Motor Commercial		Personal Accident		THEFT			Workmen's Compensation			MISCELLANEOUS			Grand Total
	08	09	09	09	10	10	10	11	11	12	12	12	13	
	Motor Commercial	Personal Accident and sickness	Cash in Transit	Fidelity Guarantee	Burglary all risks others	Workmen's Compensation	Bond	Crop Livestock	Any other					
-The preceding Year														
Incurring claims (6+7-8)	8													
Outward reinsurance business:														
Claims paid	9													
Claims outstanding at the end of:														
-Current Year	10													
-Preceding Year	11													
Incurring claims (9+10-11)	12													
Net Business														
Claims paid	13													
Claims outstanding at the end of:														
-Current Year	14													
-The preceding Year	15													
Incurring claims (13+14+15)	16													

Auditor

Principal Officer

Date:

NOTE: Read the note in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM NO. INS. 59-3A

STATEMENT OF INCURRED CLAIMS
 -LONG-TERM INSURANCE BUSINESS
 (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*
 (*Delete whichever is not applicable)

All amounts in Kenya Shillings
 Year ending 31st December, 19

Name of Insurer:

Class of business	Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
Serial Number	01	02	03	04	
<i>Gross direct business</i>					
Claims paid	1				
Claims outstanding as at the end of:	2				
-Current year					
-Preceding year	3				
Incurred claims (1+2-3)	4				
<i>Inward reinsurance business</i>					
-Claims paid	5				
-Claims outstanding as at the end of:	6				
-Current year					
-Preceding year	7				
Incurred claims 5+6-7)	8				
<i>Outward reinsurance business</i>					
Claims paid	9				
Claims outstanding as at the end of	10				
-Current year					
-Preceding year	11				
Incurred claims (9+10-11).	12				
<i>Net Business</i>					
Claims paid (1+5-9;	13				
Claims outstanding at the end of:					
-Current year (3+7-11)					
-Preceding year (2+6-10)	15				
Incurred claims (4+8-12) or (13+14 -15)	16				

Date:

Auditor

Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

FORM INS. 59-3B
 STATEMENT OF INCURRED CLAIMS-INCIDENTS OCCURRING IN PREVIOUS YEARS
 AND TOTAL INCURRED CLAIMS-GENERAL INSURANCE BUSINESS
 (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*
 (*Delete whichever is not applicable)

All amounts in Kenya Shillings.
 Year ending 31st December, 19

Name of Insurer:.....

Class of Business	Aviation 01	Engineering 02		Fire Domestic 03	Fire Industrial 04	LIABILITY 05			MARINE AND TRANSIT 06			Motor Private 07	Medical Insurance 08	
		car 020	Others 021			Fire Domestic 030	Fire Industrial 040	Products Liability 050	Prof indus trial 051	Others 052	Marine Cargo 060			Other Transit 061
Sub-Class of Business	Aviation 010													
1 Incidents Occurring During the current Year:														
2 Gross direct business Claims paid														
3 Claims outstanding at the end of the year														
4 Incurred claims (1 + 2)														
5 Inward reinsurance business: Claims paid														
6 Claims outstanding at the end of the year														
7 Incurred claims (4+5)														
8 Outward reinsurance business: Claims paid														
9 Claims outstanding at the end of year														
10 Incurred claims (7 +8)														
Net business: Claims paid (1 + 4 -7)														

Insurance

[Subsidiary]

FORM INS. 59-3B

STATEMENT OF INCURRED CLAIMS - INCIDENTS OCCURRING IN PREVIOUS YEARS AND TOTAL INCURRED CLAIMS-GENERAL INSURANCE BUSINESS (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*

(*Delete whichever is not applicable)

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12			Grand Total 13	
		Personal Accident and sickness 090	Health 091	Cash in Transit	Fidelity Guarantee	Burglary all risks others		Bond	Crop Livestock	Any other		
Sub-Class of Business	Motor Commercial 080											
Incidents occurring during the current year:												
1 Gross direct business:												
2 Claims paid												
3 Claims outstanding at the end of the year.												
Incurred claims (1+2).....												
Inward reinsurance business:												
4 Claims paid.....												
5 Claims outstanding at the end of the year												
6 Incurred claims (4+5).....												

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12				Grand Total 13	
		Motor Commercial 080	Personal Accident and sickness 090	Health 091	Cash in Transit 100	Fidelity Guarantee 101		Burglary all risks others 102	Workmen's Compensation 110	Bond 120	Crop 121		Livestock 122
Outward reinsurance business:													
Claims paid.....	7												
Claims outstanding at the end of year.....	8												
Incurred claims (7+8).....	9												
Net business:	10												
Claims paid (1+4-7).....													
Claims outstanding at the end of the year (2+5-8).....	11												
Provision for incurred but not reported claims.....	12												
Total incurred claims (10+11+12).....	13												
Incident occurring in the previous years:													
Net incurred claims	14												

Insurance

[Subsidiary]

Class of Business	Motor Commercial	Personal Accident	THEFT			Workmen's Compensation	MISCELLANEOUS			Grand Total
	08	09	10	11	12	13	14	15	16	
Sub-Class of Business	Motor Commercial	Personal Accident and sickness	Cash in Transit	Fidelity Guarantee	Burglary all risks others	Workmen's Compensation	Bond	Crop Livestock	Any other	
	080	090	100	101	102	110	120	121	122	123
Total incurred claims (13+14).....	15									
Earned premium for the year.....	16									
Incurred claims ratio (15/16)x100.....	17									

Date : Auditor Principal

Officer

Auditor

Principal

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-4 [L.N. 51/2011.r.4] STATEMENT OF UNDERWRITING BALANCES GENERAL INSURANCE BUSINESS (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*

Name of Insurer.....
 ("Delete whichever is not applicable")
 All amounts in Kenya Shillings.
 Year ending 31st December, 20.....

Class of Business	Aviation		ENGINEERING		Fire Domestic		Fire Industrial		LIABILITY			MARINE AND TRANSIT			Motor Private		Medical Insurance	
	01	010	car	Others	03	04	040	050	Products Liability	Industrial	Others	06	Marine Cargo	Other Transit	Hull	07	08	
Sub-Class of Business																		
(A) Business which is not funded:																		
Earned premiums (net).....	1																	
Incurred claims (net).....	2																	
Commission (net).....	3																	
Management expenses	4																	
Total outgo (2+3+4).....	5																	
Underwriting surplus or deficit (1-5).....	6																	

Insurance

[Subsidiary]

Class of Business	Aviation		ENGINEERING		Fire Domestic		Fire Industrial		LIABILITY			MARINE AND TRANSIT			Motor Private	Medical Insurance	
	01		02		03		04		05		06			07	08		
Sub-Class of Business	Aviation		car	Others	Fire Domestic		Fire Industrial		Products Liability	Prof. indus trial	Others	Marine Cargo	Other Transit	Marine Hull	Motor Private	Medical Insurance	
	010		020	021	030		040		050	051	052	060	061	062	070		
(B) Business which is funded:																	
Net premiums written.....	7																
Claims paid (net):																	
Incident occurring in previous year.....	8																
-current year.....	9																
-Total (8+9).....	10																
Total outgo 3+4+10).....	11																
Increase or decrease in the fund (7-11).....	12																

..... Date Auditor Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-4

STATEMENT OF UNDERWRITING BALANCES GENERAL INSURANCE BUSINESS (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*

(*Delete whichever is not applicable)

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12				Grand Total 13	
		Motor Commercial 080	Personal Accident and sickness 090	Health 091	Cash in Transit	Fidelity Guarantee		Burglary all risks others	Workmen's Compensation	Bond	Crop Livestock		Any other
(A) Business which is not funded:													
1 Earned premiums (net).....													
2 Incurred claims (net).....													
3 Commission (net).....													
4 Management expenses...													
5 Total outgo (2+3+4).....													
6 Underwriting surplus or deficit (1-5).....													
(B) Business which is funded: Net premiums written.													

Insurance

[Subsidiary]

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12			Grand Total 13	
		Motor Commercial 080	Personal Accident and sickness 090	Health 091	Cash in Transit 100	Fidelity Guarantee 101		Burglary all risks others 102	Workmen's Compensation 110	Bond 120		Crop Livestock 121
Sub-Class of Business												
Claims paid (net): Incident occurring in previous year.....	8											
-current year.....	9											
-Total (8+9).....	10											
Total outgo (3+4+10).....	11											
Increase or decrease in the fund (7-11).....	12											

.....
Date
.....
Auditor
.....
Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

FORM INS. 59-5

STATEMENT OF COMMISSION AND MANAGEMENT EXPENSES ACTUAL EXPENDITURE

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

	LONG-TERM INSURANCE BUSINESS		GENERAL INSURANCE BUSINESS		TOTAL BUSINESS		
	Kenya (1)	Outside Kenya (2)	Kenya (4)	Outside Kenya (5)	Kenya (1+4) (7)	Outside Kenya (2+5) (8)	Total (3+6) (9)
A. Commission/brokerage on Gross direct business.....							
B. Management Expenses							
Salaries.....							
Traveling Expenses.....							
Contribution to Staff.....							
Superannuation Provident Fund.....							
Staff Welfare Expenses (specify).....							
DIRECTORS-Fees.....							
Other Expenses (Specify)							
Legal Expenses.....							
Auditor's Fees.....							
Actuary's Fees.....							
Medical Fees (for Long-term Business).....							
Office -Rent.....							
Repairs.....							

Insurance

[Subsidiary]

	LONG-TERM INSURANCE BUSINESS			GENERAL INSURANCE BUSINESS			TOTAL BUSINESS		
	Kenya	Outside Kenya	Total (1+2)	Kenya	Outside Kenya	Total (4+5)	Kenya (1+4)	Outside Kenya (2+5)	Total (3+6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Electricity, Water									
Insurance Premium.....									
Office Machines (Specify)									
Hire and Maintenance Charges.....									
Depreciation Charge.....									
Repair Charges.....									
Publicity and Advertising.....									
Printing and Stationary.....									
Postage including telex/cable.....									
Telephone.....									
Bad debts written off.....									
Motor Vehicles.....									
Hire and maintenance charges.....									
Depreciation charges.....									
Repair Charges.....									

	LONG-TERM INSURANCE BUSINESS			GENERAL INSURANCE BUSINESS			TOTAL BUSINESS		
	Kenya	Outside Kenya	Total (1+2)	Kenya	Outside Kenya	Total (4+5)	Kenya (1+4)	Outside Kenya (2+5)	Total (3+6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Insurance premium.....									
Other expenses (Specify)									
Total Expenses of Management.....									
C. Total Actual Expenditure (A)+(B)									

Date:..... Auditor Principal Officer

NOTES

1. Read the notes in the Ninth Schedule to the Insurance Regulations and comply.
2. The columns (1), (4) and (7) refer to Kenya Business and columns (2), (5) and (8) refer to Outside Kenya Business.
3. The expenses wherever incurred should be shown under the appropriate column (1) or (2) and (4) or (5) depending on whether they pertain to Kenya business or Outside Kenya business. Accordingly, details of expenses incurred in Kenya pertaining to Outside Kenya business or vice versa and any apportionment of common expenses indicating the basis of such apportionment should be furnished in a separate statement

Insurance

[Subsidiary]

FORM INS. 59-6 PARTICULARS OF REINSURANCE TREATIES INWARD/OUTWARD REINSURANCE*
KENYA BUSINESS/OUTSIDE KENYA BUSINESS*
LONG-TERM GENERAL INSURANCE BUSINESS*

(*Delete whichever is not applicable*)
All amounts in Kenya Shillings.
Year ending 31st December, 20.....

Name of Insurer.....	Sub class of Business	Type of Treaty	NET RETURN IN RESPECT OF		REINSURANCE TREATY LIMITS	Inception Date		
			any one Risk	any one Event			percentage or Number of Lines	MAXIMUM AMOUNT
		(1)	(2)	(3)	(4)	(5)	(6)	(7)

Name of Insurer..... ("Delete whichever is not applicable")
 All amounts in Kenya Shillings.
 Year ending 31st December, 20.....

REINSURANCE TERMS				REINSURANCE PREMIUMS AND CLAIMS RECOVERIES FOR PRECEDING THREE YEARS			
Commission Minimum Premium Rate %	Profit Commission Maximum Premium Rate %	Minimum and Deposit Premium	Rate of Brokerage %	20		20	
				Premiums	Claims	Premiums	Claims
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
						(16)	(17)

Date:
 Principal Officer

- NOTES: 1. Read the notes in the Ninth Schedule to the Insurance Regulations and comply.
 2. With reference to net retention under columns (2) and (3), attach a separate statement of maximum expected loss in respect of each treaty.
 3. For a quota share treaty, both the percentages and amounts of net retention and maximum treaty limit need to be mentioned.
 4. Different layers of cover under a non-proportional treaty need to be mentioned separately.
 5. Under column (7), period for which a treaty is applicable should be stated only if the treaty is for not for twelve months (for General insurance business) or if it is for a specified period (for long-term insurance business).
 6. Under column (8) and (9), the commission and profit commission rates are required in respect of proportional treaties and minimum and maximum rates in respect of non-proportional treaties.
 7. Under columns (12) to (17), give the amounts of reinsurance premiums paid and claims recoveries made under the treaty for the preceding three years. In case the estimated reinsurance premium for the current year is expected to be more than 25 per cent higher or lower than the preceding year, give the estimated amount in a separate note stating the reasons for the increase or decrease.

Insurance

[Subsidiary]

FORM INS. 59-7
 REINSURANCE TREATIES- PARTICULARS ABOUT BROKERS AND INSURERS PARTICIPATING IN
 LONG-TERM/GENERAL INSURER BUSINESS INWARD/OUTWARD REINSURANCE*

Name of Insurer.....
 ("Delete whichever is not applicable")
 All amounts in Kenya Shillings.
 Year ending 31st December, 20.....

Class	Sub-Class covered	Type of treaty	BROKER(S)		INSURER(S) PARTICIPATING IN THE TREATY					
			Name	Address	Name	Address of registered Office	Shareholders funds	Percentage share in treaty	Since when on your reinsurance programme	If the treaty includes risks outside Kenya also, is it possible to ascertain premium in respect of such risks? If so, please state the basis
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Date

 Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-8

PARTICULARS OF INSURANCE BUSINESS NOT COVERED BY ANY REINSURANCE
ARRANGEMENT LONG-TERM/GENERAL INSURANCE BUSINESS*
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS)*
("Delete whichever is not applicable")

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business (1)	Sub-Class of Business (2)	MAXIMUM POSSIBLE LOSS IN RESPECT OF ANY ONE		Area/country in which risk is located (5)	Total premium written during the year (6)	Total claims paid during the year (7)	Reasons why reinsurance arrangement was not made (8)
		Risk (3)	Event (4)				

Date

.....

Principal Officer

NOTES: 1. Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

2. If the information given herein does not pertain to an entire class or sub-class of business, please describe the precise business involved.

3. Reinsurance arrangement means reinsurance treaty or facultative placement other than mandatory cessions.

Insurance

[Subsidiary]

FORM INS. 59-9A
 STATEMENT OF REINSURANCE PREMIUM LONG-TERM INSURANCE BUSINESS
 (KENYA BUSINESS/OUTSIDE KENYA BUSINESS)

(*Delete whichever is not applicable)

Name of Insurer: All amounts in Kenya Shillings.
 Year ending 31st December, 20.....

Serial Number	Class of Business	Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
		01	02	03	04	
1	Inward Reinsurance Premium-					
2	Treaty					
3	Facultative					
	Total (1+2).....					
4	Reinsurance Premium Ceded to Local Insurers by way of-					
5	Treaty.....					
6	Facultative.....					
	Total (4+5).....					
7	Overseas Insurers by way of-					
8	Treaty.....					
9	Facultative.....					
10	Total (7+8).....					
	Total Reinsurance Premium Ceded (6+9)					

Class of Business		Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
Serial Number		01	02	03	04	
	Mandatory Cessions-					
	Under Section 145(1).....					11
	Under Section 145(2).....					12
	Total (11+2).....					13
	Cessions to Africa Re.....					14
	Total Reinsurance Premium —					
	Inward-					
	for KRC (3+13).....					15
	for Others (3).....					
	Outward-					
	for KRC (10+14).....					16
	for others (10+13+14).....					
Date	Auditor	Principal Officer	

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-9B

[L.N. 51/2011 .r.4]

STATEMENT OF REINSURANCE PREMIUM GENERAL INSURANCE BUSINESS
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)

(*Delete whichever is not Applicable)

All amounts in Kenya Shillings.

Name of Insurer : Year ending 31st December, 20.....

Class of Business	Motor Commercial	Personal Accident		THEFT			Workmen's Compensation	MISCELLANEOUS			Total
		08	09	09	10	11		12	13	14	
Sub-Class of Business	Motor Commercial	Personal Accident and sickness	Health	Cash in Transit	Fidelity Guarantee	Burglary all risks others	Workmen's Compensation	Bond	Crop/Livestock	Any other	
Inward Reinsurance Premium:	080	090	091	100	101	102	110	120	121	122	123
-Treaty											
-Facultative.....											
Total (1+2)											
Reinsurance Premium ceded to Local Insurance by way of:											
Treaty.....											

Class of Business	Motor Commercial	Personal Accident		THEFT			Workmen's Compensation	Medical Insurance	MISCELLANEOUS			Total
		08	09	10	11	12			13	14		
Sub-Class of Business	Motor Commercial	Personal Accident and sickness	Cash in Transit	Fidelity Guarantee	Burglary all risks others	Workmen's Compensation	Medical Insurance	Bond	Crop	Livestock	Any other	Total
Facultative.....	080	091	100	101	102	110		120	121	122	123	14
Total (4+5)												
Overseas Insurer												
by way of Treaty.....												
Facultative.....												
Total (7+8)												
Total Reinsurance												
Premium ceded												
(6+9).....												
Mandatory												
Cessions:												
-Under sec.												
145(1).....												
-Under sec.												
145(2).....												
TOTAL (11-12)												

Insurance

[Subsidiary]

Class of Business	Motor Commercial 08	Personal Accident		THEFT			Workmen's Compensation 11	Medical Insurance 12	MISCELLANEOUS			Total 14
		090 Personal Accident and sickness	091 Health	Cash in Transit	Fidelity Guarantee	Burglary all risks others			Bond	Crop	Livestock	
Sub-Class of Business	Motor Commercial 080											
Cessions to Africa Re.....												
Total Reinsurance Premium:												
Inward												
-For others (3).....												
Outward												
-For KRC (10+14)												
-For others (10+13+14).....												
Date												

.....

Auditor

Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-9B

STATEMENT OF REINSURANCE PREMIUM GENERAL INSURANCE BUSINESS
(KENYA BUSINESS/OUT SIDE KENYA BUSINESS*)

("Delete whichever is not applicable")

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Aviation		Engineering		Fire Domestic		Fire Industrial		Liability			Marine and transit			Motor Private	
	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16
Sub-Class of Business	Aviation	car	Others	Fire Domestic	Fire Industrial	Products Liability	Prof indus trial	Others	Marine Cargo	Other Transit	Marine Hull	Motor Private	Motor Private	01	02	
Inward Reinsurance Premium:	010	020	021	030	040	050	051	052	060	061	062	070	070			
-Treasury.....																
-Facultative																
-Total (1+2).....																
Reinsurance Premium Code to Local insurers by Way of Treaty.....																
Facultative.....																
Total (4+5).....																
Overseas Insurers by way of:																
Treaty.....																
Facultative.....																

[Subsidiary]

Class of Business	Aviation		Engineering		Fire Domestic		Fire Industrial		Liability			Marine and transit			Motor Private	
	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16
Sub-Class of Business	Aviation	car	Fire Domestic	Fire Industrial	Products Liability	Marine Cargo	Marine Hull	Other Transit	Motor Private	010	020	030	040	050	060	070
Total (7+8).....																
Total Reinsurance Premium Ceded (6+9).....																
Mandatory cessions:																
-Under sec. 145(1).....																
-Under sec. 145(2).....																
-Total(11+12).....																
Cessions to Africa Re.....																
Total Reinsurance Premium Inward:																
-For KRC. (3+3).....																
Outward																
-For KRC.(10+14).....																
-For others (10+13+14).....																

Date Auditor Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

FORM INS. 59-10A

**STATEMENT OF COMMISSION LONG-TERM INSURANCE BUSINESS
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)**

(*Delete whichever is not applicable)

All amounts in Kenya Shillings.

Name of Insurer..... Year ending 31st December, 20.....

Serial Number	Class of Business	Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
1	Commission in Respect of Direct Business			03	04	
2	Inward Reinsurance Business					
3	-Treaty.....					
4	-Facultative.....					
	Total (2+3).....					
	Mandatory Cessions					
5	-Under Section 145 (1).....					
6	-Under Section 145 (2).....					
7	Total (5+6).....					
	Outward Reinsurance Business					
8	-Local-treaty.....					
9	-Facultative.....					
10	Total (8-9).....					

Insurance

[Subsidiary]

Class of Business		Bond Investment	Industrial Life	Ordinary Life	Superannuation	Total
Serial Number		01	02	03	04	
	11 Overseas- treaty.....					
	12 -Facultative.....					
	13 -Total (11+12).....					
	14 Total (10+13).....					
	Net Business					
	15 -KRC (1+4+7-14).....					
	16 -Others (1+4-7-14).....					

.....
 Date Auditor Principal Officer
 NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-10B

[L.N. 51/2011. r.4]

**STATEMENT OF COMMISSION GENERAL INSURANCE BUSINESS
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)**

(*Delete whichever is not applicable)

All amounts in Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Aviation		Engineering		Fire Domestic		Fire Industrial		LIABILITY			MARINE AND TRANSIT			Motor Private		Medical Insurance	
	01		02		03		04		05			06			07		08	
Sub-Class of Business	Aviation		car	Others	Fire Domestic		Fire Industrial		Products Liability	Prof industrial	Others	Marine Cargo	Other Transit	Marine Hull	Motor Private		Medical Insurance	
	010		020	021	030		040		050	051	052	053	060	061	079			
Commission in Respect of																		
1 Direct Business.....																		
Inward Reinsurance Business:																		
2 -Treaty.....																		
3 -Facultative.....																		
4 Total (2+3)																		
Mandatory Cessions:																		
5 -Under sec. 145(1).																		
6 -Under sec. 145(2).																		
7 Total (5+6).....																		

Insurance

[Subsidiary]

Class of Business	Aviation		Engineering		Fire Domestic		Fire Industrial		Liability			MARINE AND TRANSIT			Motor Private		Medical Insurance	
	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18
Sub-Class of Business	Aviation	car	Others	020	021	030	040	051	052	053	060	061	079	08				
Outward Reinsurance Business:	010																	
-Local-Treaty.....	8																	
-Local-Facultative.....	9																	
Total (8+9).....	10																	
Overseas-Treaty.....	11																	
Overseas Facultative	12																	
Total (11+12).....	13																	
Total (10+13).....	14																	
-Net Business:	15																	
-KRC (1+4+7+14)																		
-Others (1+4-7-14)																		

Date Auditor Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

STATEMENT OF COMMISSION GENERAL INSURANCE BUSINESS
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)

All amounts in Kenya Shillings.
Year ending 31st December, 20.....

Name of Insurer.....

Class of Business	Motor Commercial 08	Personal Accident		THEFT			Workmen's Compensation			MISCELLANEOUS			Total
		080	090	091	100	101	102	110	120	121	122	123	
Sub-Class of Business	Motor Commercial		Personal Accident and sickness	Health	Cash in Transit	Fidelity Guarantee	Burglary all risks and others	Workmen's Compensation	Bond	Crop	Livestock	Any other	
Commission in Respect of:													
1 Direct Business.....													
Inward Reinsurance Business:													
-Treaty.....													
-Facultative.....													
Total (2+3).....													
Mandatory Cessions:													
5 -Under sec. 145(1).....													
6 -Under sec. 145(2).....													
7 Total (5+6).....													
Outward Reinsurance Business:													
8 -Local Treaty.....													
9 -Local Facultative.....													
10 Total (8+9).....													

Insurance

[Subsidiary]

Class of Business	Motor Commercial 08	Personal Accident 09		THEFT 10			Workmen's Compensation 11	MISCELLANEOUS 12				Total 13	
		Motor Commercial 080	Personal Accident and sickness 080	Health 091	Cash in Transit 100	Fidelity Guarantee 101		Burglary all risks and others 102	Workmen's Compensation 110	Bond 120	Crop 121		Livestock 122
Sub-Class of Business													
-Overseas-Treaty.....													
-Overseas-Facultative.....													
Total (11+12).....													
Total (10+13).....													
-Net Business:													
-KRC (1+4+7+14)													
-Others (1+4-7-14)													

.....

Date .

Auditor

Principal Officer

NOTE: Read the notes in the Ninth Schedule to the Insurance Regulations and comply.

Insurance

[Subsidiary]

FORM INS. 59-11
STATEMENT OF LONG-TERM INSURANCE BUSINESS
(INDIVIDUAL/GROUP INSURANCES*)
(KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)

(*Delete whichever is not applicable)

All amounts in thousands of Kenya Shillings.
 Year ending 31st December, 20.....

Name of Insurer.....

CLASS OF BUSINESS	NEW LIFE INSURANCE BUSINESS IN RESPECT OF WHICH PREMIUM HAS BEEN PAID IN THE YEAR				TOTAL LIFE INSURANCE BUSINESS IN FORCE AT THE END OF THE YEAR				
	NUMBER OF		Sums Insured	Yearly renewal premium Income	NUMBER OF		Sums Insured (Inclusive of accrued bonuses)	Yearly renewal premium	
	Policies	Lives	Annuities per annum		Policies	Lives			Annuities per annum
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Bond Investment.....									
Industrial Life.....									
Ordinary Life.....									
Superannuation-Permanent.....									
-Health.....									
-Others.....									
TOTAL.....									

Date:

.....
 Principal Officer

Insurance

[Subsidiary]

- NOTE: 1. Read the notes in the Ninth Schedule to the Insurance Regulation and comply.
 2. Separate statements to be submitted in respect of individual business and group insurances.
 3. Columns (2) and (7) in respect of number of lives are relevant only for group policies.
 4. Single premiums under column (4) should include consideration for immediate or deferred annuities and all other premiums paid during the year where no subsequent premium is payable.
 5. Premiums in column (4), (5) and (9) should represent gross direct premiums before deduction/addition of reinsurance premium.

FORM INS. 59-12

**SUMMARY OF CHANGES IN BUSINESS-BOND INVESTMENT/INDUSTRIAL LIFE/ORDINARY LIFE/SUPERANNUATION*
 (KENYA BUSINESS/OUTSIDE KENYA BUSINESS*)**

(*Delete whichever is not applicable)

All amounts in thousands of Kenya Shillings.

Year ending 31st December, 20.....

Name of Insurer.....

	INDIVIDUAL BUSINESS			GROUP BUSINESS			
	Number of Policies	Sum Insured	Reversionary Bonus	NUMBER OF		Sum Insured	Reversionary Bonus
				Policies	Lives		
1. Business at the beginning of the year..... INCREASE DURING THE YEAR							
2. New business written							
3. Old policies revived							
4. Old policies changed and increased.							
5. Bonus additions allotted							
A TOTAL INCREASE (2+3+4+5)							
DECREASE DURING THE YEAR							
6. By death							

	INDIVIDUAL BUSINESS			GROUP BUSINESS			
	Number of Policies	Sum Insured	Reversionary Bonus	NUMBER OF		Sum Insured	Reversionary Bonus
				Policies	Lives		
7. By Maturity							
8. By expiry term under temporary insurances.....							
9. By surrender of policy							
10. By forfeiture or lapse.							
11. By being not taken up.....	()						
12. By surrender of bonus.....	()						
11. By change and decrease							
B. TOTAL DECREASE (6 to 13).....							
C. TOTAL EXISTING AT THE END OF YEAR (1+A-B).							

Date:

 Principal Officer

NOTES: 1. Read the notes in the Ninth Schedule to the Insurance Regulations and comply.
 2. Separate statements shall be submitted in respect of each class of business and in each case separate statements be prepared for the Kenya business and outside Kenya business.
 3. Numbers of policies and lives given in brackets () against items (4), (5), (12) and (13) should not be included in the totals at A, B and C.
 4. Only the amounts of increase or decrease in sums insured or bonus should be shown under the respective columns against items (4) and (13) respectively.

Insurance

[Subsidiary]

TENTH SCHEDULE

[s. 70, r. 21]

LIMITATION OF EXPENSES OF MANAGEMENT TERM INSURANCE
BUSINESS OTHER THAN INDUSTRIAL LIFE ASSURANCE BUSINESS

[L.N. 51/2011, r. 5, L.N. 57/2012, r. 17, L.N. 167/2021, r. 4.]

PART A

1. In the case of long term insurance business other than industrial life assurance business, the limits of management expenses including commissions to intermediaries are as follows:

The aggregate sum of—

- (i) five percentum of all premiums received during the year on policies granting an immediate annuity or a deferred annuity in consideration of a single premium, and five percentum of all premiums received on other single premium policies during the year;
- (ii) ten percentum of all first year's premiums and four percentum of all renewal premiums received during the year on policies granting deferred annuity in consideration of more than one premium;
- (iii) fifteen percentum of all premiums received during the year on policies under group life and superannuation schemes;
- (iv) one tenth of one percentum of the average of the total sums assured by policies on which no further premiums are payable (less reinsurances) at the beginning and end of the year;
- (v) five percentum of all annuities paid during the year;
- (vi) an amount computed on the basis of the percentages for the time being appropriate to the duration of the insurer's life insurance business specified in the following table, namely:

<i>Duration of Business</i>	PERCENTAGE OF PREMIUMS LESS REINSURANCES RECEIVED DURING THE YEAR OTHER THAN PREMIUMS REFERRED TO IN ITEMS (i), (ii) AND (iii) ABOVE	
	<i>of First Year's Premiums</i>	<i>of Renewal Premiums</i>
First Four Years	100	30
Fifth to Seventh Years	97½	27½
Eighth to Tenth Years	95	25
After the Tenth Year if the Insurers Business in Force		
(a) Is less than two hundred million shillings.....	90	25
(b) Is less than five hundred million shillings but not less than two hundred million shillings.....	90	24
(c) Is less than one thousand million shillings but not less than five hundred million shillings.....	90	23
(d) Is not less than one thousand million Shillings.....	90	22 ½

Explanation 1— In this Rule, “business in force” means, in relation to any expense incurred, the total sum assured, with bonuses, without taking into account reinsurances ceded or accepted, by an insurer in respect of the whole of his life insurance business on the last working day of the year preceding the calendar year in which the expense is incurred.

Insurance

[Subsidiary]

Explanation II— The duration of an insurer’s life insurance business shall be reckoned

- (a) from the beginning of the calendar year of commencement of the business if the date of commencement is in the first half of the year; and
- (b) from the end of the calendar year of such commencement if the date of commencement is in the second half of the year.

2. Industrial Life Assurance Business—In the case of industrial life assurance business, the limits of management expenses including commission to intermediaries are as follows—

- (a) Where the insurer has transacted business in Kenya for not more than five years, the sum of fifty five percentum of premiums received during the year;
- (b) Where the insurer has transacted business in Kenya for more than five years, sum of forty five percentum of premiums received during the year:

Provided that where the total premium income does not exceed ten million shillings, the amounts indicated at paragraphs (a) and (b) shall be increased by ten percentum.

3. General Insurance Business—In the case of general insurance business, the limits of management expenses including commissions or other remuneration for the procurement of business are as follows—

- (a) the amount of commission or other remuneration paid to insurance agents and brokers in respect of that business transacted in the year but not

exceeding the limit prescribed in the Eleventh Schedule under regulation 22; plus

- (b) an amount computed according to the following table:

<i>Part of the Total Gross Premium Income of the Insurer written direct</i>	PERCENTAGE OF PREMIUMS APPLICABLE TO INSURER WRITING GENERAL INSURANCE BUSINESS FOR		
	<i>More than 5 years</i>	<i>5 Years or Less with gross Premium</i>	
		<i>Sh. 25m or more</i>	<i>Less than Sh. 25m</i>
First 5 Million Shillings.....	25%	25%	35%
Next 7.5 Million Shillings	22½%	22½%	32½%
Next 7.5 Million Shillings	20%	20%	30%
Next 10 Million Shillings.....	17½%	17½%	27½%
The Balance.....	15½%	15½%	25½%

4. In the case of Kenya Reinsurance Corporation or any other insurer doing only reinsurance business the limits of management expenses, excluding commission, shall be an amount not exceeding ten percentum of the total net premium income.

FORM NO. INS. 70-1	
MAXIMUM PERMITTED EXPENDITURE: LONG-TERM INSURANCE	
Name of Insurer.....	Year Ending 31st December, 20.....
<i>All amounts in Kenya Shillings</i>	

Insurance

[Subsidiary]

	<i>Business in Kenya</i>		<i>Total Business</i>	
	<i>Premiums or Sums Assured</i>	<i>Permitted Amount</i>	<i>Premiums or Sums Assured</i>	<i>Permitted Amount</i>
1. In cases of annuities:				
(a) 5% of all premiums received during the year on policies granting an annuity in consideration of a single premium				
(b) 10% of all first year's premium received during the financial year on policies granting annuity in consideration of more than one premium				
(c) 4% of all renewal premium received during the financial year on policies granting annuity in consideration of more than one premium				

Insurance

[Subsidiary]

(d) 1 5% of all annuities paid during the year.				
2. In cases of Permanent health:				
(a) 5% of all premiums received during the year on single premium policies				
(b) 10% of all first year's premium received during the financial year on policies cover in consideration more than one premium				
(c) 4% of all renewal premium received during the financial year on policies granting cover in consideration of more than one premium				
3. In cases of Group life, group credit and pensions:				
15% of all premiums received during the year.				
4. In case of policies which no further premium is paid by the policyholder:				
0.1% of the average of the total sums assured by policies on which no further premiums are payable (less reinsurance) at the beginning and end of the year				
5. In case of life assurance:				
(1) In the case of an insurer who has not transacted long-term insurance business for five years:				
(a) 100% of the first year's premiums received during the year				
(b) 30% of renewal premiums received during the year				
(2) In the case of an insurer who has transacted long-term insurance business for more than five years but less than eight years				
(a) 97% of the first year's premiums received during the year				

Insurance

[Subsidiary]

(b) 27 ½% of renewal premiums received during the year				
(3) In the case of insurer who has transacted long term insurance business for more than eight years but less than ten years				
(a) 95% of first year's premium received during the year				
(b) 25% of renewal premium received during the year				
(4) In the case of an insurer who has transacted long -term insurance business for ten years or more if the insurer's business in force premium:				
(a) is less than two hundred million shillings multiplied by CPI (n) factor:				
(i) 90% of the first year's premium received during the year.				
(ii) 25% of renewal premium received during the year				
(b) is less than five hundred million shillings multiplied by CPI (n) factor but not less than two hundred million shillings:				
(i) 90% of the first year's premium received during the year				
(ii) 24% of renewal premium received during the year				
(c) is less than one thousand million shillings multiplied by CPI (n) factor but not less than five hundred million shillings:				
(i) 90% of the first year's premium received during the year				
(ii) 23% of renewal premium received during the year				
(d) is not less than one thousand million shillings multiplied by CPI (n) factor:				

Insurance

[Subsidiary]

(i) 90% of the first year's premium received during the year				
(ii) 22 ½% of renewal premium received during the year				
6. In cases of investment policies:				
(a) 5% of all premiums received during the year on single premium policies				
(b) 10% of all first year's premium received during the financial year on policies granting investment in consideration of more than one premium				
(c) 4% of all renewal premium received during the financial year on policies granting investment in consideration of more than one premium				
Total				

Date:.....

Auditor:.....

Principal Officer:.....

NOTE:

1. In columns (1) and (3), indicate the amounts of premiums or sums assured referred to in the description.
2. The amounts in columns (2) and (4) shall be arrived at by applying the respective percentages to the amounts in column (1) and (3) respectively.

Insurance

[Subsidiary]

FORM No. INS. 70-2

MAXIMUM PERMITTED EXPENDITURE: INDUSTRIAL
LIFE INSURANCE BUSINESS

All amounts in Kenya Shillings

Name of Insurer:

Year ending 31st December, 19

	BUSINESS IN KENYA		TOTAL BUSINESS	
	<i>Premiums or Sums Assured</i>	<i>Permitted Amount</i>	<i>Premiums or Sums Assured</i>	<i>Permitted Amount</i>
	(1)	(2)	(3)	(4)
Where the insurer has transacted industrial life insurance business				
(a) for five years or less;				
-55%* of premiums received during the year				
(a) for more than five years				
-45% of premiums received during the year				

Date:

Auditor

Principal Officer

*In case the premium income does not exceed Sh. 10 million, the above percentages shall be increased to

- (a) 65% and
- (b) 55% respectively.

Insurance

[Subsidiary]

FORM NO. INS 70-3

MAXIMUM PERMITTED EXPENDITURE: GENERAL INSURANCE BUSINESS

All amounts in Kenya Shillings

Name of Insurer

Year ended 31st December, 20.....

			KENYA BUSINESS	TOTAL BUSINESS
	Premiums (1)	Premiums (2)	Premiums (3)	Premiums (4)
1. Gross premiums income written direct				
2. Actual amount of commission or other remuneration paid to Insurance agents and brokers on procurement of business in the year but not exceeding the limits prescribed in Regulation 21				
3. 25% of first 5 million multiplied by CPI (n) factor of gross direct premium income.....				
4. 22% of next 7.5 million multiplied by CPI (n) factor of gross direct premium income				
5. 20% of next 7.5 million multiplied by CPI (n) factor of gross direct premium income				
6. 17% of next 10 million multiplied by CPI (n) factor of gross direct premium income				
7. 15% of the balance of gross premium income.				
8. Sub-Total (3)+(4)+(5)+(6)+(7)				
9. In the case of an insurer who has transacted general insurance business in Kenya for less than 6 years, 5% of such gross direct premium				

Insurance

[Subsidiary]

FORM NO. INS. 70-3A
STATEMENT OF MAXIMUM PERMITTED AND ACTUAL COMMISSION OUTGO ON DIRECT BUSINESS
GENERAL INSURANCE BUSINESS

All Amounts in Kenya Shillings
Year ending 31st December, 19

Name of Insurer:		KENYA BUSINESS						OUTSIDE KENYA BUSINESS			
		Serial Number	Class of Business	Gross Direct Written Premium	Maximum Permitted Commission		Actual Commission Outgo	Amount which is Lower of (5) & (6)	Gross Direct Written Premium	Actual Commission Outgo	(7) + (9)
%	Amount										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
01	Aviation		10								
02	Engineering		20								
03	Fire-Domestic		20								
04	Fire-Industrial		25								
05	Liability		20								
06	Marine-Hull		10								
07	Marine-Cargo		17								
08	Marine-Cargo and Others		17								
09	Motor-Private		10								
10	Motor-Commercial		10								
11	Personal Accident		10								
12	Theft		20								
	Workmen's Compensation		10								
	Miscellaneous		20								
	TOTAL		10								

Date: _____ Auditor: _____ Principal Officer

NOTE: Commission shall include brokerage fee or other remuneration paid to an intermediary.

Insurance

[Subsidiary]

FORM No. INS. 70-4

MAXIMUM PERMITTED EXPENDITURE: REINSURANCE COMPANY

All amounts in Kenya Shillings

Name of Insurer:

Year ending 31st December, 19

	<i>Long-term Insurance Business</i> (1)	<i>General Insurance Business</i> (2)	<i>Total (1+2)</i> (3)
Total Net Premium	1		
Ten Per cent of (1)	2		

Date:

Auditor

Principal Officer

ELEVENTH SCHEDULE

[s. 73(2), r. 22]

MAXIMUM BROKERAGE, COMMISSION OR OTHER
INTERMEDIARY PROCURATION FEES PAYABLE

[L.N. 108/2002, r. 7, L.N. 51/2011, r. 6, L.N. 57/2012, r. 18.]

A Long-term Insurance Business

In the case of long-term insurance business, where a rate of premium is approved by an actuary in respect of any class of policy, the insurer shall not, except with the approval of an actuary, pay or allow in respect of any policy of that class a commission or rebate at a rate greater than the maximum rate of commission or rebate to which the first mentioned actuary had regard when approving the rate of premium, but in any case the rates of commission shall not exceed the limits given below.

1. *Bond Investment Business*

Annual premium	4%	of first year's
policies		premium.
	2%	of renewal
		premium.
Single premium	2%	of premium.
policies		
2. *Industrial Life Business*

Insurance

[Subsidiary]

	Weekly premium	30%	first year.
	Weekly premium	25%	renewals.
	Monthly premium	15%	first year.
	Monthly premium	10%	renewals.
	Other premium	10%	first year.
	Other premium	7%	renewals.
3.	<i>Ordinary Life Business (Individual Life Policies)</i>		
	Term and Temporary Assurances	10%	of premium up to maximum of 10 years.
	All other assurance covers	50%	of first year's premium.
		20%	of second year's premium.
		5%	of 3rd to 10th year's renewal premium.
	Single premium policies	2%	of the premium.
4.	SUPERANNUATION BUSINESS (INCLUDING GROUP LIFE POLICIES)		
	Endowment Assurances	50%	of first year's premium.
	Whole Life Assurances	2½%	of renewal premium.
	Deferred Annuity and pure endowment	4%	of first year's premium.
		2%	of renewal premium.
	Immediate Annuities	2%	of consideration.
	Term Assurances	8%	of premium.
	Single premium policies and annuities	2%	of premium.
	Deposit Administration	1%	procuration commission on amounts deposited

Insurance

[Subsidiary]

in the first year by a new client.

B. GENERAL INSURANCE BUSINESS

Serial Number	Class of Business	Percentage of premium
01	Aviation	10%.....
02	Engineering Insurance	20%
03	Fire- Domestic	20%
04	Fire- Industrial	25%
05	Liability	20%.....
06	Marine-Cargo and other transit	17.5%
	Marine Hull	10%
07	Motor- Private	10%
08	Motor- Commercial	10%
09	Personal Accident	20%
10	Theft	10%.....
11	Workmen's Compensation	20%
12	Micro- Insurance	10%
13	Medical Insurance	10%
14	Miscellaneous	10%.....

TWELFTH SCHEDULE

[s. 88(1), r. 24]

RULES FOR ASCERTAINING THE AMOUNT OF A PAID UP POLICY

1. In respect of any policy (other than a policy for the whole term of life where the premiums are payable throughout life), on which the maximum number of annual premiums payable is fixed and premiums are of uniform amount, the paid up sum assured, exclusive of bonus, shall be the sum which bears to the original sum insured the same proportion as the number of complete month's premiums which have been paid on the policy bears to the number of months premium originally payable.
2. In respect of any policy for the whole term of life (where the premiums are payable throughout life), the paid up sum assured, exclusive of bonus additions, shall be a sum the same proportion to the value of the policy as the sum of one shilling bears to the present value (at the attained age of the person whose life is insured) of the reversion in the sum of one shilling according to the contingency upon which the sum insured under the original policy was payable.
3. If it is the practice of an insurer to permit paid up policies to participate in profits and if the insurer's actuary is of the opinion that the paid up value arrived at by the application of

Insurance

[Subsidiary]

rule 1 or 2 of this Schedule should be reduced suitably, it may be so done with the approval of the Commissioner of Insurance.

4. (1) For the purpose of rule 2, the value of the policy shall be the difference between the present values (at the attained age of the person whose life is insured) of—

- (a) the reversion in the sum insured according to the contingency upon which it is payable;
- (b) the future net premiums.

(2) "Net premium" as used in sub-rule (1)(b) means such premium, exclusive of any addition for bonuses, office expenses and other charges, as is sufficient (according to the rate of interest and rates of mortality assumed and on the assumption that the age of the person whose life is insured is the age at his birthday next following the date one year after the date of the issue of the policy) to provide for the risk incurred by the insurer in issuing the policy.

5. (1) For the purpose of this scheme, the calculations shall be made as at the day immediately preceding that on which the first premium which has not been paid falls, or fell due.

(2) For the purposes of this Rule, any premium which has not been paid in cash and which is deemed to be a debt owing to the insurer shall be deemed to have been paid.

6. For the purposes of rules 2 and 4—

- (a) interest shall be assumed at the rate of 3½ per centum per annum;
- (b) the rates of mortality shall be assumed, in the case of an ordinary life policy, according to the ultimate table of mortality included in the tables published for the Institute of Actuaries in England and Faculty of Actuaries in Scotland under the title "A 1949-52 Tables for Assured Lives" and, in the case of a policy of industrial life assurance, according to the ultimate table of mortality included in the tables published for the Institute of Actuaries in England and the Faculty of Actuaries in Scotland under the short title "A 1924-29 Table".

7. There shall be added to the amount (exclusive of bonus additions) of any paid up policy calculated in accordance with rule 1 or rule 2, the amount of all reversionary bonuses declared upon (and still attaching to) the original policy.

THIRTEENTH SCHEDULE

[s. 89(3), r. 25]

RULES FOR ASCERTAINING THE SURRENDER VALUE OF A POLICY

1. The surrender value of a policy at any date shall be the present value (according to the contingency upon which the policy is payable) of the amount of the paid up policy which would be granted as at that date, determined according to the rules prescribed in the Twelfth Schedule or the amount payable at death if death were to occur at the date as at which the surrender value is calculated, whichever is the less.

2. For the purposes of determining the present value of the amount of paid up policy under rule 1—

- (a) interest shall be assumed at the rate of 6½ per centum per annum for contracts registered in terms of the Income Tax Act (Cap. 470) and 5 per centum per annum for all other contracts;
- (b) the rate of mortality shall be assumed, in the case of an ordinary life policy, according to the ultimate table of mortality included in the tables published for the Institute of Actuaries in England and Faculty of Actuaries in Scotland under the title "A 1949-52 Tables for Assured Lives" and in the case of a policy of industrial assurance, according to the ultimate table of mortality included

Insurance

[Subsidiary]

in the tables published for the Institute of Actuaries in England and Faculty of Actuaries in Scotland under the short title "A 1924-29 Table"; and

- (c) in the case of a policy issued for a term other than the whole term of life, the remaining term at the date as at which the surrender value of the policy is calculated shall be obtained by deducting from the original term of the policy the duration of the policy in completed years and months at that date.

FOURTEENTH SCHEDULE

[s. 111(1), r. 29]

FORMS

FORM NO. INS. 111

FORM OF APPOINTMENT WHERE NOMINEE IS MINOR

I, son/daughter (Name in full)

of of (Name of father)

..... the holder of (Address of person making appointment)

ordinary life assurance policy no.

appoint of (Name of appointee) (Address of appointee)

son/daughter of as the person to receive the money secured thereby in the event of my death during the minority of my nominee

..... (Name of nominee)

of son/daughter of

(Address of nominee)

Signed at this day of, 20

Witness (Signature) (Signature of holder of Policy)

Name

Address

I, the above named (Name in full)

appointee hereby signify my consent to be appointed as aforesaid and to hold the moneys payable under the aforesaid Policy No. for the benefit of

..... (Signature of appointee)

Name

..... Date

[Subsidiary]

(Address)

FIFTEENTH SCHEDULE

[r. 32, 33]

MANDATORY REINSURANCE CESSIONS

PART A – GENERAL INSURANCE BUSINESS

[L.N. 349/1987, r. 2, L.N. 372/1995, r. 2, L.N. 169/1998, r. 2, L.N. 172/1999,
r. 2, L.N. 40/2004, r. 2, L.N. 99/2006, r. 2, L.N. 154/2010, r.
2, L.N. 51/2011, r. 7, L.N. 178/2014, L.N. 217/2020, r. 2.]

1. For the purposes of section 145(1) of the Act, every insurer shall reinsure with the Corporation 20 per cent (twenty per cent) of each policy of general insurance issued or renewed in Kenya by the insurer:

Provided that this per centage shall be reduced by 5 per cent (five per cent) every year thereby ceasing to apply on the 1st January, 2000.

[L.N. 372/1995, r. 2.]

2. The premium payable by an insurer to the Corporation in respect of cessions made to the Corporation shall be a pro-rata share of the premium actually received or receivable by the insurer from the insured, on the risk re-insured without any deductions whatsoever.

3. Liability of the Corporation in respect of the prescribed percentage of each policy reinsured with the Corporation shall commence simultaneously with that of the ceding insurer.

4. Every insurer shall, other than for motor insurance and marine insurance businesses, render to the Corporation quarterly statement of account within 60 days of the last day of March, June, September and December of each year in such form as the Corporation may require.

5. In the case of motor insurance business, every insurer shall render to the Corporation not later than the 15th day of each month statements of account of all business written as motor insurance in the preceding month in such form as the Corporation may require.

6. In the case of marine insurance business, every insurer shall render to the Corporation—

- (a) on Wednesday of each week declarations of liability accepted in the preceding week of all the business written as “marine cargo insurance” and such declaration shall be produced by the insurers concerned in such form as the Corporation may require.
- (b) In addition every insurer shall advise the Corporation immediately of any shipment or transit or known accumulation at any one location where the Corporation’s liability reaches a certain limit which shall be notified to the insurers by the Corporation.

7. In the case of marine insurance business, every insurer shall render to the Corporation quarterly statements of account within 45 days of the last day of March, June, September and December of each year in such form as the Corporation may require.

8. Settlements of quarterly account in the case of insurance business other than motor—

- (a) insurance business shall be made at the time of rendering the accounts to the Corporation.
- (b) Where an account shows a balance in favour of an insurer, the Corporation shall settle such an account within 7 days of confirmation of the account by the Corporation which shall in either case be within one month of receipt of the accounts.

9. The settlement of monthly accounts in respect of motor insurance business shall be made at the time of rendering an account to the Corporation and where the account shows a balance in favour of the insurer the Corporation shall settle such an account within 7 days of confirmation of the account by the Corporation which shall in either case be within one month of the receipt of the accounts.

10. The Corporation shall pay the insurer a reinsurance commission at the following rates expressed as per centages of the premiums payable by the insurer:

[L.N. 51/2011, r. 7.]

11. For the purposes of section 145(2) of the Act, every insurer shall, with effect from 1st January, 1999 reinsure with the Kenya Reinsurance Corporation twenty per cent (20%) of each of his reinsurance treaties in respect of general business placed in the international reinsurance market:

Provided that this requirement shall cease to apply on 31st December, 2025 or on the date the Kenya Reinsurance Corporation Limited is privatized, whichever is earlier.

[L.N. 169/1998, r. 2, L.N. 172/1999, r. 2, L.N. 40/2004, r., L.N. 99/2006, r. 2, L.N. 154/2010, r. 2, L.N. 178/2014, r. 2, L.N. 217/2020, r. 2.]

12. Every insurer shall submit to the Corporation copies of all its reinsurance treaties relating to its general insurance business which are in force at the commencement of these Regulations and those to be issued in future and any amendment thereto.

PART B - LONG TERM INSURANCE BUSINESS

1. For the purposes of section 145(1) of the Act, every insurer shall reinsure with the Corporation 20% (twenty per cent) of each policy of long term insurance issued in Kenya by the insurer:

Provided that this per centage shall be reduced by 5 per cent (five per cent) every year thereby ceasing to apply on the 1st January, 2000.

2. In respect of any policy of endowment insurance or whole-life insurance or an allied class of insurance, the cessions under paragraph 1 shall be on a risk premium basis in accordance with the risk premium rates determined by the Corporation: the manual of risk premium rates and the table of amounts at risk shall be determined by the Corporation not less than three months prior to the date from which they are to be applied.

3. In respect of any other policy, the cessions under paragraph 1 shall be on the basis of the original terms of the policy, and the premium payable by an insurer to the Corporation shall be pro-rata share of the premium actually received or receivable by the insurer from the insured, on the risk reinsured, without any deduction whatsoever.

4. The liability of the Corporation in respect of the prescribed per centage of each policy reinsured with the Corporation shall commence simultaneously with that of the ceding insurer.

5. For the purposes of section 145(2) of the Act, every insurer shall reinsure with the Kenya Reinsurance Corporation every policy of long term insurance issued in Kenya on the following basis—

- (i) in respect of any policy already issued or issued hereafter and which is subject to reinsurance on risk premium basis, twenty per cent (20%) of the excess after the ceding company's net retention on the same terms and conditions offered to the most favoured reinsurer in such reinsurance with effect from 1 January, 1999:

Provided that this requirement shall cease to apply on 31st December, 2025 or on the date the Kenya Reinsurance Corporation Limited is privatized, whichever is earlier.

- (ii) in respect of any policy issued after 1st April, 1979 and which is subject to reinsurance on original terms twenty (20%) per cent of the excess after the

Insurance

[Subsidiary]

ceding company's net retention on the same terms and conditions offered to the most favoured reinsurer in such reinsurance with effect from 1st January,

Provided that this requirement shall cease to apply on the 31st December, 2020 or on the date the Kenya Reinsurance Corporation Limited is privatized, whichever is earlier.

[L.N. 169/1998, r. 2, L.N. 172/1999, r. 2, L.N. 40/2004, r.2, L.N. 99/2006, r. 2, L.N. 154/2010, r. 2, L.N. 178/2014, r. 2, L.N. 217/2020, r. 2.]

6. For the purpose of section 145(2) of the Act, every insurer shall reinsure with the Corporation every policy of long term insurance issued in Kenya on the following basis—

- (i) in respect of any policy already issued or issued hereafter and which is subject to reinsurance on risk premium basis, 25 (twenty-five) per cent of the excess after the ceding company's net retention on the same terms and conditions offered to the most favoured reinsurer in such reinsurance; and
- (ii) in respect of any policy issued after the 1st April, 1979, and which is subject to reinsurance on original terms, 25 (twenty-five) per cent of the excess after the ceding company's net retention on the same terms and conditions offered to the most favoured reinsurer under such reinsurance.

7. Every insurer shall render to the Corporation not later than the 15th day of each month statements of mandatory cessions in such form as the Corporation may require. In respect of policies insuring substandard lives and those having sums insured in excess of a certain amount on any one life as may be indicated by the Corporation, the statements shall be required to be rendered separately in such form and within such time limit as may be required by the Corporation.

8. The Corporation shall be informed at least 30 days before any proposed alteration in the terms of reinsurance treaties including the levels of a ceding company's net retention (that is, liability after all reinsurances including compulsory cession) are to be put into effect.

9. Unless the Corporation agrees to any other arrangement, every insurer shall render to the Corporation quarterly statements of account within 60 days of the last day of March, June, September and December of each year in such form as the Corporation may require.

10. Settlements of the quarterly accounts shall be made at the time of rendering the accounts to the Corporation. Where an account shows a balance in favour of the insurer the Corporation shall settle such account within 7 days of confirmation of the account by the Corporation which shall in either case be within one month of receipt of the accounts.

<i>Serial Number</i>	<i>Class of Business</i>	<i>Reinsurance Commission Rate</i>
01	Aviation-Aircrew personal accident insurance	22½%
	Aviation-others	15%
02	Engineering	25%
03	Fire-Domestic	30%
04	Fire-Industrial	30%
05	Liability	25%
06	Marine-Cargo and other transit	22½%
	Marine-Hull	15%
07	Motor-Private	15%
08	Motor-Commercial	15%
09	Personal Accident	25%
10	Theft	25%
11	Workmen's compensation	25%
12	Medical Insurance	

13	Miscellaneous	
	Bonds	15%
	Others	25%

11. Every insurer shall submit to the Corporation copies of its treaties relative to long term insurance business in force and those to be issued in future and any amendments thereto.

[L.N. 349/1987, r. 2.]

PART C - OTHER REINSURANCE BUSINESS

Subject to the provisions of Part A, B and C of this Schedule an insurer may place any other reinsurance with the Corporation on terms mutually acceptable to the Corporation and the insurer.

SIXTEENTH SCHEDULE

[r. 34]

APPLICATIONS

FORM No. INS. 150-1

APPLICATION FOR *REGISTRATION/*RENEWAL OF REGISTRATION OF A BROKER

(*Delete whichever is not applicable)

All amounts in Kenya Shillings

A. APPLICANT

1. Name:
2. Registered Office:
 - Postal Address:
 - Telegraphic Address:
 - Telex: Telephone:
3. Location of Offices:
 - Principal:
 - (Give address)
 - Branches at:
4. Incorporation:
 - Place: Date:
 - Insurance Broking Business
 - Date of first licence
 - Date of commencement
5. Particulars of:
 - (i) Members of Board of Directors (Appendix A).
 - (ii) Principal Officer, Company Secretary and other Senior Management Staff (Appendix B).
 - (iii) Departmental staff (Appendix C).
 - (iv) Auditors, Legal Advisers and Actuaries (Appendix D).

Insurance

[Subsidiary]

- (v) Members of insurance industry whose services were availed of during the year (including names of insurers with whom insurance business was placed) (Appendix E).

6. Bankers:

<i>Name</i>	<i>Address</i>	<i>Since when</i>
1.
2.
3.

7. (i) Is the applicant or a director or an employee of the applicant a director or employee or shareholder of an insurer or broker or agent or any other member of the insurance industry?

If so, give details specifying the name of the member, nature and extent of shareholding/ interest.

- (ii) Is any of the individuals or firms listed in Appendices D and E—
 - (a) a director or employee of the applicant or a related company?
 - (b) holding any shares in, debentures of or other interests with the applicant or a related company?

If the answer to any of the above questions is in the affirmative, give full particulars.

8. Share Capital

Insurance

[Subsidiary]

Type of Share (1)	Number of Shares (2)	Amount per Share (3)	Total Amount (4)
(a).....			
(b).....			
(c).....			
(d).....			
Total			

B. PAID UP

Type of Share (1)	Number of Share (2)	Amount per Share Sh. (3)	Total Amount (2) x (3) (4)	Total Number of Share-holders (5)	HOLDING BY KENYA CITIZENS, BY KENYA COMPANIES, BY KENYA PARTNERSHIPS, BY THE GOVERNMENT		
					Number of Shares (6)	Total Amount (7)	Proportion of Total Voting Rights (8)
(a).....							
(b).....							

Type of Share (1)	Number of Share (2)	Amount per Share Sh. (3)	Total Amount (2) x (3) (4)	Total Number of Share-holders (5)	HOLDING BY KENYA CITIZENS, BY KENYA COMPANIES, BY KENYA PARTNERSHIPS, BY THE GOVERNMENT		
					Number of Shares (6)	Total Amount (7)	Proportion of Total Voting Rights (8)
(c).....							
(d).....							
Total							

Insurance

[Subsidiary]

- (b) any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors?
 - (c) Finding to be of unsound mind by a court of competent jurisdiction?
Please state "YES" or "NO" in the above form and if the answer is "YES", give full details separately.
3. If the space herein is insufficient, please use additional paper.

APPENDIX B TO FORM NO. INS. 150-1
PARTICULARS OF MANAGEMENT STAFF

Name of Broker:..... As at 31st December, 20.....

Serial Number	Full Name	Designation	Citizenship	Age	Residential Address	QUALIFICATION		Years of Experience	Date of Appointment	Number of shares held (See note 1 below)	INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (See ITEM 7(1) OF SIXTEENTH SCHEDULE)				
						Academic	Professional				(a) (b) (c)	Nature of Business	Name	Details of Interest	
1.															
2.															
3.															
4.															
5.															
6.															

Date Principal Officer

- NOTE: 1. If the shareholding consists of two or more types of shares, details should be given separately of the type, number and total paid-up values of each type of shares. If additional shares are held in the names of any relatives (who are not members of management staff themselves) of the members of management staff, particulars of the same should be given separately.
2. Has there been in the past-
- (a) any conviction of an offence involving fraud or dishonesty?
 - (b) any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors?
 - (c) Finding to be of unsound mind by a court of competent jurisdiction?
Please state "YES" or "NO" in the above form and if the answer is "YES", give full details separately.
3. If the space herein is insufficient, please use additional paper.

APPENDIX C TO FORM NO. INS. 150-1
PARTICULARS OF MANAGEMENT STAFF

Name of Broker:..... As at 31st December, 20.....

DEPARTMENT	NUMBER OF STAFF					Number of staff who are not Kenya citizens (Please See Note 2 below)
	Officers	Clerks	Stenographers/Typists	Messengers	Others	
Underwriting						
Claims						
Administration						
Accounts						
Others (please specify)						
TOTAL						

Date Principal Officer

[Subsidiary]

SIXTEENTH SCHEDULE, APPENDIX C-continued

- NOTE: 1. If any management staff listed in Appendix B is also included here, please indicate below as a note.
2. If any of the departmental staff is not a Kenya citizen, please give the name, citizenship and the date of expiry of the work permit in a separate statement.
3. If any of the departmental staff holds any professional qualifications, such as A.C.I.I., F.C.I.I., A.C.A., etc., please give the name and professional qualifications in a separate statement.
-

Insurance

[Subsidiary]

APPENDIX TO FORM NO INS. 150-1

PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES

Name of Broker. As at 31st December, 20

		Name of Firm	Address	Partners' Names	Professional Qualifications	Since When
AUDITORS	1.					
	2.					
	3.					
LEGAL ADVISERS	1.					
	2.					
	3.					
ACTUARIES	1.					
	2.					
	3.					

Date: Principal Officer

Insurance

[Subsidiary]

APPENDIX E TO FORM NO INS 150-1

PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY

Name of Broker. As at 31st December, 20

Member of the Insurance Industry (Please See Note 1)	Name	Address	Nature of Work Handled	Shareholding or other Interest (Please see Note 2)	Registration Number
(1)	(2)	(3)	(4)	(5)	(6)

Date:
Principal Officer

NOTES: 1. State here broker, agent or any other capacity in which the Member is registered under the Act.

2. Please give information of number and type of shares held, amount of a shareholding and any other interest as per item 7(ii) of Sixteenth Schedule.

3. If the space herein is insufficient, please use additional paper.

4. Please mention in column (6) the reference number of the registration under the Insurance Act (Cap. 487).

FORM No. INS. 150-2

APPLICATION FOR* REGISTRATION/RENEWAL OF REGISTRATION AS AN AGENT

(*Delete whichever is not applicable)

A. APPLICANT

1. Name:

2. Registered Office:

—Postal Address:

—Telegraphic Address:

—Telex: Telephone:

3. Is the applicant

Insurance

[Subsidiary]

- an individual YES/NO
- a partnership YES/NO
- a company incorporated under the Companies Act? YES/NO

What is the nationality of

- applicant?
- partners in the firm?
- shareholders of the Company?

If any of the above is not a Kenya citizen, please give his name and nationality.

4. Date of commencement of insurance agency work:

5. Qualifications and Work Experience

- A. Academic and professional qualifications of applicant:
- B. Number of insurers whom represented as agent:
- C. Number of years' experience as agent:
- D. Any other work experience?

6. A. Has the applicant ever been—

- (a) convicted of any offence involving fraud or dishonesty? Yes [] No []
- (b) found to be of unsound mind by a court of competent jurisdiction? Yes] No []

B. Has the applicant during the past ten years been adjudicated bankrupt or taken the benefit of any law for relief of bankrupt or insolvent debtors or compounded with creditors or made any assignment of remuneration for the benefit of creditors?

Yes [] No []

If the answer is in the affirmative, give details including dates.

(Note—The question relates to partners and board of directors if the applicant is a partner firm or a company.)

7. Business

<i>Long term Insurance New Policies Renewals</i>	<i>General Insurance New Policies Renewals</i>
1.
2.
3.
4.
	Total _____

8. Does the applicant, or any of the partners (if it is a partnership firm or any of the directors or employees, hold any shares or have a controlling interest or is a director of any insurer, broker, or any other member of the insurance industry?

If yes, give full particulars.

9. Does the applicant render any service like underwriting claims settlement, etc. to any insurer?

If yes, please give particulars of the nature of service provided and remuneration received for the same.

[Subsidiary]

10. Does the insurer apart from the agency commission pay any additional amount in the form of commission, profit commission, salary, reimbursement of office expenses or otherwise?

If yes, please give details.

I hereby certify that the statements contained herein are true and accurate to the best of my knowledge and belief.

Any alterations in particulars stated herein will be promptly communicated to the Commissioner of Insurance.

Date Applicant

I/We (full name/names) being the Principal Officer Officers of (name/names of insurer/insurers) hereby certify that (name of Applicant) is by training, experience, aptitude and character, a fit and proper person to be an insurance agent and has been appointed as such by (name/s of insurer/insurers) through an agreement/appointment letter.

Any changes in this form will be notified forthwith to the Commissioner of Insurance.

Date Principal Officer

Insurer

FORM No. INS. 150-3
APPLICATION FOR *REGISTRATION/RENEWAL OF REGISTRATION AS
***CLAIMS SETTling AGENT/INSURANCE SURVEYOR/LOSS ADJUSTER/**
LOSS ASSESSOR/RISK MANAGER
*(*Delete whichever is not applicable)*

All amounts in Kenya Shillings

A. APPLICANT

- 1. Name:
- 2. Registered Office:
 - Postal Address:
 - Telegraphic Address:
 - Telex: Telephone:
- 3. Location of Offices:
 - Principal:
(give address)
 - Branches at:
(give address)
- 4. Incorporation:
 - Status: *Individual/Partnership/Company
 - Place:
 - Insurance business:
 - Date of first licence:
 - Date of commencement:

- 5. Particulars:
 - (i) Members of board of directors or Partners of the firm (Appendix A).

Insurance

[Subsidiary]

- (ii) Principal Officer, Company Secretary and other senior management staff (Appendix B).
- (iii) Departmental Staff (Appendix C).
- (iv) Auditors and Legal Advisors (Appendix D).
- (v) Members of the insurance industry whose services were availed of or to whom services

were provided during the year (Appendix E).

6. Bankers

<i>Name</i>	<i>Address</i>	<i>Since when</i>
1.
2.
3.

- (i) Does the applicant or a partner or director or an employee of the applicant directly or indirectly hold shares in or have any other financial or controlling interest in the affairs of any other member of the insurance industry?
- (ii) Is any of the individuals of firms listed in Appendices D and E—
 - (a) a director or employee of the applicant or a related company?
 - (b) holding any shares in, debentures of, or other interests with the applicant or related company?

If so, please give full particulars.

8. If the applicant is a company incorporated under the Companies Act (Cap. 486) give the total paid up capital of the company.

9. Business particulars:

- A. Number of years' experience in the capacity in which registration is sought—
- B. Number of insurers for whom work done in the past—
- C. Do you handle any other work—
 - pertaining to insurance business?
 - not pertaining to insurance business?

If the answer to the above is in the affirmative, give brief description of the work handled.

I hereby certify that the statements contained herein are true and accurate to the best of my knowledge and belief.

Any alterations in particulars stated herein must be promptly communicated to the Commissioner of Insurance.

Signed on this day of, 20

.....

Principal Officer

[Subsidiary]

APPENDIX A TO FORM NO. INS. 150-3

PARTICULARS OF BOARD OF DIRECTORS/PARTNERS

As at 31st December, 20.....

Name of *.....

Serial Number	Full Name	Citizenship	Residential Address	Occupation	Date of Appointment	Number of shares held (See note 1 below)	COURT CONVICTION (See NOTE 2 BELOW)			INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (See ITEM 7(1) OF SIXTEENTH SCHEDULE)	
							(a)	(b)	(c)	Nature of Business	Name
1.											
2.											
3.											
4.											
5.											
6.											

Date

Principal Officer

NOTE: 1. If the shareholding consists of two or more types of shares, details should be given separately of the type, number and total paid-up values of each type of shares. If additional shares are held in the names of any relatives (who are not directors themselves) of the Director, particulars of the same should be given separately.
 2. Has there been in the past-
 (a) any conviction of an offence involving fraud or dishonesty?
 (b) any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors?
 (c) finding to be of unsound mind by a court of competent jurisdiction?
 Please state "YES" or "NO" in the above form and if the answer is "YES" give full details separately.

3. If the space herein is insufficient, please use additional paper.
- Enter the relevant description from the undermentioned:
 - claims settling agent/insurance surveyor/loss adjuster/loss assessor/risk manager.

APPENDIX B TO FORM NO. INS. 150-3
PARTICULARS OF MANAGEMENT STAFF

Name of* As at 31st December, 20.....

Serial Number	Full Name	Designation	Citizenship	Age	Residential Address	QUALIFICATION		Years of Experience	Date of Appointment	Number of shares held (See note 1 below)	COURT CONVICTION (See Note 2 Below)			INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (See ITEM 7(1) OF SIXTEENTH SCHEDULE)		
						Academic	Professional				(a)	(b)	(c)	Nature of Business	Name	Details of Interest
1.																
2.																
3.																
4.																
5.																
6.																

Date Principal Officer

Insurance

[Subsidiary]

- NOTES: 1. If the shareholding consists of two or types of shares, details should be given separately of the type, number and total paid-up values of each type of shares. If additional shares are held in the names of any relatives (who are not members of management staff themselves) of the members of management staff, particulars of the same should be given separately.
2. Has there been in the past-
- (a) any conviction of an offence involving fraud or dishonesty?
 - (b) any adjudication as bankrupt or benefit taken of any law for the relief of bankrupt or insolvent debtors or compounding with creditors or assignment of remuneration for benefit of creditors?
 - (c) finding to be of unsound mind by a court of competent jurisdiction?
- Please state "Yes" or "NO" in the above form and if the answer is "Yes" give details separately.
3. If the space herein is insufficient, please use additional paper.
- * Enter the relevant description from the undermentioned:
 claims setting agent/insurance surveyor/loss assessor/risk manager.

APPENDIX C TO FORM NO. INS. 150-3
 PARTICULARS OF MANAGEMENT STAFF

Name of*
 As at 31st December, 20.....

DEPARTMENT	NUMBER OF STAFF					Number of staff who are not Kenya citizens (Please See Note 2 below)
	Officers	Clerks	Stenographers/Typists	Messengers	Others	
Underwriting						
Claims.....						
Administration.....						
Accounts.....						
Others (please specify).....						
TOTAL.....						

Date

 Principal Officer

SIXTEENTH SCHEDULE, APPENDIX C-continued

- NOTE: 1. If any management staff listed in Appendix B is also included here, please indicate below as a note.
2. If any of the departmental staff is not a Kenya citizen, please give the name, citizenship and the date of expiry of the work permit in a separate statement.
3. If any of the departmental staff holds any professional qualifications, such as A.C.I.I., F.C.I.I., A.C.A., etc., please give the name and professional qualification in a separate statement.
* Enter the relevant description from the undermentioned:
claims settling agent/insurance surveyor/loss adjuster/loss assessor/risk manager.

Insurance

[Subsidiary]

APPENDIX D TO FORM NO. INS. 150-3

PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES

Name of * As at 31st December, 20

	<i>Name of Firm</i>	<i>Address</i>	<i>Partners Names</i>	<i>Professional Qualifications</i>	<i>Since When</i>
AUDITORS					
1.					
2.					
3.					
LEGAL ADVISERS					
1.					
2.					
3.					
ACTUARIES					
1.					
2.					
3.					

Date:
Principal Officer

- Enter the relevant description from the undermentioned:
 Claims setting agent/insurance surveyor/loss adjuster/loss assessor/risk manager.

**APPENDIX E TO SIXTEENTH SCHEDULE
PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY**

APPENDIX E TO SIXTEEN SCHEDULE
PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY

Name of * As at 31st December, 20

<i>Member of the Insurance Industry (Please See Note 1)</i>	<i>Name</i>	<i>Address</i>	<i>Nature of Work Handled</i>	<i>Shareholding or other Interest (Please see Note 2)</i>	<i>Registration Number</i>
(1)	(2)	(3)	(4)	(5)	(6)

Date:
Principal Officer

NOTES:

1. State here broker, agent or any other capacity in which the member is registered under the Act.
2. Please give information of number and type of shares held, amount of shareholding and any other interest as per item 7(ii) of Sixteenth Schedule.
3. If the space herein is insufficient, please use additional paper.
4. Please mention in column (6) the reference number of the registration under the Insurance Act (Cap. 487).

* Enter the relevant description from the undermentioned:

Claims settling agents/Insurance surveyor/loss adjuster/loss assessor/risk manager.

SEVENTEENTH SCHEDULE
[s. 151(1)(a), r. 35.]
PROFESSIONAL INDEMNITY POLICY
[L.N. 108/2002, r. 8.]

1. Insured

[Subsidiary]

The professional indemnity policy shall state the registered name of the broker protected by the policy.

2. Cover

The policy shall cover—

- (a) losses arising from claims against the insured for breach of duty by negligence, error, omission dishonesty or fraud;
- (b) against claims arising in connection with legal liability for loss of documents and costs of replacing or restoring documents.

3. Indemnity limits

The indemnity limit for any one occurrence shall be ten million shillings or five per centum of the premium paid, whichever is the higher.

[L.N. 108/2002, r. 8.]

4. Excess

The maximum permitted excess shall be five thousand shillings or 0.5 percentum of minimum limit of indemnity, whichever is higher, unless the Commissioner consents to a higher excess.

Insurance

[Subsidiary]

EIGHTEENTH SCHEDULE
 [s. 151(1)(e), r. 36]
 STATEMENT OF BUSINESS OF A BROKER

FORM No. INS. 151-1

All amounts in Kenya Shillings

Name of Broker..... Year ending 31st December, 20.....

Insurance Business	Number insurers	Number policies	Total brokerage earned	Total premium under the policies placed	Largest per centage brokerage from any one insurer
	(1)	(2)	(3)	(4)	(5)
Long term-Direct..... -Reinsurance					
TOTAL.....					
General Insurance— Direct -Reinsurance					
TOTAL.....					
TOTAL.....					

Date:

 Principal Officer

NOTE : If the broker provides other services like underwriting and claims settlement to the insurers and insurance consultancy, risk management, pension management, etc., to his clients, a statement showing the nature of service, number of cases handled and the total amount of fees earned separately from insurers and clients should be enclosed.

Insurance

[Subsidiary]

FORM INS. 151-2 [Section 151(1)(c) and Regulation 36]
STATEMENT OF BUSINESS OF AN AGENT

All amounts in Kenya Shillings.

Name of Agents: Year ending 31st December, 20.....

Business (1)	Number of policies introduced (2)	Amount of premium under all policies introduced (3)	AMOUNT OF PREMIUM PENDING REMITTANCE TO INSURERS			Amount of Agency Commission earned (7)	Number of Insurers with whom business placed (8)
			Up to 30 days (4)	More than 30 days (5)	Total (6)		
Long-Term							
General Insurance							
TOTAL							

Date Principal Officer

NOTE: If the agent provides other services like underwriting and claims settlement to the insurers and insurance consultancy, risk management, etc., to his clients a statement showing the nature of services, number of cases handled and the total amount of fees earned separately from insurers and the clients should be enclosed.

FORM INS. 151-3
 Section 151(1)(c) and Regulation 36
 STATEMENT OF BUSINESS OF A CLAIMS SETTLING AGENT/INSURANCE SURVEYOR/LOSS ADJUSTER/LOSS
 ASSESSOR/RISK MANAGER*

(*Delete whichever are not applicable)
 All amounts in Kenya Shillings.

Name :

Year ending 31st December, 20.....

Class of Business (1)	NUMBER OF CASES HANDLED			AMOUNT OF FEES			Number of Insurers for whom cases handled (8)	Largest Percentage of cases for a single Insurer (9)
	Already completed (2)	On hand (3)	Total (4)	Received (5)	Outstanding (6)	Total (7)		
TOTAL								

Date
 Principal Officer

NOTES: 1. In case any assignments were handled on behalf of an overseas insurer, a statement giving the number and nature of such assignments, amount of fees received and name of the currency it was received should be enclosed.
 2. The number of insurers in column (8) should not include the number of overseas insurers for whom work may have been done (see note 1 above).

Insurance

[Subsidiary]

NINETEENTH SCHEDULE

[s. 39]

FORM OF GUARANTEE

1. Name: (*Name of Bank*) in this Guarantee referred to as “the Bank” hereby guarantees to the Commissioner of Insurance (*in this Guarantee referred to as the Commissioner*) that in the event of any insurance client of (*in (Name of Broker)*) this guarantee referred to as the Broker) or any insurance company obtaining, while this Guarantee is in force, a court decree in respect of unsatisfied debts of the Broker to the insurance client or the insurance company, as the case may be, in respect of insurance business, which debt the client or the insurance company is unable to recover in any other way, the Bank will pay on demand to the order of the Commissioner the sum of (*amount of guarantee*)

2. This Guarantee is a continuing Guarantee and may be revoked—

- (a) with the consent in writing of the Commissioner; or
- (b) after the expiration of twelve months after notice in writing of the intention of the Bank to revoke this Guarantee has been given to the Commissioner.

3. The revocation of this Guarantee does not release the Bank from, or affect, any liability of the Bank under this Guarantee existing immediately before the revocation.

Dated at this day of 20

THE SEAL OF WAS AFFIXED

TO THIS GUARANTEE BY

IN THE PRESENCE OF

FORM No. INS. 153-2

STATEMENT OF OUTSTANDING PREMIUMS DUE BY A BROKER

All amounts in Kenya Shillings.

Name or Broker : Half-Year ending 31st December, 20.....

BUSINESS	Premium under business placed	PREMIUM DUE TO THE INSURERS PENDING FOR			PREMIUM DUE TO THE INSURERS AS AT THE END OF PROCEEDING HALF-YEAR	
		Up to 60 days	Over 60 days	Total (3+4)	Amount	Amount which is still pending
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Long term.....						
Insurance — Direct.....						
-Reinsurance.....						
TOTAL.....						

Insurance

[Subsidiary]

BUSINESS	Premium under business placed	PREMIUM DUE TO THE INSURERS PENDING FOR			PREMIUM DUE TO THE INSURERS AS AT THE END OF PROCEEDING HALF-YEAR	
		Up to 60 days	Over 60 days	Total (3+4)	Amount	Amount which is still pending
(1)	(2)	(3)	(4)	(5)	(6)	(7)
General.....						
Insurance— Direct.....						
-Reinsurance.....						
TOTAL.....						
GRAND TOTAL.....						

Date:
Auditor
Principal Officer

NOTE: In case any premiums are outstanding for more than 60 days, a statement showing the name of insurer, amount of premium due, duration of pending amount, reasons for non-payment and when expected to be paid, be furnished along with this form.

TWENTIETH SCHEDULE

[r. 47]

APPLICATION TO REMIT FUNDS OVERSEAS

FORM No. INS. 201-1

Application No. All amounts in Kenya Shillings

A. APPLICANT

- 1. Name:
- 2. Address:
- 3. Registered as:

B. RECIPIENT

- 4. Name:
- 5. Address:

C. PARTICULARS OF TRANSACTION

- 6. Nature of transaction(s) leading to liability for remittance
- 7. State whether any application was made on account of the same or similar transaction. If so, give the following details:
 - (a) Application

Insurance

[Subsidiary]

—number

—date

(b) Dates of sanction

—by the Department

—by the Central Bank

(c) Date on which remittance was effected;

8. State whether and if so, on the above account—

(a) when and how much further payments may fall due,

(b) what effort has been made to minimise the outflow of funds

Date:

Principal Officer

NOTES:

(1) Copies of documents including statements of accounts, debit notes, etc. should be attached.

(2) Separate series be kept for Long term and General Insurance business and same be indicated by a prefix "LT" or "GI" respectively. The application serial number must also show the calender year, in which it is made, by a suffix to the number, e.g. the first application in 1987 should be numbered LT/001/87 and GI001/87 for long term and general insurance business respectively. A fresh series should be started each year.

TWENTY-FIRST SCHEDULE

SUMMARY OF CLAIMS

[L.N.51/2011, r.8]

[Form Available on next page]

**FORM INS. 203-1A
LONG-TERM INSURANCE BUSINESS**

FORM No. INS. 202-2

QUARTERLY STATEMENT OF REMITTANCES OF FUNDS OVERSEAS AND
CLAIMS/OTHER RECOVERIES FROM OVERSEAS

QUARTER ENDING 31ST MARCH/30TH JUNE/30TH SEPTEMBER/31ST DECEMBER, 20.....

Name of Insurer :.....

All amounts in Kenya Shillings

Remittance Overseas	LONG TERM INSURANCE		GENERAL INSURANCE		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
<i>(a) During the Quarter:</i>						
1. Applications made to the Department.....						
2. Applications approved by the Department.....						
3. Applications approved by the Central Bank.....						
4. Applications on which remittance effected.....						
<i>(b) As at the end of the Quarter:</i>						
5. Applications under correspondence.....						
6. Applications awaiting approval of the department.....						
7. Applications awaiting approval of the Central Bank.....						
8. Applications awaiting remittance of funds.....						
Total of B (4+5+6+7).....						
<i>(ii) Claims/Other Receivers from Overseas:</i>						
9. Amounts received during the quarter.....						
10. Amounts due but not received at the end of the current quarter.....						
11. Amounts due but not received at the end of the preceding quarter.....						
Total (9+10-11).....						

Date:

.....

Principal Officer

Insurance

[Subsidiary]

SUMMARY OF CLAIMS

[LN. 51/2011, r. 8.]

LONG-TERM INSURANCE BUSINESS

All amounts in Kenya Shillings.
Year ending 31st December, 20.....

Name of insurer :

CLASS OF BUSINESS	Item	BOND INVESTMENT		INDUSTRIAL LIFE		ORDINARY LIFE		SUPERANNUATION		TOTAL	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
A. Claims outstanding at the beginning of the year.....	1										
B. Claims Action During the Year.	2										
Claims intimated.....	3										
Claims revived (not included in (1) above)	4										
TOTAL OF CLAIMS ON HAND (1+2+3)	5										
Claims settled.....	6										
Claims rejected.....	7										
Claims filed as no claims.....	8										
TOTAL OF CLAIMS DEALT WITH (5+6+7)	9										
C. Claims revised or change in claims reserve during the year (4-8).....											

TWENTY-SECOND SCHEDULE

[r. 34(2)]

REGISTRATION AS AN INSURANCE/REINSURER

[L.N. 52/1987, r. 2, L.N. 97/2009, r. 6, L.N 69/2021, r. 3]

REGISTRATION No.	 IRA	EXPIRES ON 31st December, 20
---------------------	--	---------------------------------------

REGISTRATION AS AN INSURER/REINSURER

Registration is granted to..... (name) of..... (address)

to carry on, in Kenya/outside Kenya, the following classes of insurance business—

LONG-TERM INSURANCE BUSINESS

Life Assurances/ Annuities/ Personal Pension/ Unit-linked and Linked Investment/ Non-linked investment/ Group Life/ Group Credit/ Permanent Health/ Deposit Administration

GENERAL INSURANCE BUSINESS

Aviation/ Engineering /Fire/ Domestic Fire/ Commercial /Liability/ Marine/ Motor-Private Motor-Commercial/ Personal Accident/ Theft/ Work injury Benefits/ Medical/ Micro-insurance/ Miscellaneous

.....

subject to the provisions of the Insurance Act (Cap. 487)

Dated 20

the

P.O. Box 43505, 00100

NAIROBI COMMISSIONER OF INSURANCE

REGISTRATION No.	 IRA	EXPIRES ON 31st December, 20
---------------------	--	---------------------------------------

REGISTRATION AS A RISK MANAGER

Registration is granted to..... (name) of..... (address)

Insurance

[Subsidiary]

to operate as a *risk manager* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20

P.O. Box 43505

NAIROBI Commissioner of Insurance

REGISTRATION No.



EXPIRES ON 31st December, 20

REGISTRATION AS A LOSS ASSESSOR

Registration is granted to..... (name) of..... (address)

to operate as a *loss assessor* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20.....

P.O. Box 43505

NAIROBI Commissioner of Insurance

REGISTRATION No.



EXPIRES ON 31st December, 20

REGISTRATION AS A LOSS ADJUSTER

Registration is granted to..... (name) of..... (address)

to operate as a *loss adjuster* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20.....

P.O. Box 43505

NAIROBI Commissioner of Insurance

REGISTRATION
No.



EXPIRES ON
31st December, 20

REGISTRATION AS AN INSURANCE SURVEYOR

Registration is granted to..... (name) of..... (address)

to operate as an *insurance surveyor* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20.....

P.O. Box 43505

NAIROBI *Commissioner of Insurance*

REGISTRATION
No.



EXPIRES ON
31st December, 20

REGISTRATION AS AN AGENT

Registration is granted to..... (name) of..... (address)

to operate as an *agent* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20

P.O. Box 43505

NAIROBI *Commissioner of Insurance*

Insurance

[Subsidiary]

REGISTRATION
No.



EXPIRES ON
31st December, 20

REGISTRATION AS A BROKER

Registration is granted to..... (*name*) of..... (*address*)

to operate as a *broker* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20.....

P.O. Box 43505

NAIROBI *Commissioner of Insurance*

REGISTRATION
No.



EXPIRES ON
31st December, 20

REGISTRATION AS A CLAIMS SETTLING AGENT

Registration is granted to..... (*name*) of..... (*address*)

to operate as a *claims settling agent* in Kenya, subject to the provisions of the Insurance Act (CAP. 487) and the conditions endorsed hereon.

CONDITIONS

Dated the, 20.....

P.O. Box 43505

NAIROBI *Commissioner of Insurance*

Insurance

[Subsidiary]

REGISTRATION No. _____	 <p>Insurance Regulatory Authority</p> <p>IRA</p>	EXPIRES ON 31st December, 20 _____
REGISTRATION AS A MICROINSURER		
<p>Registration is granted to _____ (Name)</p> <p>Of _____ (Address)</p> <p>to carry on, in Kenya microinsurance business subject to the Provision of the Insurance Act (Cap. 487), The Insurance (Microinsurance) Regulations and the conditions endorsed hereon.</p>		
CONDITIONS		
<p>Authorized to transact _____</p> <p>Dated the _____, 20 _____</p> <p>P.O. BOX 43505, 00100, NAIROBI</p> <p style="text-align: center;">_____ Commissioner of Insurance</p>		

Insurance

[Subsidiary]

REGISTRATION No. _____	 Insurance Regulatory Authority	EXPIRES ON 31st December, 20 _____
<p style="text-align: center;">REGISTRATION AS A BANCASSURANCE INTERMEDIARY</p>		
<p>Registration is granted to _____ (Name)</p> <p>Of _____ (Address)</p> <p>to carry on, in Kenya microinsurance business subject to the Provision of the Insurance Act (Cap. 487), The Insurance (Microinsurance) Regulations and the conditions endorsed hereon.</p>		
<p style="text-align: center;">CONDITIONS</p>		
<p>Authorized to transact _____</p> <p>Dated the _____, 20 _____</p> <p>P.O. BOX 43505, 00100, NAIROBI</p> <p style="text-align: center;">_____ Commissioner of Insurance</p>		

Insurance

[Subsidiary]

TWENTY-THIRD SCHEDULE [r. 51]
MONTHLY INSURANCE PREMIUM LEVY RETURN

[L.N. 146/1987, L.N. 124/1994, r. 5.]

All Amounts in Kenya Shillings

Name of Insurer or Reinsurer for the month ending....., 20.....

Serial No.	Class of Insurance Business	Amount of Gross Direct Premium Written During the Month
A	LONG TERM INSURANCE BUSINESS	
31	Bond investment business.....	
32	Industrial life assurance business.....	
33	Ordinary life assurance business.....	
34	Superannuation business.....	
	Sub-total (i)	
B	GENERAL INSURANCE BUSINESS	
01	Aviation insurance	
02	Engineering insurance including contractor's all risks machinery breakdown, erection all risks and consequential loss from machinery breakdown.....	
03	Fire insurance-domestic risks including houseowners, householders and other comprehensive package covers.....	
04	Fire insurance-industrial and commercial risks and consequential loss from fire insurance.....	
05	Liability insurance-including public liability, products liability and professional indemnity.....	
06	Marine Insurance.....	
07	Motor insurance- private vehicles.....	
08	Motor insurance-commercial vehicles.....	
09	Personal accident insurance	
10	Theft insurance including burglary, cash-in-transit and fidelity guarantee.....	
11	Workmen's compensation and employer's liability insurance.....	
12	Miscellaneous insurance (i.e. class of business not included under those listed above).....	
	Sub-total (ii)	
	Total (i) + (ii)	
	0.35% of (i) + (ii)	
	Penalty for late payment (add).....	
	Total insurance training levy payable	

Date *Principal Officer*

Insurance

[Subsidiary]

TWENTY-FOURTH SCHEDULE [r. 52]
MONTHLY PREMIUM TAX RETURN
[L.N. 180/1992, r. 2, L.N. 124/1994, r. 5.]

FORM No. INS. 197B-1

[Form Available on next page]

Insurance

[Subsidiary]

All Amounts in Kenya Shillings

Name of Insurer or Reinsurer for the month ending....., 20.....

Serial No.	Class of Insurance Business	Amount of Gross Direct Premium Written During the Month
A	LONG TERM INSURANCE BUSINESS	
31	Bond investment business.....	
32	Industrial life assurance business.....	
	Ordinary life assurance business.....	
	Sub-total (1)	
B	GENERAL INSURANCE BUSINESS	
01	Aviation insurance	
02	Engineering insurance including contractor's all risks machinery breakdown, erection all risks and consequential loss from machinery breakdown.....	
03	Fire insurance-domestic risks including houseowners, householders and other comprehensive package covers.....	
04	Fire insurance-industrial and commercial risks and consequential loss from fire insurance.....	
05	Liability insurance-including public liability, products liability and professional indemnity.....	
06	Marine Insurance.....	
07	Motor insurance -private vehicles.....	
08	Motor insurance-commercial vehicles.....	
09	Personal accident insurance	
10	Theft insurance including burglary, cash-in-transit and fidelity guarantee.....	
11	Workmen's compensation and employer's liability insurance.....	
12	Miscellaneous insurance (i.e. class of business not included under those listed above).....	
	Sub-total (ii)	
	Total (i) + (ii)	
	1% of (i) + (ii)	
	Penalty for late payment (add).....	
	Total tax payable.....	

Date Principal Officer

Insurance

[Subsidiary]

TWENTY-FIFTH SCHEDULE
ANNUAL PREMIUM TAX RETURN

(r.53(c)(1))

[L.N. 180/1992, r. 2, L.N. 124/1994, r. 5, L.N. 135/2007, L.N. 57/2012, r. 19.]

FORM NO. INS. 197E-1

ANNUAL PREMIUM TAX RETURN

All amounts in Kenya shillings

Serial No.	Class of insurance business	Amount of Gross Direct Premium Written During the Month													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	total	
A	LONG-TERM INSURANCE BUSINESS														
31	Bond investment business.....														
32	Industrial life assurance business.....														
33	Ordinary life assurance business.....														
34	Superannuation business.....														
	Sub-total (1)														
B	GENERAL INSURANCE BUSINESS														
01	Aviation insurance														
02	Engineering insurance including contractors all risks machinery breakdown, erection all risks and consequential loss from machinery breakdown														
03	Fire insurance domestic risks including house owners, householders and other comprehensive packages covers.														
04	Fire insurance industrial and commercial risks and consequential loss from fire insurance.														
05	Liability insurance-including public liability, products liability and professional indemnity														

Name of Insurer.....for the year ending 20

Serial No.	Class of insurance business	Amount of Gross Direct Premium Written During the Month														
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	total		
06	Marine Insurance															
07	Motor insurance-private vehicles															
08	Motor insurance-commercial vehicle															
09	Personal accident insurance															
10	Theft insurance including burglary, cash in transit and fidelity guarantee															
11	Workmen's compensation (ie. classes of business not included under those listed above)															
12	Miscellaneous insurance (i.e. classes of business not included under those listed above)															
	Sub-total (ii).....															
	1% of (i) + (ii)															
	Penalty for late payment (add).....															
	Total levy payable															

AuditorPrincipal Officer.....

Insurance

[Subsidiary]

TWENTY-SIXTH SCHEDULE
LONG TERM AND GENERAL INSURANCE BUSINESS

FORM No. INS. 18-1
LONG-TERM AND GENERAL INSURANCE BUSINESS
KENYA INSURANCE STATISTICS
SECTION A - STATEMENT OF POSITION
(s. 18(4))

Name of insurer :
All amounts in Kenya Shillings.
As at 31st December, 20.....

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
ASSETS: 1. Cash in hand 2. Balance with: 2.1 Banks and other institutions inside Kenya 2.2 Banks and other institutions outside Kenya 3. Premiums outstanding with agents, brokers, clients 4. Domestic investment: 4.1 Government securities and bills 4.2 Local Government securities 4.3 All other 5. External Investment: 5.1 Government securities 5.2 All other 6. Loans and advances: 6.1 Policy holders 6.2 Public sector 6.3 Private sector			

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
7. Fixed assets: 7.1 Offices occupied by the company 7.2 Commercial buildings 7.3 Residential buildings 7.4 All other			
TOTAL ASSETS			
LIABILITIES:			
1. Share Capital Paid up:			
1.1 Kenyan			
1.2 Non-Kenyan			
2. Profit and Loss before Taxation			
3. Policy Liabilities:			
3.1 Life Fund (Actual-Estimates)*			
3.2 Claims outstanding			
3.3 Bonus payment			
4. Current Liabilities:			
4.1 Unexpired risk reserve			
4.2 Management expenses			
4.3 Unexpired premium reserve			
4.4 All other			
TOTAL LIABILITIES			

*Life fund should be shown at valuation in the year in which valuation takes place, and in other years as provided for in the books of the company.

Insurance

[Subsidiary]

SECTION B-PREMIUMS AND OTHER INCOMES RECEIVED

DESCRIPTION OF ITEMS	LONG-TERM INSURANCE BUSINESS						GENERAL INSURANCE BUSINESS				
	Ordinary Life Business	Industrial Life Business	Super-annuation Business	Bond Investment Business	Total	Aviation	Engineering	Fire Domestic	Fire Industrial		
1. Gross Premium Written											
2. Less Reinsurances											
3. Less Refund of Premiums											
4. Net Premiums											
5. Other Income:											
5.1 Rent											
5.2 Interest											
5.3 Dividend											
5.4 All other											
5.5 Total Other Income											
6. Total All Income											

DESCRIPTION OF ITEMS	GENERAL INSURANCE BUSINESS								
	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Total
1. Gross Premium Written									
2. Less Reinsurances									
3. Less Refund of Premiums									
4. Net Premiums									

Insurance

[Subsidiary]

DESCRIPTION OF ITEMS	GENERAL INSURANCE BUSINESS							Total	
	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmen's Compensation		Miscellaneous
5. Other Income:									
5.1 Rent									
5.2 Interest									
5.3 Dividend									
5.4 All other									
5.5 Total Other Income									
6. Total All Income									

SECTION C - CLAIMS AND OTHER EXPENSES PAID

DESCRIPTION OF ITEMS	LONG-TERM INSURANCE BUSINESS						GENERAL INSURANCE BUSINESS				
	Ordinary Life Business	Industrial Life Business	Super-annuation	Bond Investment	Total	Description of items	Aviation	Engineering	Fire Domestic	Fire Industrial	
1 Claims by Death						1. Gross Claims					
2. Claims by Maturity						2. Less Reinsurance					
3. Surrenders						3. Net Claims					
4. Cash Bonuses											
5. Cash Benefits by Maturity											
6. Less Reinsurances											
7. Total											

Insurance

[Subsidiary]

DESCRIPTION OF ITEMS	LONG-TERM INSURANCE BUSINESS					GENERAL INSURANCE BUSINESS				
	Ordinary Life Business	Industrial Life Business	Super-annuation	Bond Investment	Total	Description of items	Aviation	Engineering	Fire Domestic	Fire Industrial
8. Other Expenses:										
8.1 Wages and Salaries										
8.2 Interest										
8.3 Rates on Property										
8.4 Commissions										
8.5 Rents										
8.6 All Other										
9. Total Other Expenses										
10. Total Net Claims and Expenses (7+9)										
	GENERAL INSURANCE- BUSINESS									
	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Total	
1. Claims by Death										
2. Claims by Maturity										
3. Surrenders										
4. Cash Bonuses										
5. Cash Benefits by Maturity										
6. Less Reinsurances										
7. Total										

DESCRIPTION OF ITEMS	GENERAL INSURANCE BUSINESS								
	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Total
8. Other Expenses:									
8.1 Wages and Salaries									
8.2 Interest									
8.3 Rates on Property									
8.4 Commissions									
8.5 Rents									
8.6 All Other									
9. Total Other Expenses									
10. Total Net Claims and Expenses(7+9)									
SECTION D PROFIT AND LOSS STATISTICS									
Description of Items	Long-Term Insurance Business			General Insurance Business			Total Insurance Business		
PARTI-EXPENDITURE:									
1. Remuneration of Employees:									
1.1 Salaries and wages									
1.2 House Allowance									
1.3 Medical expenses									
1.4 Personal insurance (long-term)									
1.5 Contribution to pension, gratuities, provident fund, etc.									
1.6 N.S.F. contribution									
1.7 Leave allowance and passages									

Insurance

[Subsidiary]

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
1.8 Directors' fees and allowances 1.9 Other remuneration paid in kind (meals, uniform, house to office transport, other)			
TOTAL			
2. Operating Costs: 2.1 Office rents 2.2 Rates and parking charges 2.3 Transport operating cost, travelling expenses and hotel accommodation 2.4 Entertainments 2.5 Rental of equipment 2.6 Postage 2.7 Telex, telephone, fax, etc. 2.8 professional services, fees and expenses (i) Audit (ii) Legal (iii) Inspection (iv) Advertising (v) Bank charges (vi) Medical (vii) Computer services (viii) Actuarial fees (ix) Other			
Sub-Total			

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
2.9 Water and conservancy			
2.10 Electricity			
2.11 Stores and other related supplies			
2.12 Publications and books (newspapers, periodicals, etc.)			
2.13 Maintenance and repairs of equipment			
2.14 Donation and subscriptions			
2.15 tax, service charges, stamp duty, licences, etc.			
2.16 Insurance (General)			
2.17 Miscellaneous expenses (other operational costs)			
TOTAL			
3. Interest Paid Out			
4. Bonus and Dividend Paid Out			
5. Reinsurance			
5.1 Facultative			
5.2 Treaty			
6. Commission/Brokerage Paid and Outstanding			
7. Claims Paid and Outstanding			
8. Surrenders (Long-Term)			
9. Annuities			
10. Depreciation			
11. Provision for Bad Debts, etc.			
12. Increase in Unexpired Risk Reserves (U.R.R.)			
13. Actuarial Reserve Net Additions			
14. Balance for the Year Carried to Appropriation Account			
GRAND TOTAL			

Insurance

[Subsidiary]

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
PART II: RECEIPTS: 1. Premiums Written: 1.1 New Policies 1.2 Running Policies 1.3 Total 2. Reinsurance recoveries 3. Interest Received 4. Commissions Received 5. Dividends Received 6. Rents Received 7. Total (2+3+4+5+6) 8. Profit on Sales of Assets 9. Other Receipts (N.E.C.)* 10. Decrease in Unexpired Risk Reserve 11. Other recoveries 12. Balance being Profit/Loss for the Year Carried to Appropriation Account GRAND TOTAL			

*N.E.C. Not elsewhere classified.

DESCRIPTION OF ITEMS	LONG-TERM INSURANCE BUSINESS		GENERAL INSURANCE BUSINESS		TOTAL INSURANCE BUSINESS	
	Mortgage	Other	Mortgage	Other	Mortgage	Other
1. To Public Sector: 1.1 Government 1.2 Local authority						

Insurance

[Subsidiary]

DESCRIPTION OF ITEMS	LONG-TERM INSURANCE BUSINESS			GENERAL INSURANCE BUSINESS			TOTAL INSURANCE BUSINESS		
	Mortgage	Other	Total	Mortgage	Other	Total	Mortgage	Other	Total
2.9 Real estate									
2.10 Financial Institutions: 2.10.1 Hire purchase 2.10.2 Others 2.11 Other service 2.12 Not elsewhere specified									
3. Private Households and Private Non-Profit making Institutions: 3.1 Households 3.2 Non-profit making institutions									
TOTAL PUBLIC AND PRIVATE									

SECTION F--DETAILS OF POLICIES

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
1. LIFE POLICIES			
1.1 Number issued during period			
1.2 Sum assured			
1.3 Number issued and discontinued during period			
1.4 Sum assured			
1.5 Number discontinued but issued during previous period			
1.6 Sum assured			
1.7 Total number of policies in force			
1.8 Total sum assured			

Description of Items	Long-Term Insurance Business	General Insurance Business	Total Insurance Business
2. ANNUITIES			
2.1 Number granted during period			
2.2 Amount purchased			
2.3 Number discontinued			
2.4 Amount discontinued			
2.5 Total number of annuities in force			
2.6 Total sum assured			

SECTION G: BALANCE OF PAYMENTS (LONG-TERM INSURANCE BUSINESS)

DESCRIPTION OF ITEMS	AFRICA					All Other Countries	Total
	Uganda	Tanzania	Other PTA Countries	Other African Countries	Total Africa		
1. AMOUNTS RECEIVED FROM:							
1.1 Gross premiums (including reinsurance):							
(i) Life assurance							
(ii) Annuities							
1.2 Commissions							
1.3 Gross claims (including surrenders):							
(i) Life assurance							
(ii) Annuities							
1.4 Other:							
(i) Investment income							
(ii) Repayment of Loans							

Insurance

[Subsidiary]

DESCRIPTION OF ITEMS	AFRICA					All Other Countries	Total
	Uganda	Tanzania	Other PTA Countries	Other African Countries	Total Africa		
(iii) Reserve values							
(iv) Expenses							
(v) All other							
TOTAL							
2. AMOUNT PAID TO:							
2.1 Gross premiums (including reinsurance):							
(i) Life assurance							
(ii) Annuities							
2.2 Commissions							
2.3 Gross claims (including surrenders):							
(i) Life assurance							
(ii) Annuities							
2.4 Other:							
(i) Investment income							
(ii) Repayment of Loans							
(iii) Reserve values							
(iv) Expenses							
(v) All other							
TOTAL							

SECTION H - BALANCE OF PAYMENTS (GENERAL INSURANCE BUSINESS)

Description of items	AFRICA					All Other Countries	Total
	Uganda	Tanzania	Other PTA Countries	Other African Countries	Total Africa		
I. AMOUNTS RECEIVED FROM:							
1. Gross premiums under direct insurance							
2. Interest							
3. Commissions							
4. Reinsurance premiums							
5. Reinsurance claims							
6. Claims under direct insurance							
7. Other							
TOTAL							
II. AMOUNT PAID TO:							
1. Gross premiums under direct insurance							
2. Interest							
3. Commissions							
4. Reinsurance premiums							
5. Reinsurance claims							
6. Expenses							
7. Other							
TOTAL							

Insurance

[Subsidiary]

ANNUAL VALUE OF MOTOR THIRD PARTY LIABILITY CLAIMS AND PREMIUMS
(LAST 5 YEARS)

Year	1	2	3	4	5
VALUE OF PREMIUMS					
Value of Claims by type of damage:					
Death					
Personal injuries					
Accidental damage					
Fire					
Theft					
Property damaged					
Other					
TOTAL					
Claims per centage by type of damage:					
Death					
Personal injuries					
Accidental damage					
Fire					
Theft					
Property damaged					
Other					
TOTAL					

Note. ___Covers motor private and motor commercial classes

SECTION J - NUMBER OF VEHICLES INSURED AND CLAIMS HANDLED
(LAST 5 YEARS)

Year	1	2	3	4	5
Number of vehicles insured					
Number of claims handled					
Death					
Personal injuries					
Accidental damage					
Fire					
Theft					
Property damaged					
Other					
TOTAL					

Note. ___ Covers motor private and motor commercial classes

COMMENTS (Please indicate here any departure from instructions and give information on any abnormal changes which may have taken place during the reporting year.

.....

I declare that the foregoing is made up from the information in the books of the company and to the best of my knowledge and belief it is correct.

Date: Name of Principal Officer:

Signature

**NOTES ON THE TWENTY-SIXTH SCHEDULE [s. 18(4)]
KENYA INSURANCE STATISTICS**

(Please read these notes carefully before completing the form)

1. Period covered by the Return (Reporting year)

Statistics are required on a calendar year basis in accordance with the definition of "Financial Year" under the Act.

2. Long term Insurance Business

Please note that you are required to provide information on Statement of position, premiums and other incomes received, claims and other expenses paid, profits and loss statistics, loans and advances, details of policies, balance of payments, etc.

3. General Insurance Business

Information is required as in Long term Insurance Business above except for details of policies.

4. Statement of Position

Information on details of assets and liabilities of the company is required in this section separately for each class of insurance business.

Please note that total liabilities including share capital paid up must equal total assets. Share capital paid up should be broken-down into Kenya and Non-Kenya categories. Non-bonus charges accruing during the year features same things as outstanding premiums.

Information on Gross Fixed Capital Formation (G.F.C.F.) does not include purchase of second-hand goods (unless they are imported or existing buildings). Aggregation of G.F.C.F. is necessary for purposes of national accounts.

5. Premiums and Other Incomes Received

Statistics are sought by classes of insurance business, for example, ordinary life business, industrial life business, etc., for long term insurance business.

6. Claims and other Expenses Paid

Details required as in the section on premiums and other incomes received.

Information is also sought on annuities for long term insurance business. Data must be provided for separate classes of insurance business.

7. Balance of Payments

Details provided should include all amount actually received from and paid to any foreign country. Information required is on gross amounts, i.e. without off-setting amounts received against amounts paid.

8. Total Business

All entries in the form should be in respect of insurer's total business.

9. Declaration, Certification and Authentication

Once the form is completed, a declaration must be made indicating that the information is obtained from the books of the company. Name and signature of the principal officer must be shown and the date.

Insurance

[Subsidiary]

TWENTY-SEVENTH SCHEDULE

QUARTERLY RE-INSURANCE PREMIUM LEVY RETURN

[L.N. 124/1994, r. 6, L.N. 87/1996, r. 2, L.N. 135/2007.]

FORM NO. INS
197A-3(a)

(r. 53(b))

[Form Available on next page]

Insurance

[Subsidiary]

<i>Serial Number</i>	<i>Class of insurance business</i>	<i>Amount of Re-insurance Premiums paid or credited to Re-insurance Business Outside Kenya</i>
A	LONG TERM INSURANCE BUSINESS	
31	Bond investment business	
32	Industrial life assurance business	
34	Superannuation business	
	Sub-total (1)	
B	GENERAL INSURANCE BUSINESS	
01	Aviation insurance	
02	Engineering insurance including contractor's all risks machinery breakdown, erection all risks and consequential loss from machinery breakdown.....	
03	Fire insurance domestic risks including house owners, householders and other comprehensive package covers.	
04	Fire insurance industrial and commercial risks and consequential loss from fire insurance.	
05	Liability insurance-including public liability, products liability and professional indemnity	
06	Marine Insurance	
07	Motor insurance-private vehicle	
08	Motor insurance-commercial vehicle	
09	Personal accident insurance	
10	Theft insurance including burglary, cash in transit and fidelity guarantee	
11	Workmen's compensation and their employer's liability insurance	
12	Miscellaneous insurance (i.e. classes of business not included under those listed above)	
	Sub-total (ii)	
	Total (i) + (ii)	
	5% of (i) + (ii)	
	Penalty for late payment (add)	
	Total levy payable.....	

Date *Principal Officer*

Insurance

[Subsidiary]

TWENTY-EIGHTH SCHEDULE
ANNUAL RE-INSURANCE PREMIUM TAX RETURN

TWENTY-EIGHTH SCHEDULE
[Regulation 53(c)(ii), L.N. 124/1994, r. 6, L.N. 135/2007.]

FORM No. INS. 197E-2

ANNUAL RE-INSURANCE PREMIUM TAX RETURN

All amounts in Kenya Shillings

Name of Insurer for the year ending 20

Serial No	Class of insurance Business	Amount of re-insurance premiums paid or credited to re-insurance business outside Kenya													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
A	LONG-TERM INSURANCE BUSINESS														
31	Bond investment business														
32	Industrial life assurance business														
33	Ordinary life assurance business														
34	Superannuation business														
	Sub-total (i)														
B	GENERAL INSURANCE BUSINESS														
01	Aviation insurance														
02	Engineering insurance including contractors all risks machine breakdown, erection all risks and consequential loss from machinery breakdown														
03	Fire insurance domestic risks including house owners, householders and other comprehensive package covers.														
04	Fire insurance industrial and commercial risks and consequential loss from fire insurance														

Serial No	Class of insurance Business	Amount of re-insurance premiums paid or credited to re-insurance business outside Kenya													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
05	Liability insurance-including public liability,products liability and professional indemnity														
06	Marine insurance														
07	Motor insurance-private vehicles														
08	Motor insurance-commercial vehicle														
09	Personal accident insurance														
10	Theft insurance including burglary, cash in transit and fidelity guarantee														
11	Workmen's compensation (i.e classes of business not included under those listed above)														
12	Miscellaneous insurance (i.e classes of business not included under those listed above)														
	Sub-total (ii)														
	5% of (i) + (ii)														
	Penalty for late payment (add)														
	Total levy payable														

Auditor Principle Officer

Insurance

[Subsidiary]

TWENTY-NINTH SCHEDULE
ANNUAL INSURANCE TRAINING LEVY RETURN

S.No.	Class of insurance business	Amount of Gross premium written during the month												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	total
	GENERAL INSURANCE BUSINESS													
09	Personal accident insurance													
10	Theft insurance including burglary, cash in transit and fidelity guarantee													
11	Workmen's compensation (ie. classes of business not included under those listed above)													
12	Medical													
13	Miscellaneous insurance (i.e. classes of business not included under those listed above)													
	Sub Total													
	1% of (i) + (ii)													
	Penalty for late payment (add)													
	TOTAL													

THE INSURANCE (STATISTICS) REGULATIONS

[Legal Notice 171 of 1993]

1. These Regulations may be cited as the Insurance (Statistics) Regulations, 1993, and shall be deemed to have come into operation on the 1st January, 1992.
 2. Every insurer registered or authorized to carry on insurance business in Kenya shall prepare the statistics in accordance with the Twenty-sixth Schedule to the Insurance Regulations (sub. leg) and four copies thereof duly authenticated and certified in the manner shall be deposited with the Commissioner within six months, after the end of the period to which they relate.
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**THE INSURANCE (POLICYHOLDERS'
COMPENSATION FUND) REGULATIONS**

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
 2. Interpretation
 3. Establishment of the Policyholders' Compensation Fund
 4. Tenure of office of Board members
 5. Validity of Board proceedings
 6. Disclosure of interest
 7. Delegation by the Board
 8. Use of the seal of Board
 9. Contributions
 10. Directions to the Board
 11. *[Deleted by L.N. 91/2019]*
 12. Duty of the Board to determine and pay compensation
 13. Eligibility for compensation
 14. Making a claim
 15. Time limit for making a claim
 16. Conditions of compensation
 17. Limitations to compensation
 18. Revocation of L.N. 105/2004
-

THE INSURANCE (POLICYHOLDERS' COMPENSATION FUND) REGULATIONS

[Legal Notice 86 of 2010, Legal Notice 199 of 2010,
Legal Notice 78 of 2014, Legal Notice 91 of 2019]

1. Citation

These Regulations may be cited as the Insurance (Policyholders' Compensation Fund) Regulations.

2. Interpretation

In these Regulations, unless where the context otherwise requires—

“Board” means the Board of Trustees of the Policyholders' Compensation Fund appointed under section 179(2) of the Act;

“claim” means any unpaid claim which arises as a consequence of an incident or event that involves a risk or peril insured by a Kenyan policy that was issued by an authorized insurance company that has become insolvent:

Provided that all claims attributable to or arising out of a single incident or event under a Kenyan policy or policies issued by the same insurance company shall be deemed to constitute a single claim.

“contribution” means the contribution paid under regulation 9;

“Fund” means the Policyholders' Compensation Fund established under regulation 3;

“Kenyan policy” means a contract, evidenced by a policy, whose performance by an insurer would constitute the carrying on, by the insurer, of insurance business of any class in the Republic of Kenya:

Provided that a Kenyan policy shall not include—

- (a) a policy of re-insurance;
- (b) a superannuation scheme;
- (c) a life assurance policy issued prior to 1st January, 2005 with the exception of that whose policyholder opted to contribute and had their premiums adjusted accordingly.

“Managing Trustee” means the Managing Trustee of the Fund appointed under section 179(5A) of the Act;

“Policyholder” means the holder of a Kenyan policy.

[L.N. 78/2014, r. 2]

3. Establishment of the Policyholders' Compensation Fund

(1) There is established a fund to be known as the Policyholders' Compensation Fund which, shall vest in and be managed and administered by the Board.

(2) There shall be paid into the Fund—

- (a) monies appropriated by Parliament for the purposes of the Fund;
- (b) contributions of authorized insurance companies and their policyholders paid in accordance with the Act and these Regulations;
- (c) penalties payable under the Act and these Regulations;
- (d) monies borrowed for the purposes of the Fund;
- (e) monies received by the Board as grants or donations to the Fund; and
- (f) monies received by the Board as reimbursement.

[Subsidiary]

(3) The Board of Trustees may open separate accounts for general or long term insurance business as it may deem necessary.

(4) There shall be paid out of the Fund such compensation and expenses as are authorized to be paid out under the Act and these Regulations.

[L.N. 78/2014, r. 2]

4. Tenure of office of Board members

(1) A member of the Board other than an *ex-officio* member, shall hold office for a term of three years, on such terms and conditions as may be specified in the instrument of appointment and shall be eligible for reappointment for one further term of three years.

(2) The Cabinet Secretary may appoint members of the Board, other than an *ex-officio* member, on different dates so that the respective expiry dates of the members' terms may fall on different days.

(3) A member of the Board, other than an *ex-officio* member, may—

- (a) at any time resign from office by giving a notice, in writing, to the Cabinet Secretary;
- (b) be removed from office by the Cabinet Secretary, if the member—
 - (i) has been absent from three consecutive meetings of the Board;
 - (ii) is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors;
 - (iii) is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months, or to a fine exceeding ten thousand shillings;
 - (iv) is incapacitated by prolonged physical or mental illness; or
 - (v) is otherwise unable or unfit to discharge his functions.

5. Validity of Board proceedings

(1) The validity of any proceedings of the Board shall not be affected by any vacancy among the members or by any defect in the appointment of a member.

(2) The quorum for the conduct of the business of the Board shall be three members, excluding the *ex-officio* members and the Secretary to the Board.

6. Disclosure of interest

(1) A member of the Board who has any direct or indirect interest in any matter before the Board for consideration, shall disclose the nature of his interest at a meeting of the Board, have the disclosure recorded in the minutes of the meeting and shall not participate in any deliberation or decision of the Board relating to that matter.

(2) Where a member of the Board discloses that he is a member or a policyholder of a specified insurance company and is to be regarded as interested in any matter relating to the insurance company, the disclosure shall, for the purposes of paragraph (1), be sufficient disclosure of his interest in any such matter after the date of disclosure.

(3) A member may not attend, in person, a meeting of the Board in order to make a disclosure which he is required to make under this regulation if the member ensures that the disclosure is made by a notice, in writing, that shall be read and be considered at the meeting.

7. Delegation by the Board

The Board may authorise, in writing, a member or a committee of the Board to perform, on its behalf, any of its functions specified in the authorisation.

8. Use of the seal of Board

(1) The fixing of the common seal of the Board on any document shall be authenticated by the signatures of either the Chairman of the Board or the Managing Trustee, in addition

to the signature of one other member of the Board authorised by the Board, through a resolution of the Board, to act for that purpose:

Provided that in the absence of both the Chairman and the Managing Trustee, the Board may, by resolution, authorise any two members of the Board to fix the seal and authenticate the fixing of the seal.

(2) A document purporting to be duly executed under the seal of the Board shall be received in evidence and shall, unless the contrary is proved, be deemed to be so executed.

9. Contributions

(1) All insurers and their policyholders shall, in respect of each Kenyan policy, pay a contribution to the Board to finance the payment of compensation and to defray the expenditure involved in or relating to the performance of the functions of the Board.

(2) An insurer or a policyholder shall pay the contribution under paragraph (1), as the case may be, in such manner as the Board may, in consultation with the Cabinet Secretary, determine from time to time and declare by notice in the *Gazette*.

(3) Every insurer and every policyholder shall contribute an equal sum of one-quarter per cent (0.25%), respectively, of the premium payable by the policyholder in respect of the relevant policy issued to him by the authorised insurance company.

(4) Every insurer shall collect from its policyholder the contribution payable by the policyholder at the commencement of a policy issued to the policyholder and remit the contribution together with its own contribution to the Board, within thirty days of the issue or renewal of the policy.

(4A) An insurer who fails to pay its own contribution to the Board or who fails to account for or pay the contribution due from its policyholders (whether or not such contribution has been paid by the policyholder) shall, in addition to paying the contribution, be liable to pay a penalty of a sum equal to five per cent per month of the amount outstanding until the amount is paid in full.

(5) Every insurer shall submit to the Board, in the prescribed form—

- (a) a monthly return showing the total contributions payable to the Board for that month; and
- (b) an annual return signed by its auditor showing the total annual contribution payable to the Board, within three months of the end of the financial year of the Board.

(6) An insurer who does not submit monthly or annual returns as required under paragraph (5), shall be liable to pay a penalty charge of a sum equal to two and a half percent (2 ½%) per month until the day return is filed.

(7) The Board may, through legal proceedings, recover from an authorised insurance company or its directors all sums due to it under this regulation.

[L.N. 199/2010, r. 2]

10. Directions to the Board

The Cabinet Secretary may, from time to time, give directions to the Board, in writing, relating to the performance of any of its functions under the Act and these Regulations, and the Board shall perform its functions in accordance with the directions given by the Cabinet Secretary under this regulation.

11.

[Deleted by L.N. 91/2019]

12. Duty of the Board to determine and pay compensation

(1) The Board shall, in consultation with the Cabinet Secretary, determine from time to time, the amount payable as compensation for different types or classes of insurance policies and pay such compensation to the policyholder as soon as is reasonably practicable after a claim is made.

[Subsidiary]

(2) The Board shall publish, by notice in the *Gazette*, the amount payable as compensation determined under paragraph (1) and the date the amount payable as compensation shall come into force, which shall not in any case, be earlier than the date of publication in the notice.

13. Eligibility for compensation

(1) A policyholder shall not be eligible for compensation by the Board, in accordance with the provisions of the Act and of the Regulations, unless the policy of insurance held by the policyholder, at the material time, was a Kenyan policy.

(2) A policyholder of a Kenyan policy who has been prejudiced as a consequence of the inability, due to insolvency, of the insurer issuing the Kenyan policy to meet any liability arising under the policy shall be entitled to make a claim for compensation to the Board.

14. Making a claim

(1) A policyholder who is eligible for compensation may make a claim for compensation in the prescribed form and shall submit the form to the Managing Trustee.

(2) A claim form submitted under paragraph (1) shall be accompanied by such other documents in support of the claim as the Board may require.

(3) In making a claim for compensation a policyholder shall—

- (a) observe utmost good faith by making a full and honest disclosure, to the Board, of all material facts relating to his claim; and
- (b) provide any other information, whether on oath or otherwise, as may be required by the Board.

(4) The Board may reject a claim and decline to pay any compensation of a policyholder who fails to comply with paragraphs (1), (2) or (3).

15. Time limit for making a claim

A policyholder who does not make a claim for compensation within two years of the insolvency of an authorised insurance company shall not be entitled to claim any compensation from the Board.

16. Conditions of compensation

(1) The right of any policyholder to compensation under these Regulations shall be subject to compliance of the policyholder with any conditions, relating to the total or partial assignment of the policyholders rights under or in respect of the relevant Kenyan policy, imposed by the Board, including—

- (a) any rights a policyholder may have in respect of any payments made by the policyholder to the insolvent insurance company as premiums, under the policy, after the insolvency; or
- (b) any rights a policyholder may have against any other person in respect of any event giving rise to any liability of the company under the relevant policy.

(2) Any payment made by any person, other than the Board, to the policyholder being a payment which is related to any liability of an insolvent company to the policyholder, may, if the Board so decides, be considered as payment, in whole or in part, of the compensation payable to the policyholder under the Act and these Regulations.

17. Limitations to compensation

(1) The Board shall not pay any amount as compensation to a policyholder who holds any Kenyan policy, on the insolvency of the insurance company which has issued the policy, if the liability of the company to the policyholder is duplicated by the liability of any other authorised insurance company which is not, for the purposes of these Regulations, insolvent.

(2) For purposes of paragraph (1), the liability of an authorised insurance company towards a policyholder is duplicated by the liability of another authorised insurance company

if the other company also has the liability, under the terms of any other Kenyan policy which on the date of the insolvency of the first company, to pay the policyholder in respect of the matter to which the liability of the first company relates.

(3) The Board shall not pay any compensation to a policyholder where the Commissioner of Insurance has, pursuant to section 67C (2) of the Act, appointed a manager to assume the management, control and conduct of the affairs and business of an authorised insurance company which becomes insolvent thereafter, unless the claim relates to the liability of the said company arising out of an incident or event occurring before the date of appointment of the manager.

18. Revocation of L.N. 105/2004

The Insurance (Policyholders' Compensation Fund) Regulations, 2004, are revoked.

[L.N. 199/2010, r. 2.]

THE INSURANCE (INSURANCE APPEALS TRIBUNAL) RULES

ARRANGEMENT OF RULES

Rule

1. Citation
2. Interpretation
3. Saving of the inherent Power of the Tribunal
4. Establishment of the Tribunal and Tenure of Office
5. Powers of the Chairperson
6. Tribunal Secretary
7. Presentation of appeals
8. Fees
9. Forms
10. Memorandum of Appeal
11. Memorandum to be accompanied by appellant's statement and fees
12. Service of Memorandum on Commissioner
13. Commissioner's dealing with Memorandum
14. Notice to Chairperson of Memorandum and Hearing Notice
15. Interim relief and interlocutory application
16. Amendment of Memorandum of Appeal
17. Procedure at hearing of appeal
18. Admissibility of documents
19. Setting aside judgment, order or award
20. Withdrawal of appeal or opposition
21. Costs
22. Appeal to the High Court
23. Registers
24. Registries
25. Savings Provisions
26. Revocation of L.N. 542/1988

SCHEDULES

FILING FEES

THE INSURANCE (INSURANCE APPEALS TRIBUNAL) RULES

[Legal Notice 111 of 2013]

1. Citation

These Rules may be cited as the Insurance (Insurance Appeals Tribunal) Rules.

2. Interpretation

In these Rules, unless the context otherwise requires—

“appeal” means an appeal to the Tribunal;

“appellant” means the person entering an appeal, the advocate or duly authorized agent of that person;

“Chairperson” means the Chairperson of the Tribunal appointed as such under section 169(2) of the Act;

“Company” means the Kenya Reinsurance Corporation Limited;

“member” means a person appointed as a member of the Tribunal under section 169(2) of the Act;

“memorandum” means a memorandum of appeal presented under rule 10 of these Rules;

“Secretary” means the Secretary to the Tribunal appointed under rule 6(1) of these Rules;

“Tribunal” means the Insurance Appeals Tribunal established under rule 4.

3. Saving of the inherent Power of the Tribunal

Nothing contained in these Rules shall limit or otherwise affect the power of the Tribunal to make such orders as may be necessary for the ends of justice or to prevent the abuse of the process of the Tribunal.

4. Establishment of the Tribunal and Tenure of Office

(1) There shall be established a Tribunal to be known as the Insurance Appeals Tribunal for the purpose of hearing appeals under the Act.

(2) The Chairperson and members of the Tribunal appointed under section 169(2) of the Act shall hold office for a term of three years but shall be eligible for re-appointment for one further term of three years.

(3) A person shall not be qualified to be appointed as the Chairperson or a member of the Tribunal or if already appointed shall become disqualified if—

- (a) he is a director, officer, employee or shareholder whether directly or indirectly, of an insurer, broker, Medical Insurance Provider, insurance agent or any other member of the insurance industry;
- (b) has been adjudicated bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit;
- (c) has previously been involved in the management of an insurer that has collapsed.

(4) A member of the Tribunal may at any time resign his office by notice in writing addressed to the Cabinet Secretary.

(5) The Cabinet Secretary may cancel the appointment of the Chairperson or a member of the Tribunal on the ground of his infirmity, incapacity or misbehaviour, or if a member is absent from three consecutive meetings of the Tribunal without leave of the Tribunal.

(6) Subject to these Rules, the Tribunal may act notwithstanding a vacancy in its membership, and the presence or participation of a person not entitled to be present

[Subsidiary]

or participate in the proceedings of the Tribunal as a member shall not invalidate the proceedings.

5. Powers of the Chairperson

(1) The Chairperson shall have the power to give directions for—

- (a) furnishing of further particulars and supplementary statements;
- (b) filing and exchange of documents;
- (c) framing of issues; and
- (d) other directions as are necessary to enable the parties to prepare for the hearing or to assist the Tribunal to determine any issue.

(2) The Chairperson, in matters before the Tribunal, shall have the same powers as vested in the Registrar of the High Court and shall exercise the power, *mutatis mutandis*, in accordance with the Civil Procedure Rules (sub. leg).

6. Tribunal Secretary

(1) The Cabinet Secretary shall appoint a person with relevant experience and competency in law, insurance, actuarial science, finance or economics as a Secretary to the Tribunal.

(2) Subject to the rules of confidentiality, the Secretary shall, in matters relating to appeals to the Tribunal and procedure therefore, comply with any general and special directions lawfully given by the Chairperson.

(3) The Secretary shall, by notice in the *Gazette*, publish his address for the presentation of service of documents for the purposes of these Rules, and shall in the same manner publish any change in that address.

7. Presentation of appeals

(1) Every appeal under section 146 of the Act by an insurer aggrieved by a refusal of the Company under that section shall be entered by presentation of a memorandum of appeal, together with such number of copies as may be necessary, to the Secretary.

(2) Every appeal under section 173 of the Act by a person aggrieved by a decision of the Commissioner under that section, shall be entered by presentation of a memorandum of appeal, together with such number of copies as may be necessary, to the Secretary.

8. Fees

The fees prescribed by the Cabinet Secretary under section 169(6)(a) shall be as set out in the Schedule to these Rules.

9. Forms

In exercising its functions, the Tribunal shall have power to prescribe the forms and any other documents as it may deem necessary.

10. Memorandum of Appeal

A Memorandum of Appeal shall be signed by the appellant and shall set forth concisely under distinct heads, numbered consecutively, the grounds of appeal without any argument or narrative.

11. Memorandum to be accompanied by appellant's statement and fees

(1) Each copy of a memorandum shall be accompanied by a statement signed by the appellant setting out precisely all the facts on which the appeal is based and referring specifically to any documentary or other evidence which it is proposed to adduce at the hearing of an appeal, and there shall be annexed to the statement of facts a copy of the decisions appealed against and any other document referred to upon which the appellant proposes to rely on as evidence at the hearing of the appeal.

(2) The fee for presentation of a memorandum shall accompany the memorandum and shall be paid in favour of the Principal Secretary to the Treasury.

12. Service of Memorandum on Commissioner

Within three working days after the presentation of a Memorandum, the Secretary shall transmit to the Commissioner or the Company, as the case may be, a copy of the Memorandum, the statement of facts and any other documents annexed thereto.

13. Commissioner's dealing with Memorandum

(1) Where the Commissioner or the Company does not accept any of the facts of the appellant, the Commissioner or the Company, as the case may be, shall file with the Secretary a statement of facts within fifteen days after service thereof under rule 12, together with such number of copies as may be necessary and the provisions of rule 11 shall *mutatis mutandis* apply to that statement of facts.

(2) At the time of filing a statement of facts under paragraph (1), the Commissioner or the Company, as the case may be, shall serve a copy thereof together with copies of any documents annexed thereto, upon the appellant or any other interested party.

(3) If the Commissioner or the Company, as the case may be, does not desire to file a statement of facts under this Rule, the Commissioner or the Company shall forthwith give written notice to that effect to the Secretary and to the appellant, and in that case the Commissioner or the Company shall be deemed at the hearing of the appeal to have accepted the facts set out in the statement of facts of the appellant.

14. Notice to Chairperson of Memorandum and Hearing Notice

(1) The Secretary shall forthwith after receipt of the Memorandum notify the Chairperson of the receipt.

(2) The Chairperson shall, after the Commissioner or the Company, as the case may be, has filed a statement of facts or has notified the Secretary that he or the Company does not intend to do so, fix a time, date and place for the meeting of the Tribunal for the purpose of hearing the appeal.

(3) The Secretary shall cause such notice of the time, date and place of the meeting to be served on the appellant and the Commissioner or the Company, as the case may be.

(4) The Secretary shall cause to be supplied to each member of the Tribunal a copy of the notice of hearing and of all documents received by him from the parties to the appeal.

(5) Unless the parties to the appeal otherwise agree, each party shall be entitled to not less than seven days' notice of the time, date and place fixed for the hearing of the appeal.

15. Interim relief and interlocutory application

(1) The appellant may make application to the Secretary that the Tribunal suspends operation of a decision of the Company or Commissioner which is subject of appeal.

(2) The Tribunal may determine the application on the basis of written presentation if the parties to the proceedings in the Tribunal agree in writing or it may direct the parties or any interested party to appear before it.

(3) The Tribunal shall notify the parties and the interested parties of its determination giving a statement of its reasons.

(4) All interlocutory applications made to the Tribunal shall be in such form as may be directed by the Tribunal, signed by the applicant, his advocate or a duly authorised agent, supported by an affidavit.

(5) A party served with an application as directed by the Tribunal, may file a Replying Affidavit or Grounds of Opposition.

(6) The Tribunal shall have the power to hear any party who desires to be heard despite failure to file Replying Affidavit or Grounds of Opposition.

[Subsidiary]

16. Amendment of Memorandum of Appeal

(1) An appellant may file with the Secretary a notice of amendment of the Memorandum at any time before the hearing.

(2) Leave to amend the Memorandum—

- (a) shall not be granted unless the Commissioner or the Company, as the case may be, has been afforded an opportunity to make representation on the proposed amendment;
- (b) may be granted on such terms, including terms as to costs as the Tribunal thinks fit.

(3) Where the Memorandum of Appeal is amended, the Secretary shall immediately notify any party or interested party to the appeal.

(4) The Commissioner or the Company or any other interested party may amend any response where the Memorandum of Appeal has been amended within such time as may be directed by the Tribunal.

17. Procedure at hearing of appeal

(1) At the hearing of an appeal the following procedure shall be observed—

- (a) the Commissioner or the Company, as the case may be, shall be entitled to be present or to be represented;
- (b) the appellant shall state the grounds of his appeal and may support it by any relevant evidence:

Provided that, except with the consent of the Tribunal and upon such terms as it may determine, the appellant may not at the hearing rely on any grounds of appeal other than a ground stated in the Memorandum and may not adduce any evidence of facts or documents unless those facts have been referred to in, and copies of those documents have been annexed to, the statement of facts of the appellant;

- (c) at the conclusion of the statement and evidence on behalf of the appellant the Commissioner or the Company, as the case may be, shall be entitled to make such submissions, supported by such relevant evidence, as may be necessary to support his case, and the provisions of the proviso to subparagraph (b) shall apply *mutatis mutandis* to evidence of facts and documents to be adduced by the Commissioner or by the Company;
- (d) the appellant shall be entitled to reply but may not raise any new issues or arguments in the reply;
- (e) the Chairperson or any member of the Tribunal shall be entitled at any stage of the hearing to ask such questions of the appellant or the Commissioner or the Company, as the case may be, or any witness examined at the hearing as he considers necessary to the determination of the appeal;
- (f) a witness called and examined by either party may be cross-examined by the other party to the appeal and, if so cross examined, may be re-examined;
- (g) a witness called and examined by the Tribunal may be cross-examined by either party to the appeal;
- (h) the Tribunal may adjourn the hearing of the appeal for the production of further evidence or for other good cause, as it considers necessary, on such terms as it may determine;
- (i) the decision of the Tribunal shall be by a majority;
- (j) the proceedings of the hearing shall be maintained and the decision of the Tribunal recorded therein.

(2) The Tribunal may, for good and sufficient cause, and in particular where necessary or expedient in circumstances where publicity would prejudice the interests of justice, exclude from its proceedings persons other than the parties thereto and their legal representatives.

(3) In matters of procedure not governed by these Rules or the Act, the Tribunal may determine its own procedure.

18. Admissibility of documents

Except where the Tribunal in any particular case otherwise directs or where any party to the appeal objects, copies of documents shall be admissible in evidence:

Provided that the Tribunal may at any time direct that the original shall be produced notwithstanding that a copy has already been admitted in evidence.

19. Setting aside judgment, order or award

A judgment, order or award made *ex parte* under these Rules may, on application, be set aside on such terms as may be just.

20. Withdrawal of appeal or opposition

(1) The appellant may withdraw an appeal, and the Commissioner or Company may withdraw its opposition to an appeal, at any time before the hearing by giving notice in writing to the Secretary and the Secretary shall transmit the notice to the other party.

(2) At the hearing, the appellant may give notice to the Tribunal that it desires to withdraw the appeal in which case such appeal shall be deemed dismissed and thereupon the Tribunal shall bring the hearing to a close with such orders as may be just and accordingly notify parties to the appeal.

(3) At the hearing, the Commissioner or Company may give notice that it desires to withdraw its opposition to the appeal and thereupon continue with the proceedings without the opposition.

21. Costs

The costs of an appeal shall be costs in the discretion of the Tribunal and shall be taxed by the Registrar of the High Court in the same manner as the bills of costs in the High Court.

22. Appeal to the High Court

(1) Any party to the proceedings of the Tribunal who is dissatisfied with the decision of the Tribunal, if it involves a question of law, shall appeal to the High Court within one month from the date the decision is conveyed to him and the decision following such appeal shall be final.

(2) The Chief Justice may make Rules governing the making of appeals arising from the decision of the Tribunal and providing for the fees to be paid, the scale of costs of any such appeal, and the procedure to be followed therein, and until such Rules are made, and subject thereto, the provisions of the Civil Procedure Act (*Cap. 21*) shall apply as if the matter appealed against were a decree of a subordinate court exercising original jurisdiction.

23. Registers

The Tribunal shall cause to be kept and maintained a register on all disputes or appeals referred to the Tribunal containing the following particulars—

- (a) the names of the parties;
- (b) the appeal number;
- (c) date of filing the appeal;
- (d) the relief sought; and
- (e) the final determination or order and the date thereof.

24. Registries

(1) The principal registry of the Tribunal shall be at Nairobi.

(2) The Tribunal may establish such other sub-registries at such other places as and when it deems necessary.

[Subsidiary]

25. Savings Provisions

(1) All the proceedings pending before the Tribunal immediately before the commencement of these Rules may be continued and concluded as if they had been commenced under or by virtue of these Rules.

(2) Every decree, order or award of the Tribunal which immediately before the commencement of these Rules had not been executed or enforced shall be executed or enforced in the same manner as if it were a decree or order of the Tribunal made in accordance with these Rules.

26. Revocation of L.N. 542/1988

The Insurance (Insurance Appeals Tribunal) Rules of 1988 (L.N. 542/1988) are revoked.

SCHEDULE

[r. 8]

FILING FEES

	<i>Filing fees</i>	<i>Ksh.</i>
(a)	Filing of Memorandum of Appeal	10,000
(b)	Filing of Defence	1,000
(c)	Filing of Interlocutory applications	1,000
(d)	Presentation of Statements of Facts	500
(e)	Filing of Affidavit	500
(f)	Certification of Documents (per page)	300

**INSURANCE (PRUDENTIAL PLC IN SHIELD
COMPANY LIMITED) EXEMPTION, 2014**

[Legal Notice 130 of 2014]

The Cabinet Secretary for the National Treasury directs that the shareholding by Prudential PLC in Shield Company Limited shall be exempt from the provisions of sections 22 and 23(4) of the Act.

EXEMPTION

[Legal Notice 211 of 2015]

The Cabinet Secretary for the National Treasury exempts First Reinsurance Brokers Limited from the provisions of section 153(2) in respect to ownership of Insurance Brokers.

THE INSURANCE - EXEMPTION

[Legal Notice 210 of 2015]

The Cabinet Secretary for the National Treasury exempts AON Kenya Insurance Brokers Limited from the provisions of section 153(2) in respect to ownership of Insurance Brokers.

EXEMPTION

[Legal Notice 199 of 2016]

The Cabinet Secretary for the National Treasury exempts Ghana Reinsurance Company Kenya Limited from the provisions of sections 22 and 23(4) of the Insurance Act in respect to ownership of insurers/reinsurers.

THE INSURANCE (CAPITAL ADEQUACY) GUIDELINES

ARRANGEMENT OF PARAGRAPHS

Paragraph

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2. Interpretation
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4. Responsibility
5. Capital adequacy
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8. Tiers of capital
9. Inadmissible assets
10. Investment concentration limits
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13. Capital required for insurance risk
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SCHEDULES

INSURANCE RISK FACTOR - LIFE INSURANCE COMPANIES

INSURANCE RISK FACTORS — GENERAL INSURANCE COMPANIES AND LIFE
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BUSINESS

CREDIT RISK- INSURANCE AND REINSURANCE COMPANIES CAPITAL
CHARGES

APPENDIX 4 —

MARKET RISK- INSURANCE AND
REINSURANCE COMPANIES CAPITAL
CHARGES

THE INSURANCE (CAPITAL ADEQUACY) GUIDELINES

[Legal Notice 39 of 2017, Legal Notice 83 of 2019]

1. Citation

These guidelines may be cited as the Insurance (Capital Adequacy) Guidelines.

2. Interpretation

In these guidelines unless the context otherwise requires—

"minimum capital requirements" means the level of capital below which an insurer is regarded not viable to operate effectively;

"prescribed capital requirement" means the level of capital above which the Authority shall not intervene on capital adequacy grounds; and

"stress factors" means the assumptions that shall be applied by an insurer for the determination of capital that shall take into consideration the current and prospective impacts of an adverse outcome.

3. Objective and principles of the guidelines

(1) The objective of these guidelines is to ensure that insurers maintain a capital adequacy level that is commensurate to their risk profile.

(2) The principles of these guidelines are the—

- (a) allowance of greater flexibility for an insurer to operate at different risk levels in line with the insurer's business strategies;
- (b) explicit quantification of the prudential buffer level with the aim of improving transparency;
- (c) provision of incentives for insurers to put in place appropriate risk management infrastructure and adopt prudent practices;
- (d) promotion of convergence of international practices so as to enhance comparability across jurisdictions and reduce opportunities for regulatory arbitrage within the financial sector; and
- (e) provision of an early warning signal on the deterioration in capital adequacy level, hence allowing prompt and pre-emptive supervisory actions.

4. Responsibility

(1) An insurer shall maintain adequate capital at all times.

(2) An insurer shall develop and implement an internal capital management policy.

5. Capital adequacy

(1) An insurer shall assess capital adequacy level using the capital required and the capital available.

(2) An insurer shall meet the capital adequacy ratio at all times as required under the Act.

(3) An insurer shall promptly notify the Authority if the insurer falls below the required capital adequacy level.

(4) An insurer shall maintain a capital adequacy ratio of at least one hundred percent of the minimum capital prescribed under the Act.

(5) The prescribed capital for an insurer shall be two hundred percent of the minimum capital as required under the Act.

6. Capital required

(1) The capital required for an insurer shall be equivalent to the minimum capital required under the Act.

[Subsidiary]

(2) For the purpose of determining the minimum capital requirement, the risk-based capital shall be determined in accordance with paragraph 12 of these guidelines

7. Capital available

The capital available to an insurer shall be divided into two tiers based on the following criteria—

- (a) whether it is paid up or not;
- (b) whether it is available immediately to absorb losses or not;
- (c) its ranking in liquidation of the insurer;
- (d) the extent of any obligation by the insurer to pay dividend or interest;
- (e) the period to the maturity or redemption of the capital of the insurer; and
- (f) the existence of any incentives for the insurer to redeem capital.

8. Tiers of capital

(1) The tier 1 capital of an insurer shall be the highest quality, most loss absorbent and permanent form of capital.

(2) The minimum capital required of an insurer shall be tier 1 capital.

(3) The tier 1 capital of an insurer is the aggregate of—

- (a) the issued and fully paid up ordinary shares of the insurer;
- (b) share premium;
- (c) statutory reserves maintained by the insurer; and
- (d) profits retained by the insurer.

(4) The tier 1 capital of an insurer shall be in the form of government bonds, treasury bills, deposits, cash and cash equivalents.

(5) The tier 2 capital shall consist of—

- (a) irredeemable preference shares issued by the insurer;
- (b) capital loan stocks and other similar capital instruments held by the insurer;
- (c) subordinated loans subject to approval by the Authority;
- (d) convertible preference shares issued by the insurer;
- (e) revaluation reserves for self-occupied properties and other assets owned by the insurer; and
- (f) general reserves held by the insurer.

9. Inadmissible assets

The capital available to an insurer that is not admissible for the determination of the insurer's capital adequacy shall be—

- (a) goodwill and other intangible assets in the name of or held by the insurer;
- (b) deferred tax assets of the insurer;
- (c) assets pledged to support the credit activities obtained by an insurer or for other purposes;
- (d) assets over their concentration limits;
- (e) all credit facilities granted by an insurer and secured by the insurer's own shares;
- (f) prepayments made by the insurer;
- (g) the fixed assets of the insurer;
- (h) the unsecured loans advanced by the insurer;
- (i) receivables from other insurers;
- (j) inventory; and

- (k) other assets held or owned by the insurer as may be determined by the Authority.

10. Investment concentration limits

(1) For the purpose of calculating a general insurer's capital adequacy, the general insurer shall apply the following concentration limit factors—

- (a) for deposits in any one financial institution or group of related companies, ten percent of total assets;
- (b) for shares of any one institution or group of related companies, ten percent of total assets;
- (c) for property, thirty percent of the total assets; and
- (d) for investment in related parties, ten percent of total assets.

(2) For the purpose of calculating a life insurer's capital adequacy, the life insurer shall apply the following concentration limit factors—

- (a) for deposits in any one financial institution or group of related companies, ten percent of total assets;
- (b) for shares of any one institution or group of related companies, ten percent of total assets;
- (c) for property, fifty percent of total assets; and
- (d) for investment in related parties, ten percent of total assets.

11. Valuation

(1) An insurer shall value assets using a market-consistent basis.

(2) For the purpose of determining the capital adequacy of an insurer, the market value of assets shall be—

- (a) in the case of an asset which is listed on a licensed securities exchange and for which a price was quoted on that securities exchange on the date as at which the value is calculated, the price last quoted for the asset; and
- (b) in any other case, the price which could have been obtained by the insurer upon a sale of the asset between a willing buyer and a willing seller dealing in an arms-length transaction, as estimated by the insurer.

(3) Where the Authority determines that there is over-estimation or under-estimation in the valuation of assets held by an insurer, the Authority may require an independent revaluation of the asset and the expense of the revaluation shall be met by the insurer.

(4) The Authority shall prescribe a valuation basis that an insurer shall apply when determining the liabilities of the insurer.

12. Determination of risk-based capital

The risk-based capital of an insurer shall be the square root of the sum of the squares of capital required for—

- (a) insurance risk;
- (b) market risk;
- (c) credit risk; and
- (d) capital required for operational risk, as provided in the following formula—

$$\sqrt{\text{insurance risk}^2 + \text{market risk}^2 + \text{credit risk}^2}$$

+ Capital required for operational risk

[Subsidiary]

13. Capital required for insurance risk

(1) The capital required by an insurer to provide for insurance risk shall be for the purpose of cushioning the insurer against adverse experiences relative to the amount of technical provisions.

(2) An insurer writing general insurance business shall hold capital against fluctuations in the insurer's premium reserves and claim reserves.

(3) An insurer shall, for the purpose of calculating the capital required for insurance risk, use the risk factors set out in Appendix 2.

(4) The capital required by an insurer for insurance risk shall be computed as the value of the insurer's claim reserves multiplied by the risk factor plus the value of the insurer's premium reserves multiplied by the risk factors for each class of business.

(5) An insurer shall compute the claims reserves as a sum of the best estimate liability and the risk margin.

(6) An insurer shall compute the premium reserves as a sum of the best estimate liability and the risk margin.

(7) A general insurer shall, for the purpose of calculating the capital required for catastrophes, apply a charge of two percent of the previous year's net earned premiums.

(8) An insurer writing life business shall, where applicable, hold capital against adverse experiences resulting from the following risks—

- (a) mortality;
- (b) longevity;
- (c) morbidity;
- (d) disability;
- (e) expenses;
- (f) lapses; and
- (g) catastrophes.

(9) The life insurance liabilities risk factors shall be for the purpose of addressing the risk of under-estimation of the insurer's liabilities and adverse claims experience.

(10) The life insurance capital charge shall be equal to the adjusted value of life insurance liabilities computed using the parameters stipulated in Appendix 1 less the sum of the best estimate value of the life insurance liabilities and provision of risk margin for adverse deviation as shall be prescribed by the Authority. Capital required for insurance risk for life insurer shall be the square root of the sum of the squares of capital required for parameters stipulated in appendix 1 as provided in the following formula—

$$\sqrt{\text{Mortality}^2 + \text{Longevity}^2 - \text{Morbidity and Disability}^2 + \text{Expenses}^2 - \text{Lapses}^2 - \text{Catastrophes}^2}$$

(11) When an insurer computes its life insurance risk capital charges, the appointed actuary shall be required to determine and declare for each insurance product separately and to decrease or increase life stress factors according to the nature of the insurance product.

(12) The stress factors for major risks inherent in life insurance liabilities are set out in Appendix 1.

(13) For group life and group credit policies for which premium and claims liabilities have been reserved by an insurer, the applicable risk charges shall correspond to that as required for general insurance liabilities.

(14) For deposit administration and group pension savings plan offered by the insurer, a one percent risk charge shall be applicable to the fund amount.

14. Capital required for market risk

(1) The capital required by an insurer for market risk shall be for the purpose of cushioning against volatility in the market prices of assets held by the insurer used to back policyholder liabilities.

(2) The market risk capital charges shall be for the mitigation of the risk of financial losses arising from—

- (a) the reduction in the market value of assets held by an insurer due to exposures to equity, interest rate, property, currency risks;
- (b) non-parallel movements between the value of liabilities faced by the insurer and the value of assets held by the insurer backing the liabilities due to the fluctuation in interest rates in the market; and
- (c) concentration of exposures to particular counterparties or asset classes.

(3) An insurer shall, for the purposes of calculating the capital required for market risk, apply a capital charge to the balance sheet asset value.

(4) The capital required for market risk shall be square root of the sum of the squares of capital required for equity, property, interest rate and currency risks as provided in the following formula—

$$\sqrt{\text{equity risk}^2 + \text{property risk}^2 + \text{Interest rate risk}^2 + \text{currency risk}^2}$$

(5) An insurer shall apply the factors set out in Appendix 4 for the purpose of calculating the capital required for market risk.

(6) Equity risks are exposures to equity instruments including ordinary shares or similar instruments that exhibit market behaviour similar to equities.

(7) Property risks are exposures to immovable properties both for investment and for self-occupied purposes.

(8) Interest rate risks are exposures to interest rate related assets and liabilities including debt securities, commercial papers and debentures.

(9) The interest rate risk shall be computed for life insurance funds and general insurance funds with discounting factors.

(10) An insurer shall reduce the capital charge to address interest rate risks to the extent that the weighted average duration of the exposures in interest rate related assets match the weighted average duration of the insurance liabilities.

(11) The amount of capital charges required by an insurer shall be the higher of the reduction in surplus under the increasing and decreasing rate scenario:

Provided that if the reduction in surplus is higher under the increasing scenario in one fund but higher under the decreasing scenario in another fund, then the dominant scenario at the company level should be selected and applied consistently to all funds:

Provided further that any resulting negative capital charges for each individual fund should be taken as zero.

(12) The yield to value of the securities under the base scenario should be the risk-free yield in the case of Government securities or the implied market yield for quoted securities or securities with similar characteristics.

(13) For the purposes of determining the interest rate risk charge, the base yield curve should be multiplied by (1 + stress-up), and (1 –stress-down) for the increasing and decreasing scenarios respectively.

(14) The stress up and stress down to be applied in determining the interest rate risk charge shall be twenty five percent.

(15) An insurance fund which has exposures in currencies which are different from that of the liabilities will be subjected to a currency risk charge of eight percent on the net open position.

[Subsidiary]

(16) For the purposes of calculating the capital charge for currency risks, the net balance sheet positions for exposures to each of the different currencies are converted into Kenya shillings at the spot exchange rates at the valuation date.

(17) The sum of the net short positions or the sum of the net long positions, whichever is higher, is then multiplied by the eight percent risk charge to arrive at the currency capital charge.

(18) The insurer's net position in each currency should be calculated by aggregating the following positions—

- (a) all asset items less liabilities; and
- (b) the value of all amounts to be received less the value of all amounts to be paid under unsettled spot transactions and forward foreign exchange transactions.

(19) For the purposes of these guidelines—

- (a) "increasing or decreasing rate scenario" means the increasing interest or decreasing interest rate on both the assets and liabilities to test the effect of surplus;
- (b) "yield to value" means the determination of the value of securities using the yield curve;
- (c) "base scenario" means the set of assumptions used to calculate the best estimates;
- (d) "base yield curve" means the yield curve for the Government bonds and treasury bills; and
- (e) "spot exchange rate" means the prevailing exchange rate at a particular time.

15. Capital required for credit risk

(1) The credit risk capital charge shall be for the purpose of cushioning an insurer against risk of losses resulting from counter-party default.

(2) An insurer shall, for the purpose of calculating the capital required for credit risk, apply the factors provided in Appendix 3.

16. Capital required for operational risk

(1) The operational risk capital shall be used by an insurer as the cushion against losses that may arise from failed processes, systems and people.

(2) The operational risk capital shall be computed as the higher of—

- (a) thirty percent of the square root of the sum of the squares of the capital required for insurance risk, market risk and credit risk; and
- (b) three percent of the previous year's gross earned premium.

17. Remedial measures

(1) Where the Authority determines that an insurer has not met the requirements of these guidelines, the Authority may impose any or all the remedial measures to correct the situation in accordance with the provisions of the Act.

(2) An insurer shall, within thirty days, inform the Authority if the insurer has breached or is likely to breach the prescribed capital requirements.

(3) A notice by an insurer of the breach or potential breach of these guidelines shall state the remedial action taken or planned to be taken and the period when action shall be taken.

(4) The Authority may enter into an agreement with the board of directors of an insurer requiring the insurer to rectify its deficiencies within a period directed by the Authority

(5) The level of supervisory intervention by the Authority to address a breach or potential breach of these guidelines shall be determined by the extent of the breach or potential breach as indicated by the capital adequacy ratio.

18. Sanctions

Where the Authority determines that an insurer has not met the provisions of these guidelines, the Authority may impose any or all of the following administrative sanctions to correct the situation in accordance with the Act, including —

- (a) require the insurer to invest in a specified manner;
- (b) restrict or prohibit the insurer from investing in certain asset classes or individual assets to safeguard insurance funds;
- (c) suspend, dismiss, disqualify or revoke the appointment of an officer of the insurer in a position as a board member, member of the senior management or key person in control function;
- (d) impose additional reporting requirements on the insurer;
- (e) restrict declaration and payment of dividends by the insurer;
- (f) withdraw or impose conditions on the business license of the insurer; and
- (g) take any other action as may be deemed necessary.

APPENDICES

[para. 13(10), 13(12)]

INSURANCE RISK FACTOR - LIFE INSURANCE COMPANIES**APPENDIX 1****(a) Insurance Risk Factor- Life insurance companies**

[L.N. 83/2019, r. 2.]

<i>Parameter</i>	<i>Stress risk factor</i>
Mortality	6% increase of base mortality rates
Longevity	7% decrease of base mortality rates
Morbidity/disability	40% increase in morbidity/disability inception rates in the first year followed by 15% increase in morbidity/disability rates in subsequent years
	10% decrease in morbidity/disability recovery rates
Expenses	5% increase in best estimate assumption for expenses. 1 % increase in best estimate assumption for inflation.
Lapses	15% increase in lapse rates for new business 5% increase in lapse rates for in force business
Interest rate	18% decrease
Catastrophe	An absolute increase in the rate of policyholders dying over the following year of 1.5 per mille.

Retirement savings business

<i>Parameter</i>	<i>Risk factor</i>
Pension plans	1.0%
Deposit Administration	1.0%

(b) Insurance risk factors- Life Reinsurance Companies

Insurance

[Subsidiary]

<i>Class of business</i>	<i>Life reserve risk- risk charge</i>
Ordinary life	3.5
Annuities	1.5%
Investment linked	1.5%

APPENDIX 2

[para. 13(3)]

INSURANCE RISK FACTORS — GENERAL INSURANCE
COMPANIES AND LIFE INSURANCE COMPANIES
TRANSACTIONING GROUP LIFE AND GROUP CREDIT BUSINESS

[L.N. 83/2019, r. 3.]

(a) Insurance risk factors — General insurance companies and life insurance companies transacting group life and group credit business;

<i>Classes of business</i>	<i>Premium reserve- Risk charge</i>	<i>Claims reserve- Risk charge</i>
Aviation	39%	29%
Engineering	8%	4%
Fire industrial	9%	6%
Fire domestic	3%	2%
Liability	9%	9%
Marine	7%	8%
Motor vehicle private — property damage	5%	5%
Motor vehicle private — liability	12%	12%
Motor vehicle commercial — property damage	3%	3%
Motor vehicle commercial — liability	13%	13%
Motor vehicle commercial — PSV — property damage	3%	3%
Motor vehicle commercial — PSV — liability	14%	14%
Personal accident	6%	9%
Theft	4%	4%
Workmen's compensation	18%	19%
Miscellaneous	8%	6%
Medical	15%	13%
Group life	10%	8%
Group credit	12%	10%

(b) Insurance risk factors- reinsurance companies

<i>Classes of business</i>	<i>Premium reserve- risk charge</i>	<i>Claims reserve- risk charge</i>
Aviation	42%	26%
Engineering	9%	6%
Fire industrial	10%	6%
Fire domestic	5%	3%
Liability	13%	12%

Insurance

[Subsidiary]

Marine	12%	10%
Motor vehicle private — property damage	8%	7%
Motor vehicle private — liability	16%	15%
Motor vehicle commercial — property damage	6%	5%
Motor vehicle commercial — liability	17%	16%
Motor vehicle commercial — PSV — property damage	5%	5%
Motor vehicle commercial — PSV — liability	17%	16%
Personal accident	10%	12%
Theft	7%	6%
Workmen's compensation	20%	22%
Miscellaneous	8%	8%
Medical	15%	13%
Group life	10%	8%
Group credit	12%	10%

APPENDIX 3

[para. 15(2)]

CREDIT RISK- INSURANCE AND REINSURANCE COMPANIES CAPITAL CHARGES

(a) Credit Risk- Insurance and Reinsurance Companies Capital Charges

<i>Asset</i>	<i>Risk charge</i>
Government securities-National and County	0%
Foreign government bonds	5%
Corporations' and other organisations' bonds	12%
Term deposits	0%
Cash and cash balances	0%
Policy loans	0%
Secured loans-corporations and other organisations	10%
Secured loans-staff and individuals	30%
Investment in subsidiaries, associates and joint ventures	40%
Mortgages	30%
Secured loans to related parties	100%
Category 1-Reinsurers rated above A-	1.5%
Category 2- Reinsurers rated above BBB	10%
Category 3- Reinsurers rated below BBB	35%
Category 4- Reinsurers unrated	100%

Insurance

[Subsidiary]

Category 5 - Reinsurers licenced under the Insurance Act	2.5%
Insurance receivables-amount outstanding for less than 30 days	30%
Insurance receivables-amount outstanding for over 30 days	100%
Reinsurance receivables-amount outstanding for less than 60 days	20%
Reinsurance receivables-amount outstanding for over 60 days	100%
Assets under Deposit Administration and Pension Plans	1.5%
Assets under Unit Linked	2.0%

APPENDIX 4

MARKET RISK- INSURANCE AND REINSURANCE COMPANIES CAPITAL CHARGES

[L.N. 83/2019, r. 3.]

Market risk- Insurance and reinsurance companies capital charges

<i>Equity risk</i>	<i>Risk charge</i>		
Listed ordinary shares on the Nairobi Securities Exchange	30%		
Listed ordinary shares in other regional securities exchanges	30%		
Listed preference shares on the Nairobi Securities Exchange	35%		
Listed preference shares on other regional securities exchanges	40%		
Unlisted shares or private equity	40%		
<i>Property risks</i>			
Land and self-occupied properties	40%		
Investment property	30%		
Real Estate	30%		
Investment Trust			
<i>Interest rate risk</i>			
<i>Scenario</i>	<i>Asset value</i>	<i>Liability value</i>	<i>surplus</i>
Base interest rate			
Increasing interest rate			

Insurance

[Subsidiary]

Decreasing
interest
rate

Interest rate risk capital

Currency risk

<i>Type of currency</i>	<i>Net on balance sheet position</i>	<i>Net forward position</i>	<i>Net long position</i>	<i>Net short position</i>
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Total
position

Exposure

Currency

<i>Classes of business</i>	<i>Premium reserve - Risk charge</i>	<i>8%</i>	<i>Claims reserve- Risk charge</i>
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risk charge

*Currency risk capital
charge*

**THE INSURANCE (VALUATION OF TECHNICAL PROVISIONS
FOR GENERAL INSURANCE BUSINESS) GUIDELINES**

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation
2. Interpretation
3. Key requirements
4. Valuation of premium reserves
5. Valuation of claim reserves
6. Reporting on reserves
7. Remedial measures
8. Administrative sanctions

SCHEDULES

APPENDIX —

STANDARD DEVELOPMENT METHOD
FACTORS

THE INSURANCE (VALUATION OF TECHNICAL PROVISIONS FOR GENERAL INSURANCE BUSINESS) GUIDELINES

[Legal Notice 37 of 2017]

1. Citation

These guidelines may be cited as the Insurance (Valuation of Technical Provisions for General Insurance Business) Guidelines.

2. Interpretation

In these guidelines, unless the context otherwise requires—

"appointed actuary" means an actuary who is independent of the insurer or the related parties of the insurer and is approved by the Authority with the qualifications of an actuary as set out in section 2(1) of the Act;

"best estimate" means a value that reflects anticipated experience with no provision for risk of adverse deviation; and

"risk margin" means an amount included in a prudent estimate assumption that is intended to provide for estimation error and adverse deviation related to a corresponding anticipated experience assumption.

3. Key requirements

(1) An appointed actuary shall prepare a statement on the valuation of the insurer's insurance liabilities.

(2) For the purposes of these guidelines, an insurer's insurance liabilities shall include—

- (a) the insurer's outstanding claims liabilities; and
- (b) the insurer's premium liabilities.

(3) An insurer shall determine the appropriate valuation of insurance liabilities.

(4) Where an insurer rejects the appointed actuary's statement or adopts a valuation of insurance liabilities that is not in accordance with these guidelines, the insurer shall disclose in writing the following to the Authority prior to the finalisation of the insurer's financial statements—

- (a) the reasons for not accepting the appointed actuary's statements or for not determining the insurance liabilities in a manner that is consistent with these guidelines; and
- (b) the details of the alternative assumptions and methodologies used in determining the value of the insurance liabilities.

(5) For the purposes of this paragraph—

- (a) "outstanding claims liabilities" means claims incurred prior to the calculation date which have been reported but have not yet been settled or which have been incurred but have not yet been reported; and
- (b) "premium liabilities" means the cost of running off the unexpired portion of an insurer's policies composed of unearned premium reserve and unexpired risk reserve.

4. Valuation of premium reserves

(1) An insurer shall determine and disclose the value of its unearned premiums reserves for each class of business.

(2) An insurer shall, in determining the value of unearned premium reserves, apply the following methods—

- (a) "24ths" method (reserving on a monthly basis);
- (b) "365ths" method (reserving on a daily basis); and

[Subsidiary]

(c) any other method as may be approved by the Authority.

(3) When determining unearned premium reserves, an insurer shall conduct a test of the adequacy of the reserves.

(4) Where the unearned premium reserves are inadequate, the insurer shall determine the premium deficiency reserves.

(5) The reserving method used by the insurer to determine the unearned premium reserves shall not be changed arbitrarily by the insurer.

(6) A reinsurer may apply the "8ths" method when reserving on a quarterly basis.

(7) The insurer shall calculate the reserve for the insurer's unexpired risks by estimating the claims expected to be incurred by the insurer after the valuation date on policies with unexpired exposure periods as at the valuation date, including the part of claims management expenses that relates to those claims in such an amount that the estimated value of those future claims exceeds the unearned premiums reserve.

(8) The reserve for unexpired risks shall be calculated and maintained separately for each class of insurance.

5. Valuation of claim reserves

(1) The reserves in respect of outstanding claims incurred and reported by the insurer shall be determined prudently by using case estimate method, average cost per claim method or any other methods recognised by the Authority.

(2) The insurer's reserves in respect of incurred but not reported claims shall be valued and determined prudently by using at least two of the following methods in accordance with the risk nature, risk distribution and experiential data of the insurance lines—

- (a) the chain-ladder method;
- (b) the average cost per claim method;
- (c) the Bornhuetter-Ferguson method;
- (d) Cape Cod method;
- (e) Stochastic Reserving methods;
- (f) the standard development method; or
- (g) any other method that may be approved by the Authority.

(3) An insurer that has been in existence for not more than three years may use the standard development method.

(4) The percentage of the insurer's net premiums during the year shall be applied when using the standard development method as provided in the appendix to these guidelines.

(5) The methods to be adopted by the insurer for the valuation of the claim reserves shall depend on—

- (a) the particular characteristics of the class of business;
- (b) the reliability of the available data;
- (c) the past experience of the insurer and the industry;
- (d) the robustness of the valuation models; and
- (e) consideration of materiality.

(6) The value of the insurer's claim reserves shall include an amount in respect of the anticipated claim adjustment expenses.

(7) When determining claim reserves, the insurer shall conduct a test on the adequacy of the reserves.

(8) Where the insurer's claims reserves are determined to be inadequate after conducting a test of adequacy of the reserves, the insurer shall determine the claims deficiency reserves margin and load the margin to the reserve.

(9) An insurer shall determine and disclose the value of its claims reserves for each class of business.

6. Reporting on reserves

- (1) The appointed actuary shall be in charge of determination of the insurer's reserves.
- (2) An insurer shall annually submit to the Authority reserves valuation report signed by the appointed actuary of the insurer.
- (3) The annual reserves valuation report shall contain the following—
 - (a) a statement that the applied method complies with these guidelines;
 - (b) an actuarial opinion on the reserving;
 - (c) a detailed description of the reserves valuation; and
 - (d) an explanation of special terms and concepts used in the report.
- (4) The description of the annual reserves valuation shall contain the following—
 - (a) the criteria used by the appointed actuary for division of insurance lines or categories and names of the insurance lines or categories;
 - (b) the completeness and accuracy of the data of different insurance lines or categories and a description of the problems these data may have;
 - (c) the actuarial method and model of valuation; if the actuarial method and model differ from those previously adopted, the reasons for making the change and the effects of the change on the reserves;
 - (d) any major assumptions of the actuarial method and model of valuation and the reasons for adopting such assumptions;
 - (e) any discrepancy between the actuarial result and the previous reserving and actuarial experience;
 - (f) the adequacy of reserving;
 - (g) in the case of the insurer's unearned premium reserves, a description of any changes concerning periodicity, basic premium rate, risk adjustment coefficient, loss ratio, expense ratio, surrender ratio and other factors of insurance lines; and
 - (h) in the case of the insurer's outstanding claims reserves, a description of any changes concerning the occurring rules of compensation cases, case closing rules, changing rules of average cost per claim, underwriting practices, claim settlement practices, ceding arrangements, additional cost increment and other factors.
- (5) The insurer shall submit to the Authority the insurer's quarterly reserve valuation reports signed by the head of the actuarial function and the principal officer of the insurer.
- (6) The insurer's quarterly reserve valuation report shall contain the following—
 - (a) a statement that the applied method complies with these guidelines;
 - (b) the reserve value per line of business; and
 - (c) any other information that may influence the value of the reserves.

7. Remedial measures

- (1) Where the Authority determines that an insurer has not met the requirements of these guidelines, the Authority may impose any or all the remedial measures to correct the situation in accordance with the provisions of the Act.
- (2) An insurer shall, within thirty days, inform the Authority if the insurer has breached or is likely to breach the prescribed capital requirements.
- (3) A notice by an insurer of the breach or potential breach of these guidelines shall state the remedial action taken or planned to be taken and the period when action shall be taken.
- (4) The level of supervisory intervention by the Authority to address a breach or potential breach of these guidelines shall be determined by the extent of the breach or potential breach.

[Subsidiary]

8. Administrative sanctions

Where the Authority determines that an insurer has not met the requirements of its directive, the Authority may impose any or all of the administrative sanctions under the Act to correct the situation, including—

- (a) prohibiting the insurer from declaring or paying dividends;
- (b) suspending, dismissing, disqualifying or revoking the appointment by the insurer of an individual in a position as a board member, member of the senior management or a key person in a control function;
- (c) imposing additional reporting requirements on the insurer;
- (d) declaring that a person may not take the office of appointed actuary or the head of the actuarial function of the insurer;
- (e) withdrawing or imposing conditions on the insurer's business license; and
- (f) taking any other action as may be necessary.

APPENDIX

STANDARD DEVELOPMENT METHOD FACTORS

No.	Class of insurance business	Percentage of net premium written
1.	Aviation	2%
2.	Engineering	5%
3.	Fire domestic	1%
4.	Fire industrial	1%
5.	Liability	5% - current year 3% - one year preceding the current year 1% - two years preceding the current year
6.	Marine	2½%
7.	Motor private	5%
8.	Motor commercial	5% - current year 3% - one year preceding the current year 1% - two years preceding the current year
9.	Motor commercial (PSV)	20% - current year 12 ½% - one year preceding the current year 5% - two years preceding the current year
10.	Personal accident insurance	5%
11.	Theft	5%

Insurance

[Subsidiary]

12.	Workmen's compensation	5% - current year 3% - one year preceding the current year 1% - two years preceding the current year
13.	Medical	3%
14.	Micro insurance	4%
15.	Miscellaneous	5%

**THE INSURANCE (VALUATION OF TECHNICAL PROVISIONS
FOR LIFE INSURANCE BUSINESS) GUIDELINES**

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation
2. Interpretation
3. Key requirements
4. Valuation methodology
5. Technical provisions
6. Best estimate liability
7. Group life business
8. Unit-linked contracts
9. Discretionary participation or with-profit contracts
10. Options and guarantees embedded in contracts
11. Economic assumptions
12. Risk margin
13. Reporting on technical provisions
14. Remedial measures
15. Administrative sanctions

SCHEDULES

GUIDANCE NOTE ON BEST ESTIMATE ASSUMPTIONS

RISK MARGINS SCHEDULE

THE INSURANCE (VALUATION OF TECHNICAL PROVISIONS FOR LIFE INSURANCE BUSINESS) GUIDELINES

[Legal Notice 38 of 2017, Legal Notice 82 of 2019]

1. Citation

These guidelines may be cited as the Insurance (Valuation of Technical Provisions for Life Insurance Business) Guidelines.

2. Interpretation

In these guidelines, unless the context otherwise requires—

"appointed actuary" means an actuary who is independent to insurer or the related parties of the insurer and approved by the Authority with the qualifications of an actuary as set out in section 2(1) of the Act;

"best estimate" means a value that reflects anticipated experience with no provision for risk of adverse deviation;

"hedge" means actions taken to offset the impact of risks materialising;

"risk margin" means an amount included in a prudent estimate assumption that is intended to provide for estimation error and adverse deviation related to a corresponding anticipated experience assumption.

3. Key requirements

(1) An insurer shall submit an actuarial valuation report of its life insurance business at least once in every three months and at the end of the financial year.

(2) An appointed actuary shall be responsible for preparing the annual valuation of technical provisions.

(3) The head of actuarial function shall be responsible for preparing the valuation of technical provisions once in every three months.

(4) The insurer's technical provisions for life insurance business shall be composed of—

- (a) best estimate liability; and
- (b) the risk margin.

(5) The risk margins shall be prescribed by the Authority and the insurer shall modify the best estimate assumptions by the prescribed margins:

Provided that an assumption shall be increased or decreased, respectively, if such increase or decrease results to an increase in the liability of the class of policies concerned.

(6) Where the insurer's technical provisions are hedged or replicated by a financial instrument, the technical provisions shall be hedged or replicated by a financial instrument with a reliable market value where the value of the technical provisions shall be equal to the market value of the hedging or financial instrument:

Provided that a separate computation of the best estimate and risk margin on the value of the hedging or financial instrument shall not be required in determining the technical provisions.

(7) The actuary may adopt any other valuation method for the valuation of technical provisions:

Provided it shall not result in a value lower than the value obtained using the best estimate assumptions and prescribed risk margin.

(8) The method used by the actuary in calculating technical provisions and the assumptions of the valuation shall not vary from one year to the next without the prior approval of the Authority.

[Subsidiary]

(9) Where an insurer intends to adopt another valuation method other than the best estimate method for the valuation of technical provisions, the insurer shall seek the prior approval of the Authority and give—

- (a) the reasons for adopting the different valuation method; and
- (b) the details of the alternative assumptions and methodologies that the insurer shall rely on in determining the value of the technical provisions, including comparative results.

4. Valuation methodology

(1) Where an insurer is determining the value of the insurer's technical provisions, the insurer shall use a market consistent approach to the valuation which shall require that—

- (a) all assets shall be valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arms' length transaction; and
- (b) all liabilities shall be valued at the amount for which they could be transferred or settled between knowledgeable and willing parties in an arms' length transaction.

(2) When an insurer values the insurer's technical provisions, no subsequent adjustment shall take account of the insurer's credit standing.

(3) An insurer shall use a mark-to-market approach in order to measure the economic value of assets and liabilities based on readily available prices in orderly transactions that are sourced independently.

(4) Where marking to market is not possible, mark-to-model techniques shall be used.

(5) In this paragraph—

- (a) "mark to market" means the practice of revaluing an instrument to reflect the current value of the relevant market variables; and
- (b) "mark-to-model" means any valuation technique which has to be benchmarked, extrapolated or otherwise calculated as far as possible from market input and where the insurer shall maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

5. Technical provisions

(1) The technical provisions shall correspond to the current amount an insurer may pay if the insurer was to transfer the insurer's insurance obligations immediately to another insurer.

(2) The technical provisions shall be the sum of the Best Estimate Liability and the Risk Margin.

(3) The insurer shall segment the insurance obligations into homogenous risk groups and at least by the line of business when calculating technical provisions.

(4) An insurer shall use actuarial and statistical methods in calculating the technical provisions that shall be proportionate to the nature, scale and complexity of the risk supported by the insurer.

6. Best estimate liability

(1) An insurer shall ensure that the best estimate liability corresponds to the probability weighted average of future cash flows taking account the time value of money.

(2) An insurer shall calculate best estimate liability using a prospective cash-flow gross premium valuation method.

(3) For the purpose of this paragraph "gross premium valuation method" means the method for placing a value on a life insurance company's liabilities that explicitly values the future office premiums payable, future expenses and also future discretionary benefits.

(4) An insurer shall calculate best estimate liability gross without deduction of the amounts recoverable from reinsurance contracts or other special purpose vehicles.

(5) The amounts recoverable from reinsurance contracts or other special purpose vehicles shall be calculated separately and disclosed as assets.

(6) An insurer shall use non-economic assumptions to compute the best estimate liability with no prudential margins and shall allow for all expected decrements and policyholder actions including lapses.

(7) An insurer shall take into account all relevant available internal and external data when arriving at the assumptions referred to in subparagraph (5).

(8) An insurer shall take into account future premiums up to the contract boundary which shall be the point at which an insurer can unilaterally terminate an insurance contract, refuse to accept a premium, vary the premium or the benefits in such a way that the premium fully reflect the risks insured.

(9) An insurer shall allow for future expenses needs to take account for overheads, directly attributable expenses and future expense inflation.

(10) The projection time horizon used in the calculation of the best estimate liability by an insurer shall cover the full time of all the cash inflows and cash outflows required to settle the obligations related to existing insurance and reinsurance contracts on the date of the valuation.

(11) In determining the best estimate liability the insurer shall consider the following cash inflows—

- (a) future premiums; and
- (b) future fund management charges or fees income.

(12) The cash inflows referred to in subparagraph (10) shall not take into account investment returns including interest and dividends.

(13) The cash outflows referred to in subparagraph (10) shall be divided between benefits to the policyholders or beneficiaries, expenses that will be incurred in servicing insurance obligations and other cash-flow items including taxation payments which are charged to policyholders.

(14) In determining the best estimate liability an insurer shall consider the following policyholder benefit cash outflows—

- (a) death benefits;
- (b) critical illness and disability benefits;
- (c) surrender benefits;
- (d) partial and full maturity benefits;
- (e) annuity payments; and
- (f) profit share commission payments.

(15) In determining the best estimate liability the insurer shall consider the following expense cash outflows—

- (a) administrative expenses;
- (b) investment management expenses;
- (c) claims management or handling expenses;
- (d) direct and override commissions which are expected to be incurred in the future;
- (e) overheads expenses;
- (f) premium levy and policyholder compensation levy; and
- (g) overhead expenses which shall include those related to general management and service functions which are not directly involved in new business or policy maintenance.

(16) In circumstances where the best estimate liability of technical provisions is negative for some individual contracts the insurer shall set to zero the value of the best estimate with respect to those individual contracts.

[Subsidiary]

(17) The cash-flow projection by an insurer shall be based on a policy-by-policy approach but reasonable actuarial methods and approximations may be used.

7. Group life business

An insurer shall value the insurer's group life business using methods prescribed for the valuation of technical liabilities for general business.

8. Unit-linked contracts

(1) The unit-linked liability shall be denominated partly in units and non-unit terms.

(2) The liability relating to the unit shall be the number of units allocated to the policy multiplied by the prevailing unit price as at the valuation date.

(3) The liability relating to the non-unit shall be the amount required to ensure that the insurer is able to purchase units in accordance with its contractual obligations, pay claims in excess of the unit liability and meet the insurer's continuing expenses without recourse to further finance.

(4) For the purpose of these guidelines, an insurance contract shall be deemed to be unit-linked if the value of the policy is linked directly to the market value of the underlying assets in a ring-fenced unit fund and policyholder pay-outs are not at the discretion of the insurer.

9. Discretionary participation or with-profit contracts

(1) The guaranteed funds in life insurance companies established to manage retirement savings or investment business shall be classified as discretionary participation business but index-linked or unit-linked business shall not be classified as discretionary participation business.

(2) An insurer shall take into account future discretionary benefits which are expected to be made, whether or not the payments are contractually guaranteed in calculating the best estimate of the discretionary participation business.

(3) Discretionary benefits shall include—

- (a) historic non-vesting claims bonuses as at the valuation date;
- (b) other non-vesting bonuses; and
- (c) future vesting and non-vesting bonuses assumed to be declared in the calculation of the technical provisions including—
 - (i) future benefits assumed to be payable in terms of policyholder reasonable benefit expectations; or
 - (ii) considerations relating to the fair treatment of policyholders.

(4) The distribution of future discretionary benefits shall be a management action and assumptions about the distribution shall be objective, realistic and verifiable, and shall, in particular, take the relevant and material characteristics of the mechanism for their distribution into account.

(5) The insurer shall value the distribution of future discretionary benefits using—

- (a) a retrospective or asset share type valuation method; and
- (b) the valuation of future policy related liabilities including—
 - (i) the cost of financial options and guarantees;
 - (ii) the cost of smoothing;
 - (iii) planned future benefit enhancements; and
 - (iv) non-contractual commitments arising out of treating customer fairly obligations;
- (c) for the purpose of this paragraph "asset share valuation method" means the accumulation of past premiums, less expenses and the cost of cover at the actual rate of return on the assets.

(6) The assumptions on the future returns of discretionary participation business should be consistent with the relevant risk-free interest term structure including where a risk-neutral approach for the valuation is used.

(7) For the purpose of this paragraph "risk-neutral valuation approach" means the valuation method where the current value of financial assets is equal to their expected payoffs in the future discounted at the risk-free rate.

10. Options and guarantees embedded in contracts

(1) An insurer shall be required to identify all contractual options and financial guarantees embedded in the insurer's contracts.

(2) An insurer shall be required to take account of the value of financial guarantees and any contractual options included in the insurer's contracts when the insurer calculates the insurer's best estimate liability.

(3) The best estimate of contractual options and financial guarantees shall—

- (a) capture the uncertainty of cash-flows; and
- (b) take into account the likelihood and severity of outcomes from multiple scenarios combining the relevant risk drivers.

(4) An insurer shall value the best estimate of contractual options and financial guarantees by using one or more of the following methods—

- (a) a stochastic approach using a market-consistent asset model including both closed form and stochastic simulation approaches;
- (b) deterministic projections with attributed probabilities; or
- (c) a deterministic valuation based on expected cash-flows in cases where the valuation method delivers a market-consistent valuation of the best estimate liability.

11. Economic assumptions

(1) An insurer shall apply the Government bond yield curve as the default for the riskfree term structure of interest rates.

(2) The risk-free term structure shall be used to discount the insurer's technical provisions.

(3) The insurer shall base the valuation discount rate term structure on the unadjusted term-dependent gross redemption yields published by the Nairobi Securities Exchange.

(4) In cases where the liability duration is longer than the term structure provided by the Nairobi Securities Exchange yield curve, the insurer shall assume that the yield curve shall remain flat from the latest term in the yield curve up to the point all liabilities expire.

(5) The insurer's investment expenses shall be allowed in the cash flows underlying the calculations of the insurer's technical provisions and not in the risk-free term structure of interest rates used to discount the technical provisions.

12. Risk margin

(1) The insurer's technical provisions shall consist of the best estimate liability and the risk margin.

(2) The purpose of the risk margin shall be to increase the insurer's technical provisions to the amount that would be paid by another insurer in order for that other insurer to take on the best estimate liability.

(3) The risk margin shall be used to increase the insurer's technical provisions to the amount that reflects the risk that the actual experience deviates from the best estimate assumptions.

(4) The Authority shall determine what risk margins shall be loaded onto the insurer's best estimate assumptions.

(5) The risk margins shall be as outlined in Appendix 2.

[Subsidiary]

13. Reporting on technical provisions

(1) Once in each year, an insurer shall submit to the Authority an actuarial valuation report signed by the appointed actuary of the company.

(2) The insurer's actuarial valuation report shall be prepared in accordance with the provisions of the Act.

(3) The actuarial valuation report shall contain—

- (a) a statement that the valuation method is in compliance with these guidelines;
- (b) an actuarial opinion on the valuation;
- (c) a detailed description of the actuarial valuation; and
- (d) an explanation of special terms and concepts in the report.

(4) The description of the annual actuarial valuation shall contain the following—

- (a) completeness and accuracy of the data of different insurance lines or categories and a description of the problems these data may have had;
- (b) major assumptions of the actuarial valuation and reasons for adopting those assumptions;
- (c) the variation between the actual result of the previous valuation and the actual experience;
- (d) adequacy of reserving; and
- (e) provision for expected allocations of profit to shareholders and the bonus rates declared for policyholders under section 46 of the Act.

(5) The insurer's quarterly valuation report shall contain the following—

- (a) a statement that the applied method complies with these guidelines;
- (b) the reserve value per line of business; and
- (c) any other information that may influence the value of the reserves.

14. Remedial measures

(1) Where the Authority determines that an insurer has not met the requirements of these guidelines, the Authority may impose any or all the remedial measures to correct the situation in accordance with the provisions of the Act.

(2) An insurer shall, within thirty days, inform the Authority if the insurer has breached or is likely to breach the prescribed capital requirements.

(3) A notice by an insurer of the breach or potential breach of these guidelines shall state the remedial action taken or planned to be taken and the period when action shall be taken.

(4) The level of supervisory intervention by the Authority to address a breach or potential breach of these guidelines shall be determined by the extent of the breach or potential breach.

15. Administrative sanctions

Where the Authority determines that an insurer has not met the requirements of a directive, the Authority may impose any or all of its administrative sanctions to correct the situation in accordance with the provisions of the Act including—

- (a) prohibit the insurer from declaring or paying dividends;
- (b) suspend, dismiss, disqualify or revoke the appointment of an individual in a position as a board member, member of the senior management or key person in a control function;
- (c) impose additional reporting requirements on the insurer;
- (d) declare that a person may not take the office of appointed actuary or the head of the actuarial function;
- (e) withdraw or impose conditions on the business license of the insurer; and

- (f) take any other action as may be necessary.

APPENDIX 1

[r. 6]

GUIDANCE NOTE ON BEST ESTIMATE ASSUMPTIONS

This guidance note provides an outline on how the best estimate assumptions can be determined for the purpose of computing the best estimate liability.

A. Mortality, longevity and morbidity/disability rates

(1) The KE 07/10 base mortality rates will be used, with an appropriate adjustment, to reflect the company's own experience.

(2) Where no reliable assumptions are available, the assumptions used can be based on the insurer's own experience, industry study or other relevant studies.

B. Withdrawals

(1) The lapse rate should reflect the expected experience of both existing and potential policyholders and the actuary should perform a lapse investigation using the insurer's past data.

(2) If a sufficient volume of relevant experience is not available, then experience from similar contracts or industry wide data may be used.

C. Expenses and commissions

(1) The actuary should make an allowance for expenses to include acquisition costs, underwriting and administration costs, investment costs, claim settlement costs and any future expenses.

D. Investment return

(1) The actuary should take into account the following regarding the future investment return assumption—

(2) The extent of any investment guarantees included—

- (a) nature of contract, e.g. non-profit, with-profit; and
- (b) level of investment guarantee.

(3) the size of the reserve built up under the contract—

- (a) type of contract, e.g. term assurance, endowment assurance; and
- (b) frequency of premium payment, e.g. single premium, regular premium.

(4) The assumed rate of future investment return will depend on the mix of the assets held to match the liabilities.

(5) Allowance should be made for any changes in the future economic environment.

E. Other assumptions

(1) If a sufficient volume of relevant experience is not available, then experience from similar contracts or industry wide data may be used.

APPENDIX 2

[r. 12(5)]

RISK MARGINS SCHEDULE

[L.N. 82/2019]

Assumption	Prescribed margin as a percentage of the base assumption
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Insurance

[Subsidiary]

Mortality	10% increase in mortality for death assurances
Longevity	10% decrease in mortality for life assurances and annuities
Morbidity/disability	10% increase in inception rates 5% decrease in recovery rates
Lapses	25% increase or decrease in lapse rate depending on which alternative gives rise to an increase in the liability of the policy concerned
Interest rates	10% decrease
Surrenders	10% increase or decrease in surrender rates depending on which alternative gives rise to an increase in the liability of the policy concerned
Expenses	10% increase
Expense inflation	10% increase of the estimated escalation rate

THE INSURANCE (INVESTMENTS MANAGEMENT) GUIDELINES

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation
 2. Interpretation
 3. Objectives
 4. Governance structures
 5. Responsibility of the Board of Directors
 6. Responsibility of senior management
 7. Responsibility of the risk management function
 8. Responsibility of audit function
 9. Internal controls
 10. Investment manager
 11. Management of investments
 12. Investment policy
 13. Asset-liability management
 14. Investment procedures
 15. Concentration limits
 16. Intra-group management
 17. Monitoring and control of investments
 18. Scenario analysis and stress-testing
 19. Enforcement
 20. Remedial measures
 21. Administrative sanctions
-

THE INSURANCE (INVESTMENTS MANAGEMENT) GUIDELINES

[Legal Notice 45 of 2017]

1. Citation

These guidelines may be cited as the Insurance (Investments Management) Guidelines.

2. Interpretation

In these guidelines, unless the context otherwise requires—

"senior management" the principal officer and the direct reports.

3. Objectives

The purpose of these guidelines is to—

(1) ensure that the assets of insurers are managed in a manner that is consistent with insurers' risk profiles, liquidity needs and liability profiles;

(2) set out the expectations of the Authority regarding investment management which are consistent with international best practices and the Insurance Core Principles issued by the International Association of Insurance Supervisors;

(3) highlight guiding principles which are critical to insurers in establishing sound and prudent investment management practices; and

(4) ensure that the investments are made in a sound and prudent manner taking into consideration the following basic parameters of investment—

- (a) security, in which insurers shall invest in low-risk assets to ensure preservation of capital;
- (b) liquidity, in which insurers shall invest in assets that can easily be disposed of without affecting the price;
- (c) diversification, in which insurers shall invest assets in a wide range of instruments so as to spread the risk; and
- (d) return, in which insurers shall invest in instruments that generate high income while taking into consideration the associated risks.

4. Governance structures

An insurer shall develop an investment management framework which is supported by an effective and efficient governance mechanism.

5. Responsibility of the Board of Directors

(1) The roles and responsibilities of the board of directors with regard to an insurer's investment management shall be to—

- (a) develop the investment policy and ensure it is implemented;
- (b) regularly review the investment policy;
- (c) ensure that the investment management is handled by competent and experienced persons of integrity;
- (d) examine the reports on the quality and performance of the investment portfolio by having a clear understanding of the investments in which the insurer seeks to invest including their characteristics and related risks;
- (e) follow up on any activity, transaction or situation that is irregular or problematic;
- (f) ensure that internal control mechanisms are in place;
- (g) specify the content and frequency of investment management reports to be submitted to the board; and

[Subsidiary]

- (h) where the investment function is outsourced, the board shall bear the ultimate responsibility.

(2) The examination by the board in paragraph (1)(d) shall include an examination of the—

- (a) changes in investments and their performance in light of market trends and the insurer's risk profile;
- (b) major investment positions taken as well as the depreciation and write-off of investments; and
- (c) investments issued or guaranteed in connection with transactions between affiliated legal persons or associates as they could constitute a source of conflict of interests.

6. Responsibility of senior management

The roles and responsibilities of senior management with regard to insurer's investment management shall be to—

- (a) implement the insurer's investment policy;
- (b) develop and implement procedures with respect to investment activities;
- (c) periodically analyse and assess the quality and performance of individual investments as well as the overall portfolio and report to the board of directors on a regular basis and upon request; and
- (d) establish internal control mechanisms to ensure that investments comply with the insurer's policies and procedures and with statutory and regulatory requirements.

7. Responsibility of the risk management function

The roles and responsibilities of the risk management function with regard to an insurer's investment management shall be to—

- (a) monitor adherence to the approved investment policy and regulatory obligations;
- (b) note and promptly report breaches in adhering to the approved investment policy or regulatory obligations;
- (c) review risk management activities with regard to investments; and
- (d) ensure that the investment policy is aligned to the overall risk management policy of the insurer.

8. Responsibility of audit function

(1) An insurer shall conduct an audit of the insurer's investment activities for the timely identification of internal control weaknesses or deficiencies in the insurer's management information systems.

(2) Where the audit is performed internally, it must be independent of the officers responsible for implementing the insurer's investment policy.

(3) The roles and responsibilities of the internal audit function with regard to an insurer's investment management shall be to—

- (a) evaluate the independence and effectiveness of the insurer's investment management functions;
- (b) periodically review the insurer's asset portfolio to ensure that it is consistent with the insurer's investment policies and procedures as well as regulatory obligations;
- (c) monitor adherence to the approved investment policy and regulatory obligations;
- (d) give assurance that the insurer's investments are secure and are made and kept in the name of the insurer; and

- (e) assess the effectiveness of the internal controls.

9. Internal controls

- (1) An insurer shall design and implement effective internal controls.
- (2) An insurer shall establish adequate systems of internal control to ensure that assets under its control are managed in accordance with the insurer's overall investment policy and statutory and regulatory requirements.
- (3) The internal controls of an insurer shall include segregation of duties, approvals, verifications and reconciliations.
- (4) The internal controls with respect to investment shall include—
 - (a) concentration limits;
 - (b) valuation and recording of investments in accordance with generally accepted accounting principles. special attention should be paid to investments used for arbitrage trading and hedging purposes;
 - (c) responsibilities of depositories and the terms and conditions of custodial arrangements;
 - (d) cash flows generated through investments such as income, repurchase and redemptions at maturity; and
 - (e) reporting on investments.

10. Investment manager

- (1) Where an insurer uses services of an investment manager, the manager shall be qualified and competent to carry out the assigned task.
- (2) The insurer shall monitor the work of the investment manager to ensure that the insurer's strategy is being adhered to.

11. Management of investments

An insurer shall, in managing its investments, develop—

- (a) an investment policy;
- (b) systems that allow the identification, measurement and assessment of investment risks and the aggregation of these risks at different levels;
- (c) adequate procedures for the measurement and assessment of investment performance;
- (d) adequate and timely internal communication of information on investment activities;
- (e) procedures to identify and control the dependence on and vulnerability of the insurer to key personnel and systems;
- (f) procedures for any changes of the investment strategy should be specified;
- (g) internal controls, such as segregation of duties, approvals, verifications and reconciliations;
- (h) internal procedures to review the appropriateness of the investment of the investment policies and procedures; and
- (i) rigorous and effective audit procedures and monitoring activities to identify and report weaknesses in investment controls and compliance.

12. Investment policy

- (1) An insurer's investment policy shall set the principal parameters within which the insurer shall manage its investment activities.
- (2) The policy shall be sufficiently supported to ensure effective management particularly in respect of situations where the risk is considered to be high.
- (3) The investment policy shall address the following elements—

[Subsidiary]

- (a) insurer's risk appetite and tolerance levels;
- (b) the scope of investment risks including market risk, insurance risk, credit risk, liquidity risk and operational risk;
- (c) types and characteristics of the investments;
- (d) expected returns and the purpose of the investments such as liquidity, matching, pledging of collateral, hedging and trading;
- (e) concentration limits;
- (f) investments decision criteria, standards and other parameters;
- (g) processes relating to intra-group management of investment activities;
- (h) procedures for analysing and evaluating investments when deciding to make an investment and when carrying out a transaction;
- (i) accountability for all investment transactions;
- (j) investment authorisation criteria and limits;
- (k) asset-liability matching;
- (l) monitoring and control of investments; and
- (m) any other element that the Authority may direct.

13. Asset-liability management

(1) An insurer shall hold sufficient assets to support their liabilities including technical provisions and capital requirements.

(2) An insurer shall develop an asset-liability management policy which should be appropriate to the nature, scale and complexity of the insurer's operation.

(3) An insurer shall invest in portfolios well diversified across different asset classes and within particular asset class.

(4) An insurer's investment decisions should be guided by portfolio perspective rather than individual asset-return or risk characteristics.

(5) An insurer shall put in place effective procedures for monitoring and managing their asset or liability positions to ensure that their investment activities and asset positions are appropriate to settle their liabilities when they become due.

14. Investment procedures

(1) An insurer shall develop and maintain documented investment procedures that are subject to effective oversight.

(2) The investment management procedures shall allow an insurer to manage its investment activities properly particularly with respect to acquisitions or disposals.

(3) Investment decisions shall be based on analyses and valuations that take into account in particular the insurer's investment risk tolerance levels and expected returns.

(4) Investment decisions shall be supported with full documentation.

(5) An insurer shall evaluate and understand the source, scope and types of risks associated with an investment activity.

(6) An insurer shall implement adequate procedures for the management of investment risks while giving consideration to the interrelationships and interdependencies between the risks to which the insurer is exposed.

(7) An insurer shall use adequate methods to measure the insurer's risk exposure and establish techniques for mitigating the risks.

(8) An insurer shall consider various internal and external factors that are likely to affect the risks it is exposed to, the risk tolerance levels, its objectives, the general economic climate, interest rates, legal and regulatory requirements

(9) An insurer shall establish reporting mechanism so that the risks encountered are communicated to all parties involved in its investment activities.

(10) An insurer shall determine the value of its investments in an objective manner and ensure that the information used to do so is reliable.

(11) An insurer shall establish investment analysis tools for analysing—

- (a) the nature, characteristics and liquidity of the insurer's investments; and
- (b) the degree of exposure by the insurer to various risks for each type of investment and for the investment portfolio as a whole particularly in light of concentration limits.

15. Concentration limits

(1) An insurer shall set concentration limits in light of its capital requirements and shall cover all its exposures in particular with respect to issuers and counterparties.

(2) The concentration limits should be expressed in relation to the following parameters among others—

- (a) types of investments and their attributes including risk, returns, maturities, security, subordination, conversion features and complexity;
- (b) liquidity and transferability of the securities;
- (c) geographic zones and industry sectors; and
- (d) counterparties.

(3) An insurer shall, for the purposes of calculating the capital adequacy, apply the following concentration limit factors in case of a general insurer—

- (a) deposits in any one financial institution or group of related companies shall be ten percent of total assets;
- (b) shares of any one institution or group of related companies shall be ten percent of total assets;
- (c) property shall be thirty percent of total assets; and
- (d) investment in related parties shall be ten percent of total assets.

(4) An insurer shall, for the purposes of calculating the capital adequacy, apply the following concentration limit factors in the case of a life insurer—

- (a) deposits in any one financial institution or group of related companies shall be ten percent of total assets;
- (b) shares of any one institution or group of related companies shall be ten percent of total assets;
- (c) property shall be fifty percent of total assets; and
- (d) investment in related parties shall be ten percent of total assets.

16. Intra-group management

(1) Where an insurer is part of a group of companies the insurer shall manage its investments in accordance with the framework established for the group.

(2) Where an insurer is part of a group of companies, investment procedures shall be established for the insurer and shall stipulate how risk associated with the investment of other entities within the group is managed.

(3) The procedures shall cover certain situations that could entail greater risks for one or more entities within the group or for the group as a whole.

(4) Where an insurer outsources management of investment to a specialised entity within the group or to an outside service provider, the insurer shall maintain responsibility for ensuring that the risks related to its investments are managed in a sound and prudent manner.

(5) An insurer shall ensure that its investments are secure and are made and kept in the name of the insurer.

[Subsidiary]

17. Monitoring and control of investments

(1) An insurer shall monitor and control their investment portfolio effectively and efficiently.

(2) An insurer shall establish management practices to properly monitor and control its investments both individually and on a portfolio basis.

(3) An insurer shall put in place adequate systems of internal control to ensure that investment activities are supervised.

(4) An insurer shall analyse and assess its portfolio on a regular basis to ensure quality and performance of its investments.

(5) An insurer shall adjust and monitor the selection of investments, particularly when material discrepancies arise with respect to actual versus expected returns or a significant change takes place regarding the risk associated with one or more investments.

(6) An insurer shall ensure that the investment portfolio is diversified to mitigate investment risks.

(7) An insurer shall prepare regular and timely reports which describe the company's exposure which shall report on the—

- (a) details of and comments on investment activity during the period and comparison with corresponding previous period;
- (b) details and values of invested assets by type;
- (c) an analysis of credit exposures by counterparties;
- (d) details of any regulatory or internal limits breached in the period and the actions taken thereto;
- (e) status of asset-liability matching;
- (f) planned future activity; and
- (g) details of positions of assets and liabilities.

18. Scenario analysis and stress-testing

(1) An insurer shall routinely carry out scenario analysis and stress-testing so as to identify vulnerabilities and assess their impact.

(2) An insurer shall consider appropriate assumptions, design scenarios and carry out stress-testing in order to assess the impact of adverse market conditions on its investments while taking into consideration the risks associated with the investments such as interest rate risk, liquidity risk, foreign exchange risk, credit risk and counterparty risk.

(3) The scenario analysis and stress-testing shall be discussed among the board of directors, senior management and staff assigned to manage the insurer's investments. This shall be supported by appropriate documentation.

(4) Where an insurer identifies any vulnerability that could impact on its investment, the insurer shall take appropriate action.

19. Enforcement

Where the Authority determines non-compliance with the provisions of these guidelines, it may take any intervention prescribed in the Act.

20. Remedial measures

(1) Where the Authority determines that an insurer has not met the requirements of these guidelines, the Authority may impose any or all the remedial measures to correct the situation in accordance with the provisions of the Act.

(2) An insurer shall, within thirty days, inform the Authority if the insurer has breached or is likely to breach the prescribed capital requirements.

(3) A notice by an insurer of the breach or potential breach of these guidelines shall state the remedial action taken or planned to be taken and the period when action shall be taken.

(4) The level of supervisory intervention by the Authority to address a breach or potential breach of these guidelines shall be determined by the extent of the breach or potential breach.

21. Administrative sanctions

Where the Authority determines that an insurer has not met the provisions of these guidelines, the Authority may impose any or all of the administrative sanctions to correct the situation in accordance with the Act, including—

- (a) require an insurer to invest in a specified manner;
 - (b) restrict or prohibit an insurer from investing in certain asset classes or individual assets to safeguard insurance funds;
 - (c) suspend, dismiss, disqualify or revoke the appointment of an individual in a position as board member, member of the senior management or key person in a control function;
 - (d) impose additional reporting requirements;
 - (e) withdraw or impose conditions on the business license; and
 - (f) take any other action as may be deemed necessary.
-

INSURANCE (BANCASSURANCE) REGULATIONS, 2020

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
2. Interpretation
3. Scope of the regulations
4. Objective of the regulations
5. Application for bancassurance business
6. Registration requirements
7. Market conduct by bancassurance intermediaries
8. Insurance products to be in the name of the underwriter
9. Debiting of client accounts
10. Role of bancassurance intermediaries
11. Distribution of products
12. Confidentiality of information
13. Complaints redress mechanism
14. Reporting requirements
15. Technical Staff
16. Qualifications of principal officer
17. Governance of a bancassurance intermediary
18. Reporting by principal officers
19. Disqualification or cancellation of registration
20. Penalty for violation
21. Transitional matters

SCHEDULES

FORM OF GUARANTEE

STATEMENT OF BUSINESS OF A BANCASSURANCE INTERMEDIARY

INSURANCE (BANCASSURANCE) REGULATIONS, 2020

[Legal Notice 24 of 2020]

1. Citation

These guidelines may be cited as Insurance (Bancassurance) Regulations.

2. Interpretation

In these regulations, unless the context requires—

"bancassurance business" means an intermediary business that involves collaboration between a bank, a microfinance bank or a financial institution, and an insurance company to market and distribute insurance products;

"bancassurance intermediary" means a person registered to carry out bancassurance business; and

"microfinance bank" has the meaning assigned to it in the Microfinance Act (Cap. 493C).

3. Scope of the regulations

These regulations shall apply to bancassurance intermediaries.

4. Objective of the regulations

The objective of these regulations is to provide for the registration of bancassurance intermediaries and supervision of bancassurance business.

5. Application for bancassurance business

A person who intends to carry on Bancassurance business shall—

- (a) be incorporated in Kenya;
- (b) wholly owned by a bank, microfinance bank or other financial institution regulated in Kenya;
- (c) apply in writing to the Authority to be registered as a bancassurance intermediary;
- (d) have a minimum paid up capital of five million shillings;
- (e) have at all times a minimum of ten million shillings in the form of—
 - (i) a bank guarantee as set out in the First Schedule hereto:
Provided that the bank, microfinance bank or financial institution owning the applicant shall not provide the guarantee; or
 - (ii) a Government bond with a maturity of at least two years issued by the Central Bank of Kenya in favour of the Authority; and
- (f) meet any other requirements that may be prescribed by the Act or these regulations.

6. Registration requirements

An application for registration as a bancassurance intermediary shall be accompanied by—

- (a) an application fee of twenty thousand shillings;
- (b) a collaboration agreement with any insurer whose products the applicant intends to market or distribute;
- (c) a bancassurance business plan;
- (d) a letter of no objection from the regulator of the bank, microfinance bank or financial institution;
- (e) a written application for approval of the principal officer of the applicant; and

[Subsidiary]

- (f) constitutive documents including a certificate or registration or certificate of incorporation.

7. Market conduct by bancassurance intermediaries

(1) A person registered as a bancassurance intermediary shall act as an insurance intermediary and shall not—

- (a) undertake or engage in the business of the underwriting of risks or engaging in any other insurance business and
- (b) give the impression of being the underwriter of the insurance products it is marketing or distributing on behalf of the insurer on whose behalf it is acting as a bancassurance intermediary.

(2) All bancassurance advertisements by the bancassurance intermediary shall prominently display or mention the name of the insurer underwriting the product.

8. Insurance products to be in the name of the underwriter

A bancassurance intermediary shall ensure that the product is in the name of the underwriter and shall disclose to its customers that the insurer shall be responsible for the settlement of claims relating to the insurance product.

9. Debiting of client accounts

A bancassurance intermediary shall ensure that the bank, microfinance bank or financial institution does not debit the client's bank accounts for premiums without the prior written authority or consent of the operator of the account held at the bank, microfinance bank or financial institution.

10. Role of bancassurance intermediaries

A bancassurance intermediary shall—

- (a) inform in writing a customer that the customer has the right to select any underwriter from among the underwriters licensed by the Authority;
- (b) not advise or coerce a customer to cancel an existing policy from an underwriter licensed by the Authority; and
- (c) not infringe on the freedom of the customer to use any other bancassurance intermediary of his or her choice or to directly deal with an underwriter.

11. Distribution of products

A bancassurance intermediary shall only distribute products approved by the Authority.

12. Confidentiality of information

A bancassurance intermediary shall ensure the confidentiality of consumer data and information.

13. Complaints redress mechanism

A bancassurance intermediary shall develop and implement a complaints redress mechanism to address any complaints from its customers.

14. Reporting requirements

(1) A bancassurance intermediary shall submit to the Authority an annual report on the performance of the bancassurance business activities in the form set out in the Second Schedule hereto

(2) The report under paragraph (1) shall be submitted within three months after the end of the year to which it relates.

15. Technical Staff

A bancassurance intermediary shall ensure that technical staff handling insurance matters possess at least a certificate of proficiency in insurance.

16. Qualifications of principal officer

A Principal Officer of a bancassurance intermediary shall—

- (a) be fit and proper as prescribed by the Act;
- (b) hold a technical or professional qualification in insurance, actuarial, accounting, banking or such other qualification as may be prescribed by the Commissioner; and
- (c) be approved by the Commissioner.

17. Governance of a bancassurance intermediary

A bancassurance intermediary shall have a board of directors of at least three members possessing diverse qualifications and skills who shall oversee its operation.

18. Reporting by principal officers

The principal officer of a bancassurance intermediary shall report to the board of directors of the bancassurance intermediary and shall be an *ex officio* member of the board without the right to vote during the meetings of the board.

19. Disqualification or cancellation of registration

A bancassurance intermediary shall not be registered or have its registration renewed if—

- (a) the applicant or any of its directors has, within a period of five years preceding the date of the application, been convicted of an offence involving fraud or dishonesty;
- (b) the applicant or any of its directors has, within a period of five years preceding the date of the application become insolvent or compounded with its creditors;
- (c) the principal officer or the applicant's staff do not have sufficient knowledge, skill or experience to satisfactorily discharge their functions; or
- (d) the applicant or any of its directors has been found convicted of, or warned or cautioned in writing by the Commissioner on at least three occasions with regard to, unethical business practices.

20. Penalty for violation

Where a bancassurance intermediary breaches any provision of these regulations, the bancassurance intermediary shall be liable to a penalty of twenty thousand shillings for each day or part thereof during which the violation continues, which shall be payable to the

21. Transitional matters

A bancassurance intermediary in operation immediately before the commencement of these regulations shall comply with the requirements of regulations 5,7 and 17 within one year from the date of such commencement.

FIRST SCHEDULE

[r. 5(e)]

FORM OF GUARANTEE

FORM OF GUARANTEE

1.
(Name of Bank)

Insurance

[Subsidiary]

In this Guarantee referred to as "the Bank" hereby guarantee to the Commissioner of Insurance (in this Guarantee referred to as the commissioner) that in the event of any insurance client of

(Name of the Bancassurance Intermediary)

this guarantee (referred to as the Bancassurance) or any insurance company obtaining, while this Guarantee is in force, a court decree in respect of unsatisfied debts of the Bancassurance to the insurance client or the insurance company, as the case may be, in respect of insurance business, which debt the client or the insurance company is unable to recover in any other way, the Bank will pay on demand to the order of the Commissioner the sum of

(Amount of guarantee)

- 2. This Guarantee is a continuing Guarantee and may be revoked— (a) with the consent in writing of the Commissioner; or (b) after the expiration of twelve months after notice in writing of the intention of the Bank to revoke this Guarantee has been given to the Commissioner. 3. The revocation of this Guarantee does not release the Bank from, or affect, any liability of the Bank under this Guarantee existing immediately before the revocation.

Dated the 20 THE SEAL OF WAS AFFIXED TO THIS GUARANTEE BY IN THE PRESENCE OF

SECOND SCHEDULE

[r. 14(1)]

STATEMENT OF BUSINESS OF A BANCASSURANCE INTERMEDIARY

Name of Bancassurance Intermediary All amounts in Kenya Shillings Year ending 31st December, 20

Table with 6 columns: Insurance Business, Number Insurers (1), Number policies (2), Total commission earned (3), Total premium under the policies placed (4), Largest percentage commission from any one insurer (5)

Long - term Direct

TOTAL

General Insurance Direct

TOTAL

TOTAL

Insurance

[Subsidiary]

Date

Principal Officer

**THE INSURANCE (ANTI-MONEY LAUNDERING AND
COMBATING FINANCING OF TERRORISM) GUIDELINES**

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation
2. Interpretation
3. Object of the guidelines
4. Application of the guidelines
5. General requirements for regulated entities
6. Responsibilities of the board of a regulated entity
7. Responsibilities of the management of a regulated entity
8. Money laundering reporting officers
9. Functions of the money laundering officer
10. Access to information
11. Independent audits
12. Anti-money laundering and combating financing of terrorism programme
13. Elements of anti-money laundering and combating financing of terrorism
14. Key operational controls of an anti-money laundering and combating financing of terrorism policy
15. Compliance policy statement
16. Content of compliance policy statement
17. Compliance policy
18. Staff vetting
19. Training
20. Risk assessment
21. Customer due diligence
22. Simplified customer due diligence
23. Enhanced customer due diligence
24. Information on natural person
25. Information on legal persons
26. Information on partnerships
27. Information on trusts
28. Ascertainment of ultimate beneficiaries
29. Reliance on intermediary customer due diligence
30. New technologies and non-face-to-face transactions
31. Politically exposed persons
32. Higher risk customers
33. Beneficiaries of life insurance contracts
34. Record-keeping
35. Audit trails
36. Ongoing monitoring
37. Management information system
38. Suspicious transactions
39. Suspicious transactions reporting
40. Triggers for submission of suspicious transactions reports
41. Reporting on cash transactions
42. Maintenance of database of names

Insurance

[Subsidiary]

- 43. Compliance
- 44. Non-compliance

SCHEDULES
INDICATORS OF SUSPICIOUS TRANSACTIONS

THE INSURANCE (ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM) GUIDELINES

[Legal Notice 23 of 2020]

1. Citation

These guidelines may be cited as the Insurance (Anti-Money Laundering and Combating Financing of Terrorism) Guidelines.

2. Interpretation

In these guidelines, unless the context otherwise requires—

"Act" means the Insurance Act;

"Authority" refers to Insurance Regulatory Authority;

"beneficiary" refers to the beneficiary to the insurance contract;

"Centre" refers to the Financial Reporting Centre established under section 21 of Proceeds of Crime and Anti-Money Laundering Act (Cap. 59A);

"customer" refers to a policyholder or prospective policyholder;

"money laundering" has the same meaning as provided for under the Proceeds of Crime and Anti-Money Laundering Act (Cap. 59A);

"politically exposed persons" has the same meaning as defined in the Proceeds of Crime and Anti Money Laundering Regulations (sub. leg); and

"regulated entity" refers to insurers, *takaful* operators and microinsurers underwriting life assurance, brokers and agents licensed under the Act.

3. Object of the guidelines

The object of these guidelines shall be to outline the requirements for regulated entities to develop programmes to effectively combat money laundering and financing of terrorism activities.

4. Application of the guidelines

These guidelines shall apply to regulated entities.

5. General requirements for regulated entities

(1) A regulated entity shall establish and maintain a anti-money laundering and combating financing of terrorism program including comprehensive risk assessment, screening process and controls to mitigate any risks arising from money laundering or financing of terrorism.

(2) A regulated entity shall adopt policies on anti-money laundering and combating financing of terrorism for the prevention of transactions that may facilitate money laundering or financing of terrorism.

(3) A regulated entity shall formulate and implement internal procedures and other controls to deter criminals from using its services and products for money laundering and financing of terrorism.

6. Responsibilities of the board of a regulated entity

The board of a regulated entity shall—

- (a) establish policies and procedures for the prevention, detection, reporting and control of money laundering and financing of terrorism activities; and

[Subsidiary]

- (b) promote a strong risk and compliance culture and develop monitoring and reporting mechanisms to support anti-money laundering and combating financing of terrorism controls.

7. Responsibilities of the management of a regulated entity

The management of a regulated entity shall—

- (a) develop, implement and issue to its staff instruction manuals setting out procedures for—
 - (i) customer acceptance and identification;
 - (ii) customer due diligence;
 - (iii) record-keeping;
 - (iv) identification and reporting of suspicious transactions;
 - (v) staff screening and training; and
 - (vi) establishing legitimate sources of funds;
- (b) ensure that the internal audit or compliance function regularly verifies compliance with anti-money laundering and financing of terrorism policies, procedures and controls;
- (c) assess and ensure that the risk mitigation procedures and controls work effectively;
- (d) register with the Centre and comply with the any reporting requirements;
- (e) report to the Centre suspicious transactions; and
- (f) appoint a Money Laundering Reporting Officer.

8. Money laundering reporting officers

(1) A regulated entity shall appoint a person in management as a Money Laundering Reporting Officer who shall have relevant competence, authority and independence.

(2) Other than in the case of a sole proprietor, a principal officer and internal auditor of a regulated entity shall not qualify to be appointed as a Money Laundering Reporting Officer.

9. Functions of the money laundering officer

A Money Laundering Reporting Officer of a regulated entity shall—

- (a) co-ordinate the development of a programme on anti-money laundering and combating financing of terrorism compliance;
- (b) monitor, review and co-ordinate the implementation of the anti-money laundering and combating financing of terrorism compliance program;
- (c) receive and vet suspicious transaction reports from the regulated entity's staff;
- (d) submit suspicious transaction reports to the Centre;
- (e) co-ordinate the training of staff in anti-money laundering and combating financing of terrorism awareness, detection methods and reporting requirements;
- (f) together with the human resources function, ensure that new members of staff are screened; and
- (g) act as a liaison officer for the Authority and Centre and a point of contact for all employees on issues relating to money laundering and financing of terrorism.

10. Access to information

A regulated entity shall ensure that the Money Laundering Reporting Officer has access to other information that may be of assistance to the officer in respect of suspicious or unusual transaction reports.

11. Independent audits

- (1) The board of a regulated entity shall ensure that—

- (a) annual independent audits of the internal anti-money laundering and combating financing of terrorism measures are undertaken to determine their effectiveness;
- (b) that the roles and responsibilities of the auditor are clearly defined and documented including—
 - (i) checking and testing compliance with relevant legislations on money laundering and financing of terrorism; and
 - (ii) assessing whether current measures are consistent with developments and changes of anti-money laundering and combating financing of terrorism requirements.

(2) The auditor shall submit a written report on the audit findings to the board highlighting any inadequacies in internal anti-money laundering and combating financing of terrorism measures and controls and the board shall ensure that necessary measures are taken to rectify the inadequacies.

(3) A board of a regulated entity shall ensure that audit findings and reports are submitted to the Authority within thirty days of receiving the findings or reports but in any event not later than the 31st January of every year.

12. Anti-money laundering and combating financing of terrorism programme

(1) A regulated entity shall establish and maintain an anti-money laundering and combating financing of terrorism program that sets out the internal policies, procedures and controls necessary to detect money laundering and financing of terrorism and to manage and mitigate the risk of money laundering and financing of terrorism.

(2) An anti-money laundering and combating financing of terrorism program shall include

- (a) the appointment of a Money Laundering Reporting Officer;
- (b) the development and regular review of internal policies, procedures and controls;
- (c) assessment and documentation of risks related to money laundering and financing of terrorism, and the documentation and implementation of mitigation measures to deal with the risks;
- (d) continuing training for employees and agents; and
- (e) an independent review of the policies, procedures and internal controls to test their effectiveness and efficiency.

(3) A money laundering and financing of terrorism program shall take into account the nature, scale and complexity of the regulated entity and the nature and degree of money laundering and financing of terrorism risks facing the entity.

(4) The money laundering and financing of terrorism program shall be documented, approved by the board and communicated to all levels of the regulated entity.

13. Elements of anti-money laundering and combating financing of terrorism

A regulated entity shall develop and maintain an anti-money laundering and combating financing of terrorism policy which including—

- (a) a high-level summary of key controls and objectives of the policy;
- (b) a statement that the anti-money laundering and combating financing of terrorism policy applies to all areas of the business including on a global basis
 - (i) to waivers and exceptions; and
 - (ii) to operational controls.

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14. Key operational controls of an anti-money laundering and combating financing of terrorism policy

The operational controls of an anti-money laundering and combating financing of terrorism policy shall include—

- (a) a statement of responsibility for compliance with the anti-money laundering and combating financing of terrorism policy;
- (b) customer due diligence including—
 - (i) customer identification and verification;
 - (ii) additional Know Your Customer information;
 - (iii) high-risk customers;
 - (iv) non-face-to-face business, where applicable;
 - (v) reinsurance arrangements;
 - (vi) the handling of politically exposed persons;
 - (vii) monitoring and reporting of suspicious transactions;
 - (viii) co-operation with other relevant authorities;
 - (ix) record-keeping;
 - (x) screening of transactions and customers;
 - (xi) employee training and awareness; and
 - (xii) adoption of risk management practices and use of a risk-based approach.

15. Compliance policy statement

A regulated entity shall develop a compliance policy statement on the commitment of senior management and board of the entity to develop anti-money laundering and combating financing of terrorism objectives and implementation of measures to deter the use of its services and products for money laundering and financing of terrorism.

16. Content of compliance policy statement

(1) An anti-money laundering and financing of terrorism policy shall establish clear responsibilities and accountabilities within the regulated entity to ensure that policies, procedures and controls are developed and maintained to deter criminals from using their services and products for money laundering and financing of terrorism.

(2) An anti-money laundering and financing of terrorism policy shall include—

- (a) standards and procedures for compliance with applicable laws and regulations;
- (b) a description of the role of the Money Laundering Reporting Officer and other relevant employees;
- (c) screening programs for hiring employees;
- (d) incorporating anti-money laundering compliance in job descriptions and performance evaluations of appropriate employees;
- (e) mechanisms for program continuity when there are changes in management or employee composition or structure; and
- (f) any other issue as may be required by the Authority.

17. Compliance policy

The compliance policy statement shall include a statement that-

- (a) employees shall comply with applicable laws and regulations and corporate ethical standards;
- (b) activities by the regulated entity shall comply with applicable laws and regulations;

- (c) directs staff to a compliance officer or other knowledgeable individual when there is a question regarding compliance matters; and
- (d) employees shall be held accountable for carrying out their compliance responsibilities.

18. Staff vetting

A regulated entity shall establish—

- (a) screening procedures when hiring employees and agents taking into account the risks identified in the entity's risk assessment; and
- (b) policies, procedures and controls for the regular vetting senior managers, the Money Laundering Reporting Officer and any other employee whose role involves anti-money laundering and combating financing of terrorism duties.

19. Training

(1) A regulated entity shall establish measures to ensure that the members of the board, employees and agents are regularly trained on—

- (a) anti-money laundering and combating financing of terrorism laws and regulations;
- (b) prevailing techniques, methods and trends in money laundering and financing of terrorism; and
- (c) the entity's internal policies, procedures and controls on anti-money laundering and financing of terrorism.

(2) A regulated entity shall document and maintain the following in respect of training—

- (a) scope and nature of the training;
- (b) the tasks to be undertaken by staff who have had anti-money laundering and financing of terrorism training;
- (c) application of the anti-money laundering and financing of terrorism training, including frequency and delivery methods;
- (d) monitoring to ensure that members of staff have completed the required training;
- (e) tailoring training for different employees based on tasks carried out and degree of anti-money laundering and financing of terrorism risk the entity faces from members of staff in their positions; and
- (f) whether and how employees are assessed for knowledge, application and retention of the anti-money laundering and financing of terrorism training.

20. Risk assessment

A regulated entity shall—

- (a) conduct a risk assessment of its customers to identify the type of customers with a high risk of money laundering and financing of terrorism;
- (b) establish measures in its internal policies and procedures to address the different kinds of risks posed by its customers;
- (c) apply a risk-based approach in the assessment of risks associated with money laundering and financing of terrorism in respect to—
 - (i) customers and business relationships;
 - (ii) products and services;
 - (iii) distribution channels;
 - (iv) geographical location; and
 - (v) other relevant factors;
- (d) take into consideration the following factors when conducting risk assessment of customers or type of customers—

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- (i) the origin of the customer and location of business;
 - (ii) background of the customer;
 - (iii) nature of the customer's business;
 - (iv) structure of ownership for a corporate customer; and
 - (v) any other information that may indicate whether or not the customer is of higher risk;
- (e) monitor the patterns of each customer's transactions to ensure it is in line with the customer's profile and reassess the customer's risk profile if there are material changes;
- (f) incorporate the following in its risk assessment and profiling processes—
- (i) documentation on risk assessment and findings;
 - (ii) consider all relevant factors before determining the level of overall risk and appropriate level and type of mitigation to be applied;
 - (iii) ensure that risk assessment procedures are up to date; and
 - (iv) conduct an assessment at least once every two years;
- (g) take enhanced measures to manage and mitigate high risks;
- (h) apply simplified mitigation measures for low risks;
- (i) document the outcome of risk assessment and submit the report the Authority upon request.

21. Customer due diligence

- (1) A regulated entity shall—
- (a) conduct customer due diligence and establish the identity and legal existence of customers based on reliable and independent source documents; and
 - (b) conduct customer due diligence when—
 - (i) establishing business relationship with a customer;
 - (ii) carrying out cash or occasional transactions;
 - (iii) the entity suspects money laundering or financing of terrorism activities; or
 - (iv) the entity doubts the correctness or adequacy of previously obtained information.
- (2) The customer due diligence shall comprise of—
- (a) identifying and verifying relevant customer details;
 - (b) identifying and verifying beneficial ownership and control of transactions;
 - (c) identifying and verifying any natural persons behind a legal person or legal arrangement including the nature of business, ownership and control structure in relation to a customer that is a legal person or legal arrangement;
 - (d) obtain information on the purpose and intended nature of the business relationship or transaction; and
 - (e) conduct on-going due diligence and scrutiny to ensure that the information provided is up to date and relevant.
- (3) A regulated entity shall—
- (a) take reasonable steps to ascertain the true identity of its customers or beneficiaries;
 - (b) identify and verify details of proposed recipients where claims and other monies are payable to persons or companies other than customers or beneficiaries; and
 - (c) not commence business relationships or perform any transactions or, in the case of existing business relationships, renew such business relationships

where customers fail to comply with customer due diligence requirements and file suspicious transaction reports with the Centre where necessary.

(4) A regulated shall conduct customer due diligence for not more than fourteen days after the business relationship has been established where the risks of money laundering and financing of terrorism are low or where measures are already in place to effectively manage the risk to enable the customer to furnish the relevant documents.

(5) Where a regulated entity has already commenced the business relationship and is unable to ascertain the identity of the customer or beneficiary, it shall terminate the business relationship and make a suspicious transaction report to the Centre.

22. Simplified customer due diligence

A regulated entity may apply simplified customer due procedures where there is no suspicion of money laundering or financing of terrorism and—

- (a) where the risk profile of the customer is low;
- (b) there is adequate public disclosure in relation to the customer; or
- (c) there are adequate checks and controls from the customer's country of origin or source of funds.

23. Enhanced customer due diligence

A regulated entity shall apply enhanced customer due diligence procedures in order to—

- (a) obtaining further information that may assist the entity in ascertaining the customer's identity;
- (b) verify the documents furnished by the customer;
- (c) obtain senior management approval for establishing business relationship;
- (d) obtain comprehensive customer profile information including the purpose for the insurance cover, the occupation of the customer and source of funds;
- (e) assign a member of staff to serve, and conduct continuous due diligence of, the customer;
- (f) request other documents to complement those which are otherwise required; and
- (g) request certification of submitted documents by appropriate authorities or professionals.

24. Information on natural person

(1) A regulated entity shall, in the case of a natural person, require the customer to produce an official record to ascertain the true identity seeking to enter into a business relationship, such as—

- (a) a birth certificate;
- (b) a national identity card;
- (c) a driver's licence;
- (d) passport; or
- (e) such other particulars as may be required by the Financial Reporting Centre under section 44 of the Proceeds of Crime and Anti Money Laundering Act (Cap. 59A).

(2) A regulated entity may take additional measures to identify and verify the identity of the customer including the customer's—

- (a) postal address;
- (b) physical or residential address;
- (c) utility bills including electricity or water bills;
- (d) occupation or employment details;
- (e) source of income;

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- (f) nature and location of business activity;
- (g) personal identification number issued under a tax law;
- (h) where applicable, written references attesting to the customer's identity;
- (i) such other particulars as may be required by the Financial Reporting Centre under section 44 of the Proceeds of Crime and Anti Money Laundering Act (Cap. 59A) or any other written law.

25. Information on legal persons

A regulated entity shall obtain the following documents from a legal person or a body corporate when conducting customer due diligence—

- (a) its registered name;
- (b) a certified copy of its Certificate of Registration or Certificate of Incorporation, or Memorandum and Articles of Association or other similar documentation;
- (c) a certified copy of its board's resolution granting authority to transact business with the regulated entity and designating persons having signatory authority thereof;
- (d) the names, dates of birth, identity card or passport numbers and addresses of the natural persons managing, controlling or owning the body corporate or legal entity;
- (e) in the case of corporate bodies, the audited financial statements for the year preceding the transaction with the regulated entity;
- (f) its personal identification number issued under a tax law; or
- (g) where applicable, written confirmation from the customer's prior regulated entity, attesting to the customer's identity and previous business relationship.

26. Information on partnerships

A regulated entity shall obtain the following particulars to ascertain the identity of a partnership—

- (a) the name of the partnership or its registered name;
- (b) the partnership deed;
- (c) the registered address or principal place of business or office;
- (d) the registration number;
- (e) the names, dates of birth, identity card numbers or passport numbers and addresses of the partners;
- (f) the partner who exercises executive control in the partnership;
- (g) the name and particulars of the natural person who has been authorised to establish a business relationship or to enter into a transaction with the regulated entity on behalf of the partnership; or
- (h) the un-audited financial statements for the year preceding the transaction with the regulated entity.

27. Information on trusts

A regulated entity shall obtain the following particulars to ascertain the identity of a trust—

- (a) its registered name, if any;
- (b) its registration number, if any;
- (c) its Certificate of Incorporation or registration, where relevant;
- (d) the trust deed;
- (e) official returns indicating its registered office and, where different from the registered office, the principal place of business;

- (f) the names and details of the management company of the trust or legal arrangement, if any;
- (g) the names of the persons having senior management position in the legal person or trustees of the legal arrangement;
- (h) names of the trustees, beneficiaries or any other natural person exercising ultimate effective control over the trust;
- (i) the name of the founder of the trust;
- (j) any other documentation from a reliable independent source proving the name, form and current existence of the customer; and
- (k) such other documents or particulars as may be required by the Financial Reporting Centre under section 44 of the Proceeds of Crime and Anti Money Laundering Act (Cap. 59A).

28. Ascertainment of ultimate beneficiaries

(1) A regulated entity shall ascertain the beneficial owners, nature of business ownership and control structure of corporate customers and sources of funds of the customer.

(2) A regulated entity shall obtain the following particulars to ascertain the beneficial owners and control structure of corporate customers—

- (a) details of incorporation;
- (b) partnership agreements;
- (c) deeds of trust;
- (d) particulars of directors and shareholders;
- (e) names of relevant persons holding senior management positions;
- (f) names of trustees, beneficiaries or any other natural person exercising ultimate effective control; and
- (g) any other documentation obtained from a reliable independent source ascertaining the name, form and existence of the customer.

(3) A regulated entity shall conduct customer due diligence on any natural person who ultimately owns or controls the customer's transaction if it suspects that a transaction is conducted on behalf of a beneficial owner and not the person who is conducting the transaction.

29. Reliance on intermediarie customer due diligence

(1) A regulated entity may rely on customer due diligence conducted by intermediaries if it is satisfied that the intermediary—

- (a) has adequate customer due diligence procedures;
- (b) has reliable mechanisms for verifying customer identities;
- (c) can provide the customer due diligence information and readily make copies of relevant documentation available on request; and
- (d) is regulated and supervised for the purpose of preventing money laundering and financing of terrorism.

(2) A regulated entity that relies on an intermediary for customer due diligence shall not be required to retain copies of customer identification documentation where the documentation can be obtained from the intermediary on request.

(3) Where a regulated entity relies on an intermediary for customer due diligence, ultimate responsibility for customer due diligence shall remain with the regulated entity.

30. New technologies and non-face-to-face transactions

(1) A regulated entity shall take reasonable measures to mitigate money laundering and financing of terrorism risks arising from the use of new technologies in transactions which do not require face-to-face contact.

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(2) A regulated entity shall establish measures for customer verification that are as stringent as those for face-to-face interactions and implement monitoring and reporting mechanisms to identify potential money laundering and financing of terrorism activities.

(3) A regulated entity shall, where possible, carry out face to face interviews for high risk customers.

(4) A regulated entity shall only establish business relationships upon completion of the customer due diligence process that have been conducted through face-to-face interactions.

(5) A regulated entity shall apply customer identification procedures and continuing monitoring standards for non-face-to-face customers as for face-to-face customers

(6) A regulated entity shall take any of the following measures to mitigate the risks associated with non-face-to face transactions—

- (a) require certification of identity documents by magistrates, legal practitioners, commissioners of oaths or notaries public;
- (b) requisition of additional documents to complement those required for face-to-face customers;
- (c) use independent contacts to verify customer identities;
- (d) require payment of premiums through a bank account in the customer's name;
- (e) require more frequent update of information on customers; or
- (f) refusal of business relationships without face-to-face contact for high risk customers.

31. Politically exposed persons

(1) A regulated entity shall have, in addition to its customer due diligence process, a risk management framework to ascertain whether or not customers are politically exposed persons.

(2) A regulated entity shall gather sufficient and appropriate information from the customer and any other source to ascertain whether or not the customer is a politically exposed person.

(3) A regulated entity shall take reasonable measures to establish the source of funds of a politically exposed person with whom it has a business relationship.

(4) A regulated entity shall conduct enhanced continuing customer due diligence on politically exposed persons during its business relationships with politically exposed persons including customer due diligence on the family members or close associates of politically exposed persons.

32. Higher risk customers

(1) A regulated entity shall conduct enhanced customer due diligence on customers assessed as higher risk including requiring—

- (a) more detailed information from the customer and other sources including the purpose of the transaction and source of funds; and
- (b) approval from the senior management of the regulated entity before establishing the business relationship with the customer.

(2) Customers assessed as higher risk include—

- (a) high net worth individuals;
- (b) non-resident customers from locations known for high rates of crime and higher risk jurisdictions as identified under section 45A of the Proceeds of Crime and Anti Money Laundering Act (Cap. 59A);
- (c) politically exposed persons;
- (d) legal arrangements that are complex including trusts and nominees;
- (e) cash-based businesses; and
- (f) unregulated industries.

33. Beneficiaries of life insurance contracts

A regulated entity shall, in addition to customer due diligence on customers and beneficial owners, conduct customer due diligence on beneficiaries of life insurance and other investment related insurance policies as soon as the beneficiaries are identified or designated.

34. Record-keeping

(1) A regulated entity shall ensure that customer records including the customer profiles are up to date and relevant.

(2) A regulated entity shall regularly review customer records, especially when—

- (a) a significant transaction takes place;
- (b) there is a material change in the way the customer account is operated;
- (c) the customer's documentation standards change substantially; or
- (d) the entity discovers that the customer information is or has become inadequate.

(3) A regulated entity shall maintain customer records for at least seven years after the end of the business relationship and ensure that that the information is easy to retrieve.

(4) The customer records to be maintained include—

- (a) the risk profile of customers or beneficiaries;
- (b) data obtained through customer due diligence;
- (c) the nature and date of transactions;
- (d) the type and amount of currency involved;
- (e) the policy and claims settlement details, statements of account and business correspondence; and
- (f) copies of official documents of identity such as passports, identity cards or similar documents.

(5) Where customer records are the subject of ongoing investigations or prosecution in court, they shall be retained beyond the specified retention period until it is confirmed by the relevant authority that the records are no longer needed.

(6) A regulated entity shall ensure that all documents collected through customer due diligence are up to date and relevant by conducting reviews of existing records.

35. Audit trails

A regulated entity shall ensure that retained documents and records—

- (a) are able to create a traceable audit trail on individual transactions;
- (b) can enable the entity to establish the history, circumstances and reconstruction of each transaction including the—
 - (i) identity of the customer or beneficiary;
 - (ii) type and form of transaction; and
 - (iii) amount and type of currency;
- (c) are in a form that is acceptable under the Evidence Act (Cap. 80); and
- (d) are secure and retrievable in a timely manner.

36. Ongoing monitoring

(1) A regulated entity shall conduct continuing customer due diligence with regards to its business relationship with its customers, account activities and transaction behaviour based on customer risk assessments.

(2) A regulated entity shall conduct continuing due diligence on existing high-risk customers including endorsements to policies and exercise of rights under terms of insurance contracts.

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(3) Transactions which a regulated entity shall be required to conduct continuing due diligence on existing high-risk customers include—

- (a) change in beneficiaries to include non-family members;
- (b) request for payments to persons other than beneficiaries;
- (c) a significant increase in the sum insured or premium payment that appears unusual in the light of the income of the policy holder;
- (d) use of cash for payment of large single premiums;
- (e) payment by a wire transfer from or to foreign parties;
- (f) high frequency of endorsements on a policy;
- (g) payment by banking instruments which allow anonymity of the transaction;
- (h) change of address or place of residence of the policy holder or beneficiary;
- (i) lump sum top-ups to an existing life insurance contract;
- (j) lump sum contributions to personal pension contracts;
- (k) requests for prepayment of benefits;
- (l) unusual use of the policy as collateral other than for the financing of a mortgage by a regulated financial institution;
- (m) change of the type of benefit including change of type of payment from an annuity to a lump sum payment; or
- (n) early surrender of the policy or change of the duration where this causes penalties or loss of tax relief.

(4) A regulated entity shall conduct continuing customer due diligence to ascertain the economic background and purpose of any transaction or business relationship that appears unusual, does not have any apparent economic purpose or the legality of such transaction is not clear including with regards to complex and large transactions or higher risk customers.

(5) A regulated entity shall conduct continuing due diligence or monitoring of transactions of business relationships and transactions with individuals, businesses, companies and financial institutions from countries which have insufficiently implemented anti-money laundering and combating financing of terrorism measures.

(6) A regulated entity shall make further enquiries on such business relationships and transactions including their background and purpose and document the findings in writing.

37. Management information system

(1) A regulated entity shall put in place an adequate management information system to complement its customer due diligence and which should provide the entity with timely information on a regular basis to enable the entity to detect any suspicious activity.

(2) The management information system shall be part of the regulated entity's information system that contains its customers' normal transaction and business profile, which is accurate and updated.

38. Suspicious transactions

(1) A regulated entity shall establish internal criteria, hereafter referred to as red flags, to detect suspicious transactions and for conducting enhanced due diligence and continuing monitoring of any transaction that matches the red flags criteria.

(2) Suspicious transactions may fall in any of the categories specified in the Schedule.

39. Suspicious transactions reporting

A regulated entity shall—

- (a) report suspicious transactions to the Centre and maintain a register of reported suspicious transactions;
- (b) ensure that the reporting of suspicious transactions is done securely in order to maintain confidentiality and secrecy.

40. Triggers for submission of suspicious transactions reports

- (1) A regulated entity shall submit a suspicious transaction report when—
- (a) it is unable to complete the customer due diligence process on a customer who is unreasonably evasive or uncooperative based on normal commercial criteria and its internal policy; or
 - (b) a customer's transaction or attempted transaction fits the regulated entity's list of red flags.

(2) The Money Laundering Reporting Officer of a regulated entity shall maintain a register of internally generated suspicious transaction reports and supporting documentary evidence thereon.

(3) A regulated entity shall establish reasonable measures to ensure that employees involved in conducting or facilitating customer transactions are aware of suspicious transactions reporting procedures and consequences for the failure to report suspicious transactions.

41. Reporting on cash transactions

A regulated entity shall report to the Centre any cash transaction equivalent to or exceeding ten thousand United States dollars or its equivalent in any other currency carried out by the entity whether or not the transaction appears to be suspicious.

42. Maintenance of database of names

(1) A regulated entity shall maintain a database of names and particulars of listed persons in the United Nations Sanctions List.

(2) A regulated entity shall, upon receipt from the Authority, keep updated the Sanctions List of various resolutions passed by the United Nations Security Council on combating terrorism and other relevant resolutions which require sanctions against individuals and entities.

(3) A regulated entity, upon receipt of the Sanctions List from the Authority, shall conduct regular checks on the names of new customers, as well as regular checks on the names of existing customers and potential customers, against the names in the Sanctions List.

(4) Where a regulated entity matches a name match on the Sanctions List with a name in its Sanction List database, it shall take reasonable and appropriate measures as required by the Prevention of Terrorism (Implementation of the United Nations Security Council Resolutions on Suppression of Terrorism) Regulations, 2013.

(5) A regulated entity shall ensure that the information contained in its Sanctions List database is up to date and easily accessible by its employees.

43. Compliance

A regulated entity shall file with the Authority on a quarterly basis a report on compliance with these guidelines within thirty days after the end of the quarter.

44. Non-compliance

(1) Where the Authority determines non-compliance with the provisions of these guidelines, it may take any intervention prescribed by the Insurance Act or any other relevant written law.

(2) Where the Authority determines that a regulated entity has not met the requirements of these guidelines, the Authority may impose any or all of the administrative sanctions specified in the Insurance Act to correct the situation including—

- (a) directing the regulated entity to take appropriate remedial action;
- (b) imposing additional reporting requirements and monitoring activities; and
- (c) withdrawing or imposing conditions on the business license of the regulated entity based on the nature of the breach.

[Subsidiary]

SCHEDULE

[para. 38(2)]

INDICATORS OF SUSPICIOUS TRANSACTIONS

1. A request by a customer to enter into an insurance contract(s) where the source of the funds is unclear or not consistent with the customer's apparent standing.
2. A sudden request for a significant purchase of a lump sum contract with an existing customer whose current contracts are minimal and of regular payments only.
3. A proposal which has no discernible purpose and a reluctance to divulge a "need" for making the investment.
4. A proposal to purchase and settle by cash.
5. A proposal to purchase by utilizing a cheque drawn from an account other than the personal account of the proposer.
6. The prospective client who does not wish to know about investment performance but does enquire on the early cancellation or surrender of the particular contract.
7. A customer establishes a large insurance policy and within a short time period cancels the policy, requests the return of the cash value payable to a third party.
8. Early termination of a product, especially in a loss.
9. A customer applies for an insurance policy relating to business outside the customer's normal pattern of business.
10. A customer requests for a purchase of insurance policy in an amount considered to be beyond his apparent need.
11. A customer attempts to use cash to complete a proposed transaction when this type of business transaction would normally be handled by cheques or other payment instruments.
12. A customer refuses, or is unwilling, to provide explanation of financial activity, or provides explanation assessed to be untrue.
13. A customer is reluctant to provide normal information when applying for an insurance policy, provides minimal or fictitious information or, provides information that is difficult or expensive for the institution to verify.
14. Delay in the provision of information to enable verification to be completed.
15. Opening accounts with the customer's address outside the local service area.
16. Opening accounts with names similar to other established business entities.
17. Attempting to open or operating accounts under a false name.
18. Any transaction involving an undisclosed party.
19. A transfer of the benefit of a product to an apparently unrelated third party.
20. A change of the designated beneficiaries (especially if this can be achieved without knowledge or consent of the insurer or the right to payment could be transferred simply by signing an endorsement on the policy).
21. Substitution, during the life of an insurance contract, of the ultimate beneficiary with a person without any apparent connection with the policy holder.
22. The customer accepts very unfavourable conditions unrelated to his health or age.
23. An atypical incidence of pre-payment of insurance premiums.
24. Insurance premiums have been paid in one currency and requests for claims to be paid in another currency.

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- 25.** Activity is incommensurate with that expected from the customer considering the information already known about the customer and the customer's previous financial activity. For individual customers, consider customer's age, occupation, residential address, general appearance, type and level of previous financial activity. For corporate customers, consider type and level of activity.
- 26.** Any unusual employment of an intermediary in the course of some usual transaction or formal activity e.g. payment of claims or high commission to an unusual intermediary.
- 27.** A customer appears to have policies with several institutions.
- 28.** A customer wants to borrow the maximum cash value of a single premium policy, soon after paying for the policy.
- 29.** The customer who is based in non-co-operative countries designated by the Financial Action Task Force from time to time or in countries where the production of drugs or drug trafficking may be prevalent.
- 30.** The customer who is introduced by an overseas agent, affliator or other company that is based in non-co-operating countries designated by the Financial Action Task Force from time to time or in countries where corruption or the production of drugs or drug trafficking may be prevalent.
- 31.** A customer who is based in Kenya and is seeking a lump sum investment and offers to pay by a wire transaction or foreign currency.
- 32.** Unexpected changes in employee characteristics including a lavish lifestyle or avoiding taking holidays.
- 33.** Unexpected change in employee or agent performance, e.g. the sales person selling products has a remarkable or unexpected increase in performance.
- 34.** Consistently high activity levels of single premium business far in excess of any average company expectation.
- 35.** The use of an address which is not the client's permanent address, e.g. utilization of the salesman's office or home address for the dispatch of customer documentation.
- 36.** Any other indicator as may be detected by the insurance institutions from time to time.
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THE INSURANCE (GROUP-WIDE SUPERVISION) REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
 2. Interpretation
 3. Objective of the regulations
 4. Scope of the regulations
 5. Achievement of objectives
 6. Compliance by group
 7. Delegation by board
 8. Delegation by senior management
 9. Governance arrangements
 10. Governance in wider groups
 11. Information flows
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 29. Risk reporting
-

THE INSURANCE (GROUP-WIDE SUPERVISION) REGULATIONS

[Legal Notice 25 of 2020]

1. Citation

These Regulations may be cited as the Insurance (Group-Wide Supervision) Regulations.

2. Interpretation

In these regulations, unless the context otherwise requires—

"Act" means the Insurance Act (Cap. 487);

"financial conglomerate" means a group of companies including an insurance group of companies, whether operating or non-operating, under common control or dominant influence, comprised of a financial holding company which conducts material financial activities in at least two of the regulated financial services sectors and includes an unregulated entity;

"parent company" means the entity which controls or exerts dominant influence over a financial conglomerate and may be the ultimate parent or the head of a conglomerate that is a subset of the wider group;

"unregulated entity" means an entity that is not directly regulated by a financial sector regulator; and

"wider group" means the group to which a financial conglomerate belongs including where the financial conglomerate is part of a larger diversified conglomerate with both financial and non-financial entities.

3. Objective of the regulations

The objective of these regulations is to—

- (a) address regulatory arbitrage from group activities and ensure effective supervision of group risks; and
- (b) ensure that supervision has proper regard to all entities which may affect the overall risk profile and financial position of the group or the individual entities within the group.

4. Scope of the regulations

These regulations shall apply to insurance groups.

5. Achievement of objectives

A financial conglomerate shall establish and maintain organisational governance and communications structures at group level to facilitate the achievement of the objectives of these regulations.

6. Compliance by group

An entity regulated under the Act shall facilitate and ensure compliance by the group with these regulations.

7. Delegation by board

The board of a parent company may delegate certain duties to a committee of the board of the parent company, the board of a subsidiary company or an affiliate company of the parent company.

[Subsidiary]

8. Delegation by senior management

The senior management of a parent company may delegate certain duties to the senior management of a subsidiary company or an affiliate company of the parent company.

9. Governance arrangements

A financial conglomerate shall have a transparent organisational and managerial structure that is consistent with its overall strategy.

10. Governance in wider groups

The board and senior management of the head of a financial conglomerate that is part of a wider group shall establish governance arrangements to enable the relevant regulatory authorities to identify and assess risks arising from the wider group.

11. Information flows

A financial conglomerate shall have a framework governing information flows within the group.

12. Distinct operational framework

A financial conglomerate shall ensure that each entity within the group has a distinct operational framework including premises.

13. Governance framework

A financial conglomerate shall establish a group-wide governance framework that addresses the sound governance of the conglomerate.

14. Resources

A financial conglomerate shall develop a framework that ensures resources are available for entities in group to meet both the group and entities' governance requirements.

15. Responsibility for management

The board of a parent company shall be ultimately responsible for the sound and prudent management of a financial conglomerate.

16. Corporate governance

A financial conglomerate shall establish a corporate governance framework which shall

-
- (a) balance the interests of shareholders, entities within the group and the conglomerate;
 - (b) take into consideration the interests of policyholders and other recognised stakeholders of the conglomerate and the financial soundness of entities in the conglomerate;
 - (c) have adequate policies and processes to manage intra-group conflicts and conflicts of interest;
 - (d) have a risk management framework, an internal control system, an internal audit function and a compliance function;
 - (e) have a code of ethical conduct and ensure that the group conducts its affairs with a high degree of integrity; and
 - (f) address the following issues—
 - (i) alignment with the organisational structure of the financial conglomerate;
 - (ii) the financial soundness of the significant owners;
 - (iii) the suitability of members of the board, senior management and key persons in control functions;

- (iv) the fiduciary responsibilities of the boards of directors and senior management of the parent company and subsidiaries; and
- (v) the management of conflicts of interest including at the intra-group level; and
- (vi) remuneration policies and practices within the conglomerate.

17. Adherence to corporate governance requirements

Where domestic corporate governance requirements applicable to any particular entity in the conglomerate are below the group standards, the more stringent group corporate governance standards shall apply, except where this would lead to a violation of domestic law.

18. Remuneration policy

A financial conglomerate shall—

- (a) develop and implement a remuneration policy which shall be overseen by the parent company; and
- (b) ensure that the management of the risks associated with remuneration arrangements is addressed by the financial conglomerate's risk management framework.

19. Intra-group conflicts

(1) A financial conglomerate shall establish policies for identifying and managing intra-group conflicts of interest including conflicts of interest arising from intra-group transactions, charges, up-streaming dividends and risk-shifting.

(2) The policies under paragraph (1) shall—

- (a) be approved by the board of directors of the head of the conglomerate and be implemented throughout the conglomerate; and
- (b) recognise the long-term interests of the financial conglomerate, policyholders, significant entities of the conglomerate, the stakeholders within the financial conglomerate and all applicable laws and regulations.

20. Suitability of board and management

The significant owners, members of the board of directors, senior management and key persons in control functions of a financial conglomerate shall meet fit and proper requirements prescribed by the Act.

21. Periodic assessment of suitability

A financial conglomerate shall establish processes for periodically assessing the suitability of significant owners, members of the board of directors, senior managers and key persons in control functions.

22. Responsibilities of the parent company board

The board of directors of a parent company or a financial conglomerate shall—

- (a) exercise adequate oversight of its regulated and unregulated subsidiaries;
- (b) define the strategy and risk appetite of the financial conglomerate and ensure that the strategy is implemented in the entities comprising the parent company or financial conglomerate;
- (c) provide relevant information on the strategy, risk appetite and corporate governance framework of the financial conglomerate to the Authority;
- (d) establish a monitoring framework for compliance with the strategy and risk appetite across the financial conglomerate;
- (e) establish a corporate governance framework to ensure that the strategy is implemented, monitored, and reviewed at least once in every three years; and

[Subsidiary]

- (f) establish a system for financial reporting that meets the reporting requirements of the group, entities within the group and relevant written laws.

23. Intra-group transactions

A financial conglomerate shall—

- (a) develop and implement a policy on related party transactions;
- (b) ensure that related party transactions are at arm's length; and
- (c) ensure integrity and transparency in respect of related party transactions.

24. Group shared services

Where a financial conglomerate or parent company uses shared services at the group level, the conglomerate or company shall satisfy the Authority that the head of the shared services function meets the criteria prescribed by the Authority under the Act.

25. Capital management policies

(1) The board of directors of a parent company of a financial conglomerate shall develop and implement a capital management policy.

(2) The capital management policy shall take into account any additional risks associated with unregulated activities and the complexities related to cross-sectoral activities.

26. Capital management

A financial conglomerate shall—

- (a) maintain adequate capital on a group-wide basis as determined under the Act;
- (b) consider and assess the group-wide risk profile when undertaking capital management;
- (c) manage its capital through a documented process to ensure it maintains adequate capital within the group and its subsidiaries;
- (d) consider double gearing or multiple gearing when conducting capital adequacy assessment;
- (e) address excessive leverage and situations where a parent company issues debt and down-streams the proceeds in the form of equity to a subsidiary;
- (f) ensure the capital adequacy measurement techniques consider the potential for undue pressure to service debt of a parent company;
- (g) ensure that funds treated as available and included in the group-wide capital assessment should be legitimately movable within the group where necessary; and
- (h) ensure that the regulatory capital in a subsidiary and the corresponding capital requirements are calculated according to the rules applicable to the financial sector and jurisdiction in question.

27. Risk management framework

A financial conglomerate shall—

- (a) establish a group-wide risk management framework;
- (b) set down in writing its group-wide risk management framework;
- (c) establish a group-level risk management function that has a direct reporting line to the board of directors; and
- (d) establish a policy for reviewing the effectiveness of the group-wide risk management framework and ensuring appropriate aggregation of risks.

28. Responsibility for risk management

The board of directors of a parent company shall be responsible for the financial conglomerate's group-wide risk management, audit and compliance functions.

29. Risk reporting

A financial conglomerate shall put in place effective systems and processes to manage and report group risks.

THE INSURANCE (MICROINSURANCE) REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
 2. Interpretation
 3. Scope of the regulations
 4. Grace periods
 5. Microinsurance criteria
 6. Approval of microinsurance products
 7. Revocation of approval of microinsurance products
 8. Change of product features
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 10. Marketing materials
 11. Policy summaries
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 13. Provision of policy documents and receipts
 14. Claims payments
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 18. Appointment of microinsurance intermediaries.
 19. Register of microinsurance intermediaries
 20. Training obligations
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 22. Reporting requirements
 23. Enforcement
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-

THE INSURANCE (MICROINSURANCE) REGULATIONS

[Legal Notice 26 of 2020]

1. Citation

These Regulations may be cited as the Insurance (Microinsurance) Regulations.

2. Interpretation

In these regulations, unless the context otherwise requires—

"bundled microinsurance product" means a microinsurance product that covers one or more classes of—

- (a) general insurance business;
- (b) long term insurance business; and
- (c) general and long-term insurance business;

"general microinsurance product" means a health insurance contract, a contract covering personal belongings including dwellings, livestock, crops or tools of trade, or a personal accident contract, either on individual or group basis, according to the terms specified in the microinsurance criteria of the contract;

"fixed sum insurance" means an insurance contract under which an agreed specified fixed sum is payable or agreed specified fixed benefits shall be provided by the insurer to the policyholder on the occurrence of the insured risk regardless of the actual loss or damage suffered by the policyholder;

"grace period" means a specified period immediately following the premium due date during which a payment can be made to continue a policy in force without interruption;

"life microinsurance product" means a life insurance product designed in accordance with terms stated in the microinsurance criteria;

"master policyholder" in relation to a group microinsurance contract, means a person who is the legal holder of the policy issued in respect of that contract;

"microinsurer" means a person registered under the Act to carry on microinsurance business;

"microinsurance business" means insurance that is accessed by or accessible to the low-income population, including the underserved markets provided by a variety of different entities and managed in accordance with generally accepted insurance principles;

"microinsurance actuary" means a person who holds the qualifications of Certified Actuarial Analyst at a minimum; and

"waiting period" means the period an insured person shall be required to wait before some or all of that person's insurance coverage shall come into effect.

3. Scope of the regulations

Save as specifically provided, these regulations shall apply to any person engaged in microinsurance business.

4. Grace periods

(1) The grace period for microinsurance contracts shall be at least forty-five days from the date when the premium falls due for payment.

(2) A grace period shall not be provided for index-based microinsurance products.

5. Microinsurance criteria

A microinsurance contract shall satisfy the following criteria—

[Subsidiary]

- (a) the policy shall offer protection to an individual or members of a group and their property and shall exclude third party liability risks;
- (b) the contract term of the policy shall not exceed twelve months;
- (c) the policy may be renewable at the end of the contract term without the need for a new policy document subject to the payment of premium;
- (d) the amount of daily premiums or contributions shall not exceed forty shillings;
- (e) the sum insured shall not be more than five hundred thousand shillings;
- (f) the policy shall be a fixed sum insurance contract;
- (g) the policy shall not provide for a change of the product's features during the term of the contract;
- (h) the policy shall expressly state that the cover under the contract shall not commence until—
 - (i) the premium has been paid; or
 - (ii) where the contract provides for payment of the premium by instalments, the first instalment of the premium has been paid.

6. Approval of microinsurance products

(1) A microinsurer shall apply to the Authority for approval of a microinsurance product and any amendments to the terms of the product in accordance with the product approval guidelines issued under the Act.

(2) In addition to the conditions specified in paragraph (1), a microinsurer shall submit—

- (a) a sample policy summary;
- (b) the proposed commission rates or fee structures;
- (c) a sales plan specifying how the product will be marketed and distributed; and
- (d) copies of drafts of any agreements with intermediaries or other persons who shall be involved in the marketing or distribution of the product.

7. Revocation of approval of microinsurance products

(1) The Authority may, by notice in writing, revoke the approval of a microinsurance product—

- (a) on application by the microinsurer;
- (b) where the product ceases to meet the requirements of the Act or these regulations; or
- (c) where the microinsurer ceases to comply with the provisions of the Act or these regulations.

(2) A revocation of approval of an existing microinsurance product shall not affect any existing contracts.

8. Change of product features

(1) A microinsurer shall not alter the microinsurance product's features without the prior written approval of the Authority.

(2) An application to change the microinsurance product's features shall be accompanied by a written certification by the microinsurance actuary that the revised terms have been determined in accordance with generally accepted actuarial methodologies.

(3) A change in the microinsurance product's features shall not be applicable to existing contracts.

9. Group microinsurance policies

(1) A microinsurer may offer a group policy that meets the following conditions—

- (a) the master policyholder purchases the insurance policy on behalf of members of the group and their beneficiaries;

- (b) the group is identifiable and exists independently of the insurance contract;
- (c) the group is not formed by an intermediary or a registered insurer; and
- (d) the risks insured under the policy are related to the common interests or activities of the beneficiaries.

(2) Where group underwriting is applied, price discrimination shall not be allowed between individuals within the group.

(3) The master policyholder shall disclose the premium payable by each member of the group and the benefits payable to the members at the inception of the contract.

10. Marketing materials

Any marketing material developed for a microinsurance contract shall be in the same language as the policy document and shall be in a clear, plain and easy to understand language.

11. Policy summaries

(1) A microinsurer shall prepare a simple policy summary for each of its micro insurance policies with an express declaration in the summary that the product is a microinsurance product.

(2) A policy summary shall—

- (a) be no more than one A4 page with a minimum font size of 12 or in an electronic format that captures similar details that it will have if it was in paper form;
- (b) be written in clear, plain and easy to understand language with no or minimal use of technical and legal language;
- (c) where any technical or legal language is used, the language shall be fully explained;
- (d) be in the same language as the policy document; and
- (e) contain a summary of the cover provided and the key features of the policy.

(3) The policy summary shall be issued to prospective policyholders, in electronic form or otherwise, prior to selling the policy.

(4) Despite paragraph (2), the policy summary shall contain the following information—

- (a) the name of the microinsurer and the address of its principal office in Kenya;
- (b) a description of the insured risks and any exclusions or limitations that apply;
- (c) the duration of the policy, the period of cover, the grace period and any waiting periods that apply;
- (d) the principal benefits provided under the policy;
- (e) any obligations on a prospective policyholder to disclose material facts before purchasing the policy;
- (f) procedures for payment of premiums, date when premium is payable, amount of premium payable including consequences of non-payment of premiums;
- (g) whether, and in what circumstances the policy is renewable and the procedures for renewal;
- (h) whether, and in what circumstances the policy is renewable and the procedures for renewal;
- (i) the claims procedures;
- (j) the right to complain and the method of lodging a complaint;
- (k) a statement that the Policy Summary does not contain the full terms of the insurance policy, which are to be found in the policy document; and
- (l) how the policyholder may obtain a copy of the policy document.

12. Policy documents

(1) A microinsurer shall ensure that the policy document for a microinsurance contract—

[Subsidiary]

- (a) is written in clear, plain and easy to understand language with no, or minimal, use of technical and legal language; and
 - (b) will be easily understood by any person to whom it is marketed and sold.
- (2) A microinsurance policy document shall—
- (a) be written in English or Kiswahili or any other language:
Provided that where a language other than English or Kiswahili is used, the issuer shall provide an English or Kiswahili translation of the microinsurance policy document;
 - (b) state in clear terms that it is a microinsurance policy;
 - (c) contain no or few exclusions; and
 - (d) shall specify—
 - (i) the name of the microinsurer;
 - (ii) the name of the policyholder;
 - (iii) the insured risk;
 - (iv) the compensation to be made, or the benefits to be provided, on the occurrence of the insured risk;
 - (v) any exclusions applicable to the contract; and
 - (vi) the procedure for making a claim.

13. Provision of policy documents and receipts

(1) A microinsurer shall, within three working days of the commencement of a microinsurance contract, provide the policyholder with a policy document and a confirmation of receipt of premium.

(2) A microinsurer may provide the documents under paragraph (1) in electronic form.

14. Claims payments

(1) A microinsurer shall, within ten calendar days of receipt of a claim notification under a microinsurance policy, pay or reject the claim and, in the case of a rejection, notify the claimant in writing the reasons for the rejection.

(2) Where a claim notification is received by a microinsurance intermediary, such notification shall be deemed to have been received by the microinsurer.

(3) Where a microinsurer is unable to complete the claim process due to a reasonable cause, the microinsurer shall seek an extension of time of not more than ten calendar days from the Authority to complete the claims process.

15. Registration requirements

(1) Except as otherwise provided for under the Act, only a person registered in accordance with these regulations shall carry on microinsurance business in Kenya.

(2) The name of a registered microinsurer shall contain the word "microinsurance" in microinsurer's registered name.

(3) A registered insurer who intends to carry on microinsurance business shall set up a separate microinsurance company for that purpose.

(4) Where a registered insurer sets up a separate microinsurance company for the purposes of carrying on microinsurance business, the management and governance structure of the parent company may be used for the separate microinsurance company.

16. Application for registration

(1) Microinsurance registration applications shall be subject to similar registration requirements as insurers under the Act, but with capital, annual registration and operational requirements as set out in these regulations.

(2) A person who has applied to be registered as a microinsurer shall have the higher of—

- (a) a minimum paid up capital of fifty million shillings; or
- (b) risk-based capital as may be determined by the Authority.

(3) A microinsurer shall apply to the Authority for the renewal of registration annually on or before the 30th of September.

(4) The reserving requirements for microinsurance products marketed or sold under by a microinsurer shall be the same as for products sold under general insurance business.

17. Complaints

(1) A microinsurer shall establish and maintain a function and procedures for dealing with enquiries, complaints and disputes.

(2) A microinsurer shall within seven calendar days of receiving a complaint, resolve the complaint and notify the complainant of its decision.

18. Appointment of microinsurance intermediaries.

(1) A microinsurer may appoint a microinsurance intermediary by entering into an agreement which shall specify the terms and conditions of the relationship between the microinsurer and the intermediary.

(2) A microinsurance intermediary shall not require to be registered by the Authority.

(3) A microinsurer may appoint any person as a microinsurance intermediary:

Provided that—

- (a) the microinsurer is satisfied that the person is fit and proper to be a microinsurance intermediary;
- (b) the person has successfully completed a microinsurance training program approved by the Authority; and
- (c) the person shall be monitored and supervised as a microinsurance intermediary by the microinsurer.

19. Register of microinsurance intermediaries

(1) A microinsurer shall keep and maintain a register of all microinsurance intermediaries that it has appointed.

(2) The register of microinsurance intermediaries shall include—

- (a) full name, business address and contact details of each intermediary;
- (b) the date of appointment and termination where applicable;
- (c) the volume of business generated by the microinsurance intermediary by class or type;
- (d) the source of microinsurance business; and
- (e) the amount of commissions or fees paid to the microinsurance intermediary.

20. Training obligations

(1) A microinsurer shall, at its expense, provide at least twenty-five hours of training to all its microinsurance intermediaries at the time of appointment.

(2) A microinsurer shall, at its expense, ensure that its microinsurance intermediaries undergo refresher training of at least fifteen hours after every three years.

(3) A microinsurance training programme shall include training on—

- (a) the provisions of the Act and these regulations;
- (b) the duties and responsibilities of the intermediary in the distribution of microinsurance products;
- (c) the specific microinsurance products that the intermediary shall be authorised to distribute;

[Subsidiary]

- (d) the insurance market;
- (e) claims and complaints handling procedures of the microinsurer; and
- (f) consumer protection and the fair treatment of policyholders.

21. Commissions and fees

The commission or fee payable to a microinsurance intermediary by the microinsurer shall not exceed fifteen per cent of the premium paid.

22. Reporting requirements

In addition to any other reporting requirements under the Act, a microinsurer shall regularly report to the Authority on the following matters—

- (a) information in respect of microinsurance business as may be required by the Authority;
- (b) quarterly information regarding the handling of complaints or grievances made against the microinsurer or its microinsurance intermediaries not more than fifteen days after the end of the quarter to which it relates; and
- (c) annual reports on microinsurance intermediaries that were appointed by the microinsurer during the year not later than three months after the end of the year in which the appointments were made.

23. Enforcement

All the penalties and sanctions applicable to insurers under the Act shall apply to microinsurers with the necessary modifications.

24. Transition

A registered insurer engaged in microinsurance business shall continue providing such products and regularise compliance with these regulations within three years from the date of the coming into operation of these regulations.

EXEMPTION

[Legal Notice 32 of 2021]

The Cabinet Secretary for the National Treasury and Planning exempts the National Hospital Insurance Fund ("the Fund") from the provisions of sections 19, 179(6), 197A and 197B of the Insurance Act for the purpose of offering Enhanced Medical, Group Life and Last Expense Cover to Civil Servants, National Police Service, Kenya Prisons Service, County Governments, County Assemblies, Constitutional Commissions, State Departments, State Corporations and Retired Public Servants including Retired State Officers, Kenya Association of Retired Officers, National Association of Retired Police Officers of Kenya, Former Parliamentarians Association and Central Bank of Kenya Pensions Fund, for a period of one (1) year.

EXEMPTION

[Legal Notice 101 of 2021]

The Cabinet Secretary for the National Treasury and Planning exempts Old Mutual Holdings, which owns UAP Life Assurance Limited and Old Mutual Life Assurance Company Limited, from the provisions of sections 22(b) and 23(4A) of the Act for the purposes of the acquisition and ownership of ordinary shares in UAP Life Assurance Limited.

INSURANCE EXEMPTION, 2021

[Legal Notice 211 of 2021]

The Cabinet Secretary for the National Treasury and Planning exempts Holmarcom Africa Financial Services from the provisions of section 23(4A) of the Insurance Act, for a period not exceeding three (3) years, from the 30th September, 2021.

THE INSURANCE (SUITABILITY OF KEY PERSONS) REGULATIONS

ARRANGEMENT OF REGULATIONS

Regulation

1. Citation
2. Interpretation
3. Purpose and application
4. Suitability of key persons
5. Notification of changes etc.
6. Approval of appointment of key person
7. Enforcement

SCHEDULES

FIT AND PROPER ASSESSMENT FORM

THE INSURANCE (SUITABILITY OF KEY PERSONS) REGULATIONS

[Legal Notice 47 of 2022]

1. Citation

These Regulations may be cited as the Insurance (Suitability of Key Persons) Regulations.

2. Interpretation

In these Regulations, unless the context otherwise requires—

"key persons" include significant owners, board members, management and heads of control functions;

"regulated entity" means a person registered under the Act and includes insurance groups; and

"significant owner" means a person who directly or indirectly holds more than ten per cent of the controlling or beneficial interest in a person licensed under the Act.

3. Purpose and application

The purpose of these Regulations is to ensure that all key persons are suitable at all times to fulfil their respective roles and shall apply to persons registered under the Act and insurance groups.

4. Suitability of key persons

A regulated entity shall put in place appropriate procedures and shall assess, as and when required, the suitability of key persons on the following grounds—

- (a) competence which shall be judged from the level of an individual's professional qualifications, knowledge, skills and relevant experience;
- (b) financial soundness which shall be ascertained through an assessment of the source of financing and future access to capital; and
- (c) integrity which shall be demonstrated through evidence in character, personal behaviour and business conduct.

5. Notification of changes etc.

Where a regulated entity makes any changes or envisages circumstances that may adversely affect the suitability of a key person or where a key person resigns or is replaced, that regulated entity shall, within seven days of making the changes or resignation or replacement of that key person, notify the Authority giving reasons thereof.

6. Approval of appointment of key person

(1) A regulated entity shall not appoint any key person without prior written approval of the Authority.

(2) A regulated entity shall duly fill and submit the fit and proper Form as specified in the Schedule to these Regulations when seeking approval for appointment of a key person.

(3) A regulated entity shall at the point of seeking approval of appointment of key persons, submit a formal statement that each of the tests provided for under regulation 4 on competence, financial soundness and integrity has been performed and, where necessary, further investigations have been conducted.

7. Enforcement

(1) Where the Authority determines non-compliance with the provisions of these Regulations, it may take any intervention prescribed in the Act and may also—

- (a) direct that a regulated entity takes appropriate remedial action;

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[Subsidiary]

- (b) reject, suspend or revoke the appointment of a key person;
- (c) prohibit from declaring and paying dividends;
- (d) withdraw or impose conditions on the business license taking into account the nature of the breach; and
- (e) take other action as may be deemed necessary.

(2) The Authority may impose the following additional sanctions to significant owners who do not meet or no longer meet suitability requirements—

- (a) require them to dispose of their interests in the regulated entity within a specified period of time;
- (b) suspend the exercise of their corresponding voting rights;
- (c) nullify any votes cast or the possibility of their annulment; and
- (d) prohibit them from receiving dividends.

SCHEDULE

[r. 6(2)]

FIT AND PROPER ASSESSMENT FORM

Please answer all the questions

1. THE INSTITUTION

Name of Institution: _____

Position Applied for: _____

2. PERSONAL INFORMATION

- (a) Surname
- Other names
- (b) Previous Names (if any)
by which you have been known
(evidence of change of name to be attached):
- (c) Year and place of birth
- (d) Nationality and how acquired
- (e) Personal identification number
- (f) Identification card number and date of issue
- (g) Passport number and date of issue
- (h) Postal Address
- (i) Previous Postal address
- (j) Physical address:
- (k) Email address:
- (l) Telephone Number

3. ACADEMIC QUALIFICATIONS

No.	Period	Institute	Course	Final Score
1.				
2.				
3.				
4.				

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5.

4. PROFESSIONAL QUALIFICATIONS

No.	Period	Institute	Membership No.	Qualification
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- 1.
- 2.
- 3.
- 4.
- 5.

5. EMPLOYMENT/ BUSINESS RECORDS

Period	Name of Employer/ Business & Address	Position Held & Responsibilities Dates	Reasons for leaving (where applicable)
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DESCRIPTION OF YOUR PAST AND CURRENT ACTIVITIES IN KENYA AND ABROAD

6.1 SHAREHOLDING (DIRECTLY OWNED OR THROUGH NOMINEES)

Company Name	Date of incorporation	Amount of Shareholding	% of shareholding	Past shareholding				Beneficial ownership	Remarks
				A	B	C	D		

A: Refers to Date of closure or surrender of shares

B: Refers to reasons for closure or surrender

C: Refers to Beneficial Ownership Commencement Date

D: Refers to Beneficial Ownership Termination Date

Note: 'Beneficial Owner' refers to an individual (natural person) who:

holds at least ten percent of the issued shares in the company either directly or indirectly;

exercises at least ten percent of the voting rights in the company either directly or indirectly;

holds a right, directly or indirectly, to appoint or remove a director of the company; or

exercises significant influence or control, directly or indirectly, over the company.

6.2 DIRECTORSHIP

Company Name	Date of Appointment	Executive or Non-Executive	Position held in case of Executive	Past Directorships	Remarks
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E: Refers to Date of retirement

F: Refers to reasons for retirement

6.3 SOCIAL CLUBS

Club Name	Membership No.	Position held	Past club memberships	Remarks
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I: Refers to Date of retirement

J: Refers to reasons for retirement or resignation

6.4 BORROWINGS

Name of borrowing	Name of Facility	Type of borrowed	Amount	Date of offer	Terms of offer	Security offered	Value of security	Current outstanding balance	Remarks
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[Subsidiary]

Institution

*Borrower to indicate both individually and the private company where he holds more than 5 % of the shareholding

7. SOURCES OF FUNDS

Please provide details of the source(s) of funds that you, as a shareholder, would like to invest or use in the acquisition of shares in the institutions.

a)

.....

b)

.....

c)

.....

8. ADDITIONAL INFORMATION

8.1 Have you or any entity with which you are associated as director, shareholder or manager, ever held or applied for a licence or equivalent authorization to carry on any business activity in any country? If so, give particulars. If any such application was rejected or withdrawn after it was made or any authorization revoked, give particulars.

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.....

8.2 Have you at any time been convicted of any criminal offence in any jurisdiction? If so, give particulars of the court in which you were convicted, the offence, the penalty imposed and the date of conviction

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8.3 Have you, or any entity with which you have been involved, been censured, disciplined, warned as to future conduct, or publicly criticized by any regulatory authority or any professional body in any country? If so give particulars.

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8.4 Have you, or has any entity with which you are, or have been associated as a director, shareholder or manager, been the subject of an investigation, in any country, by a government department or agency, professional association or other regulatory body? If so, give particulars.

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8.5 Have you, in any country, ever been dismissed from any office or employment, been subject to disciplinary proceedings by your employer or barred from entry of any profession or occupation? If so, give particulars.

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8.6 Have you failed to satisfy debt adjudged due and payable by you on order of court, in any country, or have you made any compromise arrangement with your creditors within the last 10 years? If so, give particulars.

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Insurance

[Subsidiary]

8.7 Have you ever been declared bankrupt by a court in any country or has a bankruptcy petition ever been served on you? If so, give particulars.

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8.8 Have you ever been held liable by a court, in any country, for any fraud or other misconduct? If so, give particulars.

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8.9 Has any entity with which you were associated as a director, shareholder or manager in any country made any compromise or arrangement with its creditors, been wound up or otherwise ceased business either while you were associated with it or within one year after you ceased to be associated with it? If so, give particulars.

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8.10 Are you presently, or do you, other than in a professional capacity, expect to be engaged in any litigation in any country? If so, give particulars.

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8.11 Indicate the names, addresses, telephone numbers and positions of three individuals of good standing who would be able to provide a reference on your personal and professional integrity. The referees must not be related to you, and should have known you for at least five years.

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8.12 Is there any additional information which you consider relevant for the consideration of this application? The omission of material facts may represent the provision of misleading information.

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8.13 Have you been licensed or registered under any law which requires licensing or registration in relation to any regulated business? If yes, give particulars.

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8.14 Have you been refused the right or restricted in your right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law in any jurisdiction? If yes, give particulars.

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8.15 Have you been issued a prohibition order under any law or has been prohibited from operating in any other jurisdiction by any regulatory authority? If yes, give particulars.

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[Subsidiary]

8.16 Have you been censured, disciplined, suspended or refused registration by the Authority or any other regulatory authority, in Kenya or elsewhere? If yes, give particulars.

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8.17 Have you been the subject of any complaint made reasonably and in good faith relating to activities regulated by the Authority or under any law in any jurisdiction? If yes, give particulars.

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.....

8.18 Have you been the subject of any proceedings of a disciplinary or criminal nature or have been notified of any potential proceedings or of any investigation which might lead to those proceedings, under any law in any jurisdiction; of misfeasance or serious misconduct? If yes, give particulars.

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.....

8.19 Have you been convicted of any offence, or been subject to any pending proceedings which may lead to such conviction, under any law in any jurisdiction?

If yes, give particulars.

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.....

8.20 Have you had any judgement (including a finding of fraud, misrepresentation, or dishonesty) entered against you in any civil proceedings or are you a party to any pending proceedings which may lead to such a judgement, under any law in any jurisdiction? If yes, give particulars.

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8.21 Have you had any civil penalty enforcement action taken against you by the Authority or any other regulatory authority under any law in any jurisdiction? If yes, give particulars.

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8.22 Have you ever contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct, in Kenya or elsewhere? If yes, give particulars.

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8.23 Have you ever been the subject of any investigations or disciplinary proceedings or been issued a warning or reprimand by any regulatory authority, an operator of a market or clearing facility, professional body or government agency in Kenya or elsewhere? If yes, give particulars.

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8.24 Have you ever been refused a fidelity or surety bond in Kenya or elsewhere? If yes, give particulars.

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8.25 Have you ever been a director, partner or concerned in the management of a business that has been censured, disciplined, suspended or refused membership or registration by any regulatory authority, professional body or government agency in Kenya or elsewhere? If yes, give particulars.

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.....

8.26 Have you ever been a director, partner or involved in the management of a business that has gone into insolvency, liquidation or administration during the period when, or within a period of one year after, you were a director, partner or involved in the management of the business, in Kenya or elsewhere? If yes, give particulars.

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8.27 Have you ever been dismissed or asked to resign, from office, employment, a position of trust, or a fiduciary appointment or similar position, in Kenya or elsewhere? If yes, give particulars.

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8.28 Have you ever been subject to disciplinary proceedings by your current or former employers(s), in Kenya or elsewhere? If yes, give particulars.

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8.29 Have you ever been disqualified from acting as a director or disqualified from acting in any managerial capacity, in Kenya or elsewhere? If yes, give particulars.

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8.30 Have you ever been found liable for an offence committed by a body corporate as a result of an offence having proved to have been committed with the consent or connivance or neglect attributable to yourself in Kenya or elsewhere? If yes, give particulars.

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.....

8.31 Are you unable to fulfill any financial obligations currently and in the past, in Kenya or elsewhere? If yes, give particulars.

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8.32 Are you subject to a judgement debt which is unsatisfied, either in whole or in part, in Kenya or elsewhere? If yes, give particulars.

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9. DECLARATION

Insurance

[Subsidiary]

I am aware that it is an offence to knowingly or recklessly provide any information which is false or misleading in connection with an application for appointment under the Insurance Act.

I am also aware that provision of false information in this regard may result in rejection of this application by the Authority.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the Authority should be aware.

I undertake to inform the Authority of any changes material to the applications which arise while the application is under consideration.

Applicant:

Name:

Signed: _____

Date: _____ / _____ 20 _____

In Presence of:

Commissioner of Oaths

Name: _____

Signed: _____

Date: _____ / _____ / 20 _____

EXEMPTION

[Legal Notice 91 of 2022]

The Cabinet Secretary for the National Treasury and Planning exempts the National Health Insurance Fund from the provisions of sections 19, 179(6), 197A and 197B of the Insurance Act for the purpose of offering Enhanced Medical, Group Life and Last Expense Cover to Civil Servants, National Police Service, Kenya Prisons Service, County Governments, County Assemblies, Constitutional Commissions, State Departments, State Corporations, Retired Presidents and other designated State Officers, Retired Public Servants including the Kenya Association of Retired Officers, National Association of Retired Police Officers of Kenya, Former Parliamentarians Association and Central Bank of Kenya Pensions Fund, for a period of three (3) years from the 26th March, 2022.

THE INSURANCE—EXEMPTION

[Legal Notice 224 of 2022]

The Cabinet Secretary for the National Treasury and Economic Planning exempts insurers transacting permanent health; annuities; and all pension classes of life insurance business from the provisions of section 197A of the Insurance Act for a period of (5) five years.
