INSURANCE ACT, NO......2015

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Part 1.

1. This regulations may be cited as the Insurance regulations, 2015

2. Pursuant to section 2, of the Insurance Act, the following terms are defined as follows;


“Annuity business” means a business of selling a financial product where a specified income is payable at stated intervals for a fixed or a contingent period, dependent on the recipient’s life, in consideration of a stipulated premium paid either in prior installment payments or in a single payment.

“Approved securities” means-
(i) government securities issued by the National Government of Kenya;
(ii) government securities issued by the County Governments guaranteed fully by the National Government of Kenya;
(iii) government securities issued by other sovereign governments approved by the Authority up to a limit of thirty per centum (30%);
(iv) shares of a state corporation established by law and guaranteed fully by the National Government; or
(v) any other security as may be prescribed in the guidelines by the Authority as approved securities.

“Associated person” means-

(a) in relation to a company or other body corporate -
(i) its holding company or its subsidiary;
(ii) a subsidiary of its holding company;
(iii) a holding company of its subsidiary;
(iv) any person who controls the company or body corporate whether alone or with his associates or with other associates of it; or
(v) any company in which an individual is a director;

For the purposes of paragraph (a) (iv) “Control” means

(a) the ability to influence, whether directly or indirectly, the composition of the board of directors of a company or any other body corporate; or

(b) holding, directly or indirectly, whether personally or through a holding company or companies or subsidiaries thereof, or in any other way, an aggregate of twenty five per centum or more of the voting power of a company or body corporate, whether alone or with associates or with other associates of the company or body corporate.

(b) in relation to an individual -
(i) any member of his family;
(ii) any company or other body corporate controlled directly or indirectly, by him whether alone or with his associates; and
(iii) any associate of his associates;

and a person is deemed to be a member of a family if he is the parent, spouse, brother, sister, child, uncle, aunt, nephew, niece, stepfather, stepmother, stepchild and adopted child of the person concerned, and in case of an adopted child his adopter or adopters.

“Business outsourcing” is defined as a licensee’s use of a third party (either an affiliated entity within the group or an entity that is external to the group) to perform activities on a continuing basis that would normally be undertaken by the licensee, now or in the future.

“Capital resources” means the difference between assets and liabilities on the basis of their recognition and valuation for solvency purposes. And shall consist of;

(a) shares issued and paid up;
(b) share premium;
(c) retained earnings and
(d) other reserves.

which has the ability to absorb loses of an insurer at the time of financial stress.
“Category of insurance service providers” includes
(a) **Risk Managers** meaning a person who does the business of identification, assessing and advising on the mitigation of risks in insurance business.
(b) **Loss Adjusters** mean a person who does the business of assessing, investigating and makes recommendation to the insurer;
(c) **Motor Assessors** means a person who does the business of assessing and makes recommendation to the insurer in respect of motor insurance losses.
(d) **Insurance Investigators** means a person who does the business of investigating insurance losses.
(e) **Surveyors** means a person who engages in surveying risks and in advising on the rate and terms and conditions of premiums including making suggestions for improvement of the risks; and includes a person who surveys or assesses the losses on behalf of the insurer or insured.
(f) **Claims Settling Agents** means a person who engages in the business of settling or negotiating insurance claims under policies issued by insurers whether in Kenya or outside Kenya.

“Class of insurance business” means a class of general insurance business and long term insurance business which are categorized as follows;

(a) Classes of **General Insurance Business** includes;

**CODECLASSES**
01 Aviation Insurance
02 Engineering Insurance including Contractor’s All Risks, Machinery Breakdown, Erection All Risks and Consequential Loss from 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
05 Liability Insurance—including public liability, products’ liability and professional indemnity
06 Marine Insurance
07 Motor Insurance—Private Vehicles
   Motor Cycle Insurance – Private Vehicle
08 Motor Insurance—Commercial Vehicles
   Motor Cycle Insurance—Commercial Vehicle
09 Motor Insurance—Public Services Vehicles (PSV)
   Motor Cycle Insurance—Public Service Vehicle
10 Personal Accident Insurance
11 Theft Insurance including Burglary, Cash-in-Transit and Fidelity Guarantee
12 Work Injury Benefits and Employer’s Liability Insurance
13 Medical insurance
14 Index Based Insurance
15 Energy Insurance (exploration risks, transit risks, construction and any other risks associated exploration and production)
16 Miscellaneous Insurance (i.e. class of business not included under those listed above and includes and not limited to crop and livestock, golfers, bonds)

(b) Classes of Long Term Insurance Business includes;

**CODECLASSES**
01 Life assurance
02 Annuity
03 Personal pensions and Deposit Administration
04 Unit-linked and linked investments (investment linked contract)
05 Non-linked investments
06 Group life
07 Group credit
08 Permanent health

“Cedant” means an insurer who enters into a reinsurance arrangement with a reinsurer, also referred to as “the reinsured”.
“Control” means a person who directly or indirectly holds more than ten percent of the controlling or beneficial interest in a person licensed under this Act.

“Collective investment scheme” means an investment company, a unit trust, a mutual fund or any other scheme incorporated or organized under the laws of Kenya which:

(a) collects and pools funds from the public or a section of the public for the purpose of investment;
(b) is managed by or on behalf of the scheme by the promoter of the scheme; split into a number of different class schemes or sub-schemes, each of which is managed by or on behalf of a common promoter, but does not include –

i) a body corporate incorporated under any law in Kenya relating to building societies and co-operative societies;

ii) an arrangement where each of the holders of the shares is a body corporate in the same group as the promoter;

iii) an arrangement where each of the holders of the share is an employee, former employee, wife, husband, widow, widower, child, stepchild of the employee or former employee of the directors or shareholders of a body corporate in the same group as the promoter;

iv) arrangements where the receipt of contributions from the holders of shares in the collective investment scheme constitutes the acceptance of deposits in the course of a business which is a deposit-taking business for the purposes of the Banking Act;

v) contracts of insurance;

vi) occupational pension schemes;
“**Consumer Price Index**” means consumer price index as determined by the Kenya National Bureau of Statistics from time to time.

“**Domestic reinsurance arrangements**” means stipulated local reinsurance arrangement as provided for under any regional treaty or under the Act.

“**Facultative**” in respect to facultative reinsurance means a reinsurance of individual risks by offer and acceptance wherein the reinsurer retains the right to accept or reject each risk offered.

“**Financial Condition Report**” means a report on solvency condition of an insurance company that takes into account both the current financial status as reflected in the balance sheet and an assessment of the ability of the company to survive future risks scenarios.

“**Fronting Arrangement**” means the issuance of a policy by licensed Kenya insurer or intermediary on behalf of another insurer. The licensed Kenyan insurer issues the policy to the insured and retains legal responsibility for meeting claim payment under it, but has reinsured 100% of its exposure to the second insurer.

“**Investment Grade**” means a rating on claims payment ability and financial strength of a reinsurer provided by a rating agency.

“**Kenyan Insurance Business**” means insurance business carried on by an insurer in respect of any person, human life, property or interest situated or being imported in Kenya, or in respect of which premiums are ordinarily payable in Kenya and include insurance business in respect of any vessel, aircraft registered or ordinarily located in Kenya, including marine cargo insurance policies for commercial imports but excludes marine cargo insurance policies issued on personal effects, goods and items imported into Kenya by returning residents or passengers entering Kenya for permanent or temporary residence.

Provided that, if any doubt arises as to whether a policy of insurance the premiums are ordinarily payable in Kenya or outside Kenya, the Authority shall decide the question and its decision shall be final.
“Kenyan Insurance Contract” means any insurance risk insured in Kenya whether the subject of insurance is situated in Kenya or not and includes the Kenya insurance business.

“Kenyan re-insurer” means an insurer who carries on exclusively reinsurance business as licensed by the Authority.

“Maximum Event Retention” means the maximum amount retained calculated separately by class of business by the insurer in respect of the accumulation of all loses arising from a defined event.

“Micro-insurance Actuary” means an actuary appointed to undertake the role of an appointed actuary for an insurer licensed to undertake only micro-insurance class of business as defined under Microinsurance regulations.

“New product” means an insurance product that is being offered by an insurer for the first time in Kenya and includes a combination of or a variation to an existing product that results in material change to the risk profile or nature of the existing product.

Generally this does not apply to:

i. the introduction of the new delivery channels.

  ii. new or improved systems or processes which generally enhance the operations of insurance companies but which are not directly related to introduction of new products.

“Pool” means an arrangement byagroup of insurers or reinsurers through which particular types of risks are underwritten with premium, losses and expenses shared in agreed proportion.

“Prescribed Accounting Standards” means the International Financial Reporting Standard or any other accounting standard the Authority may specify.

“Syndicate” means a group of companies or underwriters who join together to insure high valued property or high hazard liability exposures.

“Qualifying foreign reinsurer” means the reinsurers created by
regional treaties and any other reinsurer having minimum investment grade rating of BBB provided by international or national ratings agency as shall be specified by the Authority in a guideline.

“Takaful business” means an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events and shall include re-takaful;

“Technical provisions” means the amount that an insurer sets aside to fulfil its insurance obligations and settle all commitments to policyholders and other beneficiaries arising over the lifetime of the portfolio, including the expenses of administering the policies, reinsurance and of the capital required to cover the remaining risks.

“Treaty” means a reinsurance arrangement which imposes obligations between the ceding company and the reinsurer containing the contractual reinsurance management strategy applying to the reinsurance of some class or classes of business.

“Third party” in relation to business outsourcing is defined as an entity that is undertaking the outsourced activity on behalf of the licensee.

3. Pursuant to sections 8(1) of the Act, an insurer is deemed to have met the minimum solvency requirements if it meets the minimum capital requirements under the Act.

4. Pursuant to section 15 (2), a licensed insurance broker authorized by its license to transact reinsurance brokerage business may conduct such insurance contract with the qualifying foreign reinsurers.

5. Pursuant to section 16 (1) the usage of the words “reinsurance management strategy,” “insurance”, “assurance” and “underwrite” may be permitted where the usage of the term is not misleading or does not suggest that one is conducting an insurance business.
6. Pursuant to section 19(2) of the Act, the application for license shall be in the form set out in the First Schedule.

7. Pursuant to section 18(a) of the Act, the license shall be in the form set out in the Second Schedule.

8. (1) No insurer shall, in Kenya grant any loan, advance, financial guarantee or other credit facility against the security of his own shares; or grant to or permit to be outstanding without adequate security any loan, advance, financial guarantee or other credit facility not being a loan against and within the surrender value on a policy of life assurance issued by that insurer, to any shareholder, director, officer or employee or member of his family or to any company of which the shareholder, director, officer or employee or member of his family is a shareholder, director, officer or employee:

(2) Notwithstanding the provision of sub regulation (1), an insurer may grant to an officer or employee, on compassionate grounds, an unsecured loan or advance not exceeding two months gross salary subject to the condition that no further loan or advance shall, at any time, be granted if any previous loan or advance has not been fully repaid.

9. Pursuant to section 43(6)(a) and (b) a life insurer shall in addition to the requirement specified in the section, include the following to the notice:

(a) the initial startup fund;

(b) the initial liability;

(c) Composition of assets supporting the initial fund;

(d) any other matter that the Authority may deem appropriate.
10. A life insurer shall pursuant to section 44(1) (e)(ii)-

(1) prepare an investment policy statement approved by its board of directors for purposes of investing the life fund and submit to the Authority.

(2) the investment policy statement shall be in line with the asset liability matching concept which takes into consideration security, liquidity, income and diversification.

(3) the investment policy statement shall be in line with the capital requirements regulations for the long term insurance business.

(4) the assets of the life fund shall not without the approval of the Authority be invested in assets of another insurer.

(5) the Authority may allow a life insurer to invest assets of the life fund outside Kenya.

(6) if at any time the Authority considers an investment constituting an insurer’s asset to be unsuitable or undesirable, the Authority may after giving notice to the insurer stating the grounds in which the Authority proposes to exercise its powers under this regulation and giving the insurer an opportunity of being heard, direct the insurer to realize the investment, and the insurer shall comply with the direction within such a time as may be specified by the Authority.

11. (1) Pursuant to section 44 (1) (e)(iii) and section 47(1), upon an actuarial valuation of a life fund, there is a surplus of assets over liabilities in the life insurance fund at the end of a financial year, the life insurer on the recommendation of the appointed actuary, may allocate part of the surplus attributable to participating and non-participating policies in the following manner-

a) by way of bonus to participating policies
b) by way of transfer to the shareholders fund.
(2) the insurer shall not make a distribution to a shareholder unless, after the distribution its capital and solvency equals or exceeds the capital that it is required to maintain under the capital requirements regulations.

(3) the insurer shall not transfer or otherwise apply assets representing any part of participating policy surplus without allocating to the policyholders at least 90 per centum of that surplus or such other amount as the Authority may approve.

(4) the amount allocated or paid to the shareholder out of the life fund shall not exceed 30% of the surplus disclosed therein after making the necessary adjustments to the surplus.

(4) if the sums of money transferrable to the shareholders from the life insurance fund in accordance with any instrument or contract binding the life insurer, or its constituent document is less than the sums of moneys allowed under paragraph 2, then the less of the sum of moneys shall be transferrable.

12. Pursuant to section 44 (2) (a), a life insurer shall not, without the approval of the Authority given generally or in a particular case, and on such conditions as the Authority may determine-

   a) mortgage, charge or otherwise encumber assets of the life fund.

   b) directly or indirectly borrow against any assets of the life fund.

   b) by means of any surety, give any security in relation to obligations between other persons except where the security is provided under a guarantee policy which the insurer is authorized to issue under its license.

13. A life insurer shall not transfer assets of any life fund to any other life fund except as may be approved by the Authority.
of a life fund

Assets that may not be include in the life fund

14. Pursuant to section 46 (5) (c) A life insurer shall not include any of the following as the assets of a life fund -

   (i) intangible assets such as goodwill, patent and software.
   (ii) receivables from related parties.
   (iii) office equipment.
   (iv) loans to related parties.
   (v) any unrealizable asset at the point of sale.
   (vi) such other asset as may be specified by the Authority.

15. Pursuant to section 48(1) (a):

   (1) A licensed insurer or reinsurer shall deposit and keep deposited with the Central Bank in Kenya government securities estimated at the market value of the securities on the day of deposit.

   (2) The deposit shall be Kenya shillings ten million or 5 per centum of the total balance sheet assets whichever is higher. Such deposit shall be based on the most current quarterly balance sheet or annual audited balance sheet whichever is the higher.

16. Pursuant to section 58(2)(c) of the Act:

   (1) a licensed insurer shall seek the approval of the Authority to enter into-
       (i) facultative arrangement;
       (ii) fronting arrangement;

   (2) in giving such approval the Authority shall among others consider-
       (i) the treaty capacity of the cedant
       (ii) the retention capacity of the cedant
       (iii) the risk appetite of the cedant
       (iv) the nature of that risk
       (v) the suitability of the reinsurer or insurer to whom the business is ceded to.

   (3) Subject to subregulation (1) & (2) where the fronting or facultative is to be placed with a foreign reinsurer, the
17. Pursuant to section 58(4) of the Act:

(1) Every insurer and reinsurer shall have a written Reinsurance or Retrocession Management Strategy:

(a) approved by the company’s board of directors that is appropriate to its overall risk profile.
(b) submit to the Authority.
(c) review and submit the strategy to the Authority biennially(once in two years) and whenever there is any material changes in the company’s circumstances prompting revision of strategy within 30 calendar days of the company’s board approving the strategy.

(2) A licensed insurer and reinsurer shall submit to the Authority a reinsurance arrangement and retrocession arrangement respectively on an annual basis or whenever there is a change in reinsurance arrangement.

(3) The insurer shall set limits of net risks to be retained both by line of business and for the whole company and per risk or per event or a combination thereof. The limits must be based on the insurer’s risk profile and the cost of reinsurance. The limit, or retentions, must be based on the statistics of the insurer’s performance for the past four and half years.

(4) The reinsurance arrangement shall continue to be guided by the following objectives -

(a) to maximise retention within the country;
(b) to develop adequate capacity;
(c) to secure the best possible protection for the reinsurance costs incurred;
(d) to simplify the administration of business.

(5) Every insurer shall maintain the maximum possible retention commensurate with its financial strength and volume of business. The Authority may require an insurer to justify its retention policy and may give such directions as considered necessary in order to ensure that
the Kenyan insurer is not merely fronting for a foreign insurer.

(6) Every insurer shall cede such percentage of the sum assured on each policy for different classes of insurance written in Kenya to the reinsurers as may be specified by the Authority in accordance with the provisions of the Act.

(7) The reinsurance arrangement of every insurer shall commence from the beginning of every financial year and every insurer shall submit to the Authority, the reinsurance arrangement for the forthcoming year, 45 days before the commencement of the financial year.

(8) Within 30 days of the commencement of the financial year, every insurer shall file with the Authority a certified copy of the proportional and non-proportional reinsurance treaty slip in respect of that year together with the list of reinsurers and their shares in the reinsurance arrangement.

(9) The Authority may call for further information or explanations in respect of the reinsurance arrangement of an insurer and may issue such direction as it considers necessary.

(10) Insurers shall only place their reinsurance business outside Kenya with qualifying foreign reinsurer. Insurers may also place reinsurances with approved syndicates taking care to limit placements with individual syndicates to such shares as are commensurate with the capacity of the syndicate.

(11) Kenyan Reinsurer may organize domestic pools for reinsurance surpluses in fire, oil and gas, marine hull and other classes in consultation with all insurers on basis, limits and reinsurance management strategy which are fair to all insurers and assist in maintaining the retention of business within Kenya. The arrangements so made shall be submitted to the Authority within three months of these regulations coming into force, for approval.
(12) Surplus over and above the domestic reinsurance arrangements class wise can be placed by the insurer independently with any of the reinsurers complying with sub-regulation (9) subject to a limit of 20% of the total reinsurance premium ceded outside Kenya being placed with any one reinsurer. Where it is necessary in respect of specialized insurance to cede a share exceeding such limit to any particular reinsurer, the insurer may seek the specific approval of the Authority giving reasons for such cession.

(13) Every insurer shall be required to submit to the Authority statistics relating to its reinsurance transactions in such a form as the Authority may specify, together with its annual accounts.

18. Pursuant to Section 59(2) of the Act:

(1) the Authority may exempt an insurer who is licensed to only underwrite micro insurance business from the requirement of an appointed actuary.

(2) in approving the exemption in (1) above, an insurer licensed to underwrite only micro insurance business shall be required to have a micro insurance actuary.

(3) a micro insurance actuary shall have the qualification as provided in microinsurance regulations.

(4) the micro insurance actuary can be an employee of the insurer or an outsourced.

19. (1) Pursuant to Section 60 of the Act the Authority may require an appointed actuary or any other approved actuary of a licensed insurer who is a member of a group to perform group actuarial review.

(2) the costs of the group actuarial review shall be borne by the licensed insurer.
20. Pursuant to Section 60(b) of the Act the appointed actuary of an insurer shall produce a financial condition report for each financial year which shall include the following-

(i) A signed and dated statement by the appointed actuary indicating the date of the completion of the financial condition report.

(ii) The degree to which the appointed actuary relied upon information, including data and reports provided by the insurer, or upon testing of the data or other information by the insurer’s internal auditor or other third parties must be explained in the financial condition report, together with an assessment of the consequent limitations of the financial condition report.

(iii) Where the appointed actuary relies on work carried out by other actuaries, the appointed actuary shall be satisfied as to the suitability of the work. Where the actuary is not satisfied, alternative analyses must be undertaken and explained in the financial condition report.

(iv) Where the insurer does not provide adequate and timely access to information, including data and reports, and staff, as required by the appointed actuary, and the information cannot otherwise be practically obtained, the appointed actuary may omit from the financial condition report analysis that is dependent on that information, but must provide an explanation as to why it has been omitted and an assessment of the consequent limitations of the financial condition report.

(v) Where the appointed actuary places reliance upon others to provide information required, and this information is limited, or not forthcoming, the appointed actuary must note this in the financial condition report, together with an assessment of the consequent limitations of the financial condition report.

(vi) The financial condition report shall include general
background information on insurer’s plans, forward projections, any regulatory requirements, the corporate structure and operations of the insurer.

(vii) The financial condition report shall outline the material risks arising from the insurer’s plans at the effective date, recent experience and profitability which include significant features or trends in the insurer’s recent experience to the extent of at least three years on premiums, claims, expenses, commissions, investment return, and profit and losses including any abnormal features.

(viii) Deviations of actual experience from the expected experience in the insurer’s plan over at least the year since the previous balance sheet date will also be discussed, including an assessment of the reasons for these deviations.

(ix) The financial condition report will comment on the steps taken, or proposed to be taken, by the Board and Management of the insurer to address areas of deviation and the adverse experience.

(x) The financial condition report must include a summary of the key results of, and considerations arising from, the insurance liability valuation prepared at the effective date in accordance with the regulation of valuation of assets and liability. The financial condition report must make reference to the insurance liability valuation report, which can either be a separate report or included in the financial condition report.

(xi) The financial condition report must outline, consider and comment on material issues arising from or disclosed by the insurance liability valuation.

(xii) The financial condition report must include an assessment of the adequacy of past estimates of either outstanding claim liabilities or all insurance liabilities against the subsequent actual claims experience over a period of at least three years if experience exists.
(xiii) The financial condition report must include comments on any material implications for the adequacy of current estimates of insurance liabilities, both including and excluding risk margins, arising out of the review of historical estimate.

(xiv) The financial condition report must consider the adequacy of premiums, and must outline, consider and comment on material issues arising from the insurer’s pricing processes and underwriting and claim management practices.

(xv) The financial condition report must consider whether expected future profitability arising from the assessment of premium adequacy is materially in line with the insurer’s plans.

(xvi) The financial condition report must outline, consider and comment on material issues arising from the insurer’s approach to asset and liability management and in undertaking this assessment, the Actuary must outline, consider and comment on material risks arising from the:

a) insurer’s liability profile and liquidity needs;

b) insurer’s investment assets, in particular its investment strategy and the nature, quantum and performance of those assets;

c) insurer’s other assets, in particular reinsurance and non-reinsurance recoveries;

d) insurer’s insurance liabilities and non-insurance liabilities

e) insurer’s net assets; and

f) methods for valuing assets and non-insurance liabilities, particularly, changes in those methods.

(xvii) The financial condition report will outline the insurer’s approach to setting and monitoring capital
resources over time, including dividend policy, and the processes and controls in place to monitor and ensure compliance with the Minimum Capital Requirement as determined in accordance with Capital requirements regulations.

(xviii) The Actuary must consider and comment on that approach, as well as material risks arising from its application, having regard to the insurer’s minimum capital requirements and needs for future capital to support the insurer’s plans, including target and capital adequacy ratios used by the insurer.

(xix) The financial condition report must include the insurer’s Minimum Capital requirements calculated in accordance with capital requirements regulations.

(xx) The financial condition report must outline, consider and comment on trends in the insurer’s compliance with its minimum capital requirements and its capital targets at least in the last three years at quarterly intervals, taking into account the impact of material seasonal variation in the Minimum Capital requirements. The financial condition report must comment on the extent of, and reasons for, identified breaches of the insurer’s Minimum Capital requirements or of its capital targets during the past year, and the actions that were taken by the insurer to rectify such breaches.

(xxi) The Appointed Actuary must consider and provide for the insurer’s capacity to meet its minimum capital requirements and its capital targets for the next three years.

(xxii) The financial condition report will provide for material issues arising from the use of the insurer’s reinsurance strategy, and from its actual current and past reinsurance arrangements, having regard to the insurer’s liability profile. Reference must be made to the insurer’s reinsurance management strategy and to the reinsurance arrangements statements submitted to the Authority.
(xxiii) In undertaking this assessment, the financial condition report must consider group reinsurance arrangements and relationships between the insurer and other entity’s or institutions within the corporate group.

(xxiv) The financial condition report must assess the method used to calculate the insurer’s maximum event retention and comment on whether the method is appropriate to the operations of the insurer.

(xxv) The Appointed Actuary will outline, consider and provide for material risks arising from the insurer’s reinsurance arrangements, having regard to the documentation and extent of placement of reinsurance arrangements, obligations to pay future reinsurance premiums, and the certainty of the insurer’s ability to make reinsurance recoveries under these arrangements.

(xxvi) The financial condition report will outline, consider and provide for material risks arising from use of risk transfer products, such as financial reinsurance or purported reinsurance.

(xxvii) The appointed actuary will provide for material risks arising from the risk management framework of the insurer. Where there are limitations, the Appointed Actuary must note this in the financial condition report, together with an assessment of the consequent limitations of the report.

(xxviii) The financial condition report must make reference to the insurer’s risk management strategy that has been submitted to Authority in accordance with regulations. The appointed Actuary will provide for material risks arising from the use of the reinsurance management strategy, including the extent of implementation of the insurer’s risk management framework. Where there are limitations, the Appointed Actuary must note this in the report, together with an assessment of the consequent limitations of the financial condition report.

(xxix) The assessment of the financial condition of the
insurer must include a discussion of the implications of material risks and issues identified during the assessment of the financial condition of the insurer.

(xxx) Where the Appointed Actuary identifies material risks with adverse implications for the insurer’s overall financial condition, the Appointed Actuary must include in the financial condition report, recommendations intended to address these risks.

(xxxi) The Appointed Actuary must also provide for the extent to which the insurer has addressed recommendations provided in the previous financial condition report.

21. Pursuant to section 171 (3) (j) of the Act, all licensee shall adhere to the principles of good corporate governance as prescribed in the guideline on corporate governance.

22. Pursuant to section 171 (3) (n) of the Act -

(a) all new products and material variations to existing products shall be authorized by the chief executive of the insurer;

(b) every Insurer shall file with the Authority any new product prior to the launch of the product;

(c) subject to paragraph (b), the Authority shall retain the right to direct the insurer to withdraw the product or recommend for an improvement of the product at any time in the life of the product;

(d) where the Authority directs the insurer to withdraw a product, the insurer shall cease to sell or market such a product and where there is a recommendation for improvement of a product the insurer shall file with the Authority the improved product within 30 days.

(e) the Authority will communicate to the insurer their action on the improvement within 30 days of the filing of the improved product.
(f) the insurers shall develop and implement appropriate policies and procedures to prudently manage risks associated with the products offered;

(g) every insurer shall ensure that adequate procedures are in place and operating effectively to monitor and control product risks on an ongoing basis;

(h) every insurer shall give due regard to the interests of consumers in the development, marketing and sale of new products.

(i) every insurer shall submit a report to the Authority on the performance of a new product offered on annual basis for at least three years from the time of launch of the product.

(j) every intermediary offering a new product on behalf of a foreign insurer shall submit to the Authority annual report on the performance of each new product for at least three years from the time of launch of the product.

(k) the Authority may call for additional information relating to insurance products offered by insurers and intermediaries.

(l) every insurer shall inform the Authority of the intention to withdraw a product from the market, the reasons for withdrawal and the measures in place for protecting the policyholders.

(m) the Authority may require the insurer or intermediary to notify the public of such withdrawal.

(n) the Authority may withdraw the approval of any product being offered by an insurer or intermediary after giving the insurer or the intermediary reasonable opportunity to mitigate any risk or losses associated with the product but the insurer has failed to mitigate the risk or losses on the product.
23. Pursuant to section 171 (3) (o), every insurer shall file with the Authority their premium rates on annual basis.

24. Pursuant to section 171 (3) (s):
   (i) A group of insurers may establish insurance pools to mitigate common risks and enhance capacity;

   (ii) Where such a pool is established the pool shall comply with the Insurance Act, regulations and guidelines.

   (iii) Any pool established by members shall be managed by an independent body as shall be agreed by members of the pool.

25. Pursuant to 171(3) (p) of the Act:
   (i) A licensee seeking to outsource activities shall have in place a comprehensive policy to guide the assessment of whether and how those activities can appropriately be outsourced.

   (ii) The board of directors of the licensee retains ultimate responsibility for the outsourcing policy and related overall responsibility for activities undertaken under that policy.

   (iii) The licensee shall establish a comprehensive outsourcing risk management program to address the outsourced activities and the relationship with the service provider.

   (iv) For the purposes of outsourcing the term “service provider” includes a member of the group to which the institution belongs, parent institution another branch or related company or an unrelated party, whether located
in Kenya or elsewhere.

(v) The licensee shall ensure the outsourcing arrangement neither diminish its ability to fulfil its obligations to customers and regulators nor impede effective supervision by regulators.

(vi) The licensee shall have written contracts that clearly describe all material aspects of the outsourcing arrangement, including the right, responsibility and expectation of all parties. The contract shall provide for a dispute resolution mechanism, default, termination and early exit and subcontracting and applicable law.

(vii) The licensee and its service providers shall establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of back up facilities.

(viii) The licensee shall take appropriate steps to require that service providers protect confidential information of the regulated entity and the policyholders from intentional or advertent disclosure to unauthorized persons.

(ix) The licensee shall ensure its business continuity preparedness is not compromised by outsourcing.

(x) Where the outsourced activity requires independence, the licensee shall satisfy itself that the principle of independence is upheld.

(xi) The following activities cannot be outsourced-

   a) Underwriting.
   b) Reinsurance.

26. Pursuant to section 171 (3) (t), every insurer shall prepare an annual business plan which shall include the following-

   a) the projected financial statement which includes the income statement and the financial position for each type and class of insurance business which shall be on an optimistic, pessimistic and realistic basis.
   b) amount expected to be spent during advertising and other
methods of promoting business.

c) amount expected to be spent on office equipment, motor
vehicle and other capital expenditure.

d) the proposed ratio of claims represented as a percentage of
premiums (net of reinsurance).

e) the proposed ratio of management expenses excluding
commission as a percentage of premium (net of
reinsurance).

f) the proposed ratio of commissions as a percentage of
premiums(net of reinsurance).

g) a list of investments categorized by type held by the
company and the value of each investment and the method
of valuation.

h) a marketing plan outlining the following –

(i) methods by which business will be marketed.
(ii) if more than one method is to be used the expected
proportions to be marketed by each.
(iii) the extent to which and the conditions under which
any broker or agent will have binding authority on
the insurer.

i) A feasibility study which must include strength, weakness,
opportunity and threat assessment, incorporating market
analysis, risk profile, customer analysis, competitor analysis
and strategic positioning.

27. Pursuant to section 171 (3) (v)

(1) All the insurers and intermediaries will be required to adhere to
the market conduct principles and shall be required to prepare
policies and procedures on -

(i) due diligence, care and skill towards customers
including the principle of “know your customer”;

(ii) fair treatment of customers;

(iii) provision of clear product information to customers
before, during and after the point of sales;

(iv) provision of information regarding the protection of
policy holders through the Policy holders protection
fund;
(v) clear claim handling procedures which shall contain specific time frames;

(vi) management of conflict of interest;

(vii) customers’ information confidentiality;

(viii) complaint handling and resolutions procedures;

(ix) maintenance of customer care desk;

(x) code of conduct covering ethical standards to be adhered to towards customers.

(xi) conducting customers’ needs analysis to reduce the risk of sale of product that is not appropriate to the customers.

(2) The insurers shall ensure that they develop products that are equitable to the target market and meets the customer’s fair expectations.

(3) Insurers and Intermediaries shall be required to conduct the customer’s needs and financial analysis before selling the product which shall be part of the customers documentation maintained by the insurer.

(4) The insurers and intermediaries shall disclose the following information when dealing with customers;

(i) their responsibility on servicing of policies appropriately through to the point at which all obligations under the policy have been satisfied or discharged;

(ii) the policyholder information on any contractual changes during the life of the contract; and

(iii) remuneration of the intermediary.

(iv) any relevant information depending on the type of insurance product.

28. (1) Pursuant to Schedule 2, paragraph 3 the following financial penalties shall be applicable in respect to the categories of non-compliance provided in the table below:
## Financial Penalties
### (Other than Late Payment Penalties)

<table>
<thead>
<tr>
<th>Description and Category of non-compliance</th>
<th>Penalty In KES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Licensing</strong></td>
<td></td>
</tr>
<tr>
<td>Licensee—</td>
<td>Individual Agent: 20,000</td>
</tr>
<tr>
<td>(a) carrying on type of business not authorised by its licence; or</td>
<td>Corporate Agents: 300,000</td>
</tr>
<tr>
<td>(b) carrying on business in breach of a condition of its licence or contrary to a directive issued by the Authority.</td>
<td>Service providers: 50,000</td>
</tr>
<tr>
<td>NB: Where there is continuous offence an additional penalty of two hundred per centum of the amount previously charged subject to the maximum penalty.</td>
<td>Brokers and Health Insurance Managers: 1,000,000</td>
</tr>
<tr>
<td><strong>2. Prudential Requirements</strong></td>
<td></td>
</tr>
<tr>
<td>Licensee—</td>
<td>Insurance and reinsurance Companies: 5,000,000</td>
</tr>
<tr>
<td>(a) failing to—</td>
<td></td>
</tr>
<tr>
<td>(i) maintain the required level of minimum capital (where required to do so); or</td>
<td>(a) In case of 2 (a) (i) and (ii) -10% on the amount of the deficit of the Minimum Capital.</td>
</tr>
<tr>
<td>(ii) notify the Authority of its likely failure to comply with a prudential requirement, where required to do so;</td>
<td>(b) 500,000 per breach</td>
</tr>
<tr>
<td>(b) in the case of a licensed insurer—</td>
<td></td>
</tr>
<tr>
<td>(i) failing to comply with any requirements relating to the valuation of assets or liabilities;</td>
<td></td>
</tr>
</tbody>
</table>
(ii) failing to establish and maintain a life fund, where required to do so;

(iii) issuing shares for a consideration other than cash without the written approval of the Authority;

(iv) making a distribution contrary to section 40;

(v) contravening section 41 (prohibition on advances and loans);

(vi) failing to make or maintain a statutory deposit.

3. Submission of Documents to Authority

(a) Licensee submitting any document (other than financial statements, periodic financial statements or financial condition report) after the last date of submission or notification to the Authority where the -

(i) document is required to be submitted; or

(ii) matter is required to be notified to the Authority.

(b) Licensee providing incorrect and misleading information to the Authority in any document (other than its financial statements, periodic financial statements or financial condition report).

4. Financial Statements and
<table>
<thead>
<tr>
<th>Financial Condition Report</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Licensee failing to submit to the Authority, within the time specified in the Act (where required to do so)—</td>
<td>(a) 1000,000 and an addition of 10,000 any other day that remains outstanding.</td>
</tr>
<tr>
<td>(i) financial statements or periodic financial statements, where required to do so; or</td>
<td></td>
</tr>
<tr>
<td>(ii) a financial condition report.</td>
<td></td>
</tr>
<tr>
<td>(b) Licensee submitting incorrect and misleading information to the Authority in a financial statement, periodic financial statement or financial condition report.</td>
<td>(b) 2,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Approval or No Objection of Authority</th>
<th>1000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any licensee taking any action where;</td>
<td></td>
</tr>
<tr>
<td>(i) the approval of the Authority or</td>
<td></td>
</tr>
<tr>
<td>(ii) A letter of no objection is required, without having obtained the necessary approval or letter of no objection.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Record Keeping</th>
<th>1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensee failing to maintain any records in the form, manner or place as required.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Strategies, Policies, Procedures and Controls</th>
<th>200,000 per breach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensee failing to—</td>
<td></td>
</tr>
<tr>
<td>(a) establish or maintain strategies, policies, procedures and controls</td>
<td></td>
</tr>
</tbody>
</table>
required by this Act or the Regulations to be established or maintained by the licensee;

(b) establish or maintain a function required by this Act or the Regulations to be established or maintained by the licensee.

<table>
<thead>
<tr>
<th>8. <strong>Other non-compliance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Any other compliance failure not falling within a category specified above.</td>
</tr>
</tbody>
</table>

(2) A penalty charged by the Authority under paragraph 1 shall be multiplied by the Consumer Price Index (CPI) as shall be published by the Kenya National Bureau of standards.

(3) Where the penalty is given in a range, the Authority shall charge the penalty based on the gravity of the non-compliance within that particular range.
INSURANCE ACT, NO……2015

INSURANCE REGULATIONS, 2015

Insurance (Long Term Insurance Business) Capital requirements Regulations 2015

Part 1.

1. These regulations may be cited as the Insurance (Long-Term Insurance Business) Capital Requirements Regulations 2015.

2. These regulations are made under section 20 (1) (c) (iii) as read together with section 171 of the Insurance Act, 2015.

3. In this Regulations;

"Act" means the Insurance Act 2015;

"Authority" means Financial Services Authority established under Financial Services Act, 2015.

"Best-Estimate Assumptions" means realistic assumptions which depend upon the nature of the business and which should be guided by immediate past experience, as modified by any knowledge of, or expectations regarding, the future. Where assumptions are interrelated, such as discount rates, bonus rates and expense inflation, the assumptions must be consistent.

"capital requirement ratio" means the ratio of capital available to minimum capital requirement.

"Insurer" for the purposes of these regulations means a long -term
insurer as defined under the Act.

“Linked Long Term Policies” means the policies in the class of Investment linked as provided in the regulation.

“Minimum Capital Requirement” has the same meaning assigned to it by Regulation 9.

"Related Company" has the same meaning as associated persons relating to a company as defined under the Insurance Act.

"Solvency margin" has the same meaning assigned to it by Regulation 12.

“Policy Accumulation Fund” in relation to a policy, means, the accumulated sum of the premiums, net of risk and other charges, invested in the policy where -

(a) the bonuses, including non-vesting bonuses, net of funds and other charges, declared under the policy; or

(b) the investment returns, net of funds and other charges, earned on the underlying assets relating to the policy.

"Property" for the purposes of these regulations, includes investment in properties, mortgage and land and building for an insurer's own use.

4. An insurer shall, for the purposes of determining the value of liabilities, adopt such statutory valuation method as prescribed in the Insurance (Valuation of Assets and Liabilities) regulations, 2015.

5. (1) The insurer shall modify the best estimate assumptions by the prescribed margins as per the Second Schedule, provided that an assumption shall be increased or decreased depending on which alternative leads to an increase in the liability of the class of policies concerned.

(2) An insurer shall apply the prescribed minimum margins throughout the lifetime of the policies.

(3) An Insurer may in addition to the margins as set out in the Second Schedule, include additional discretionary margins depending on the degree of confidence in the expected level of parameters after allocating for the prescribed margins.

(4) The insurer shall define, quantify and give reason for the existence of the additional discretionary margins and disclose the financial effect on earnings in the report of the actuary submitted to the Authority.
6. (1) The insurer shall, when determining the liability in respect of linked long term policies, ensure that the liability is not less than the sum of the underwriting liability and the policy accumulation fund, including any stabilization reserve, where applicable, in respect of those contracts.

(2) The insurer shall determine the value of underwriting liabilities by discounting the expected future experience in respect of –
(a) basic benefits such as mortality, morbidity, surrender and maturity including prescribed margins and discretionary margins, if any;

(b) future commissions, expenses and expense inflation, including prescribed margins and discretionary margins, if any; and

(c) the future cost of any guarantees that have been given under the contract, less future expense deductions, risk benefit premiums and management fees to be levied.

7. (1) An insurer shall for the purposes of calculating the minimum capital requirement in these Regulations, value its assets at fair value.

(2) For the purpose of determining the minimum capital requirements "fair value" means –

(a) in the case of an asset which is listed on the 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;

(b) in any other case, the price which could have been obtained upon a sale of the asset between a willing buyer and a willing seller dealing at arm’s length, as estimated by the insurer;

(c) the Authority's estimate of the assets where the Authority suspects market abuses in (a) or is not satisfied with the estimate under (b).

(3) For purposes of valuation of assets an insurer shall take into consideration such factors to each balance sheet asset as set out in the First Schedule of these regulations.

8. (1) An insurer shall –
(a) set out in writing strategies and policies on investment concentration as part of their overall prudent portfolio investment policy;

(b) have in place management information and control systems necessary to give effect to their written policies; and

(c) submit to the Authority the policies and proof of management information and control systems in paragraph (a) and (b) within six months from the time these regulations come into force for the first policy and subsequently within 14 days after the approval by the insurer’s Board in case of any review.

(2) The Authority may recommend a review of the policies and systems in sub regulation 1 (a) and (b) if the Authority has a reason to believe that the interest of policyholders or the stability of the insurer is threatened and such recommendations shall be effected within one month.

(3) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are listed on a licensed securities exchange in Kenya or listed on any other securities exchange as may be specified by the Authority from time to time, shall not exceed 10 per cent of the assets of the insurer.

(4) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are not listed on a licensed securities exchange as described in paragraph (3), shall not exceed 5 per cent of the assets of the insurer.

(5) An insurer may invest up to 30% of its assets in property.

(6) When an insurer and its related company, makes an investment in any corporation or commodity, the aggregate value of that investment in that corporation or commodity shall not exceed –
(a) in the case of listed shares described in (2), 10 per cent of the assets of the insurer; and

(b) in the case of shares described in (3), 5 per cent of the assets of the insurer.

(7) The aggregate value of investments of an insurer in one or more of its related companies shall not exceed 10 per cent of the assets of the insurer.

(8) This regulation shall not apply to an investment in a collective investment scheme.

(9) The Authority shall ignore any investment over the limits set out in this regulations for purposes of determining the required capital.

(10) Any insurer who does not meet the requirements of this regulation shall take such measures as is necessary to comply with these provisions within six (6) months from the date of the publication of the regulations.

9. (1) The capital available to an insurer shall consist of Shares issued and paid up, Share premium, Retained Earnings and Reserve.

(2) Notwithstanding paragraph (1), subject to the prior approval of the Authority, the capital available to an insurer may include subordinated loans.

(3) The Authority may grant an approval under paragraph (2) where –

(a) the title deed setting out the terms of the subordinated loan explicitly mentions that the loan is legally subordinated to the claims of policyholders and other creditors of the insurer;

(b) the subordinated loan is unsecured;

(c) the subordinated loan has an original maturity period of over 5 years;

(d) the subordinated loan shall only be redeemed at maturity or at the option of the insurer before maturity and with the prior written approval of the Authority; and

(e) the subordinated loan shall not, in the event of the winding up of the insurer, be repaid until
10. (1) An insurer shall, for the purposes of calculating the minimum capital requirement, apply such margin as defined under the Second Schedule on its policy liabilities.

(2) The total value of the change in liabilities due to application of these margins represents the capital required to be held for policy liabilities.

11. (1) An insurer shall maintain at all times a solvency margin that is at least equal to the minimum capital requirement.

(2) The minimum capital requirement for an insurer shall be determined by its actuary, when reporting under this Act, as the higher of-

(i) an amount of Kenya shillings 250 million multiplied by Consumer Pricing Index Factor.

(ii) Risk based capital

(iii) 5% of total actuarial liability

(3) For the purpose of these regulations the term “Risk based capital” refers to the sum of-

(a) capital required for balance sheet assets;
(b) capital required for policy liability; and
(c) capital required for catastrophe risk.

12. (1) An insurer shall at all times keep and maintain a solvency margin in accordance with this regulation.

(2) The Solvency margin shall at all times be at least 100% of the minimum capital requirement.

(3) The capital requirement ratio shall at all times be at the target level of at least 150% of minimum capital.

(4) An insurer shall, immediately inform the Authority, if it anticipates its capital requirement ratio to fall below the targeted level as defined in subparagraph (3) and submit to the Authority, for approval, a contingency plan to meet the targeted level.
FIRST SCHEDULE
(Regulation 7)
1. Capital Factors for Balance Sheet Assets;

<table>
<thead>
<tr>
<th>Assets</th>
<th>Capital Charge (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property</strong></td>
<td></td>
</tr>
<tr>
<td>Land &amp; Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Investment Property</td>
<td>70</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>25</td>
</tr>
<tr>
<td>One year preceding the current year</td>
<td>50</td>
</tr>
<tr>
<td>Two years preceding the current year</td>
<td>75</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>75</td>
</tr>
<tr>
<td>Investment in related companies</td>
<td>50</td>
</tr>
<tr>
<td>Government securities</td>
<td>0</td>
</tr>
<tr>
<td>Other securities</td>
<td>20</td>
</tr>
<tr>
<td>Unit linked Assets</td>
<td>10</td>
</tr>
<tr>
<td><strong>Equity Securities</strong></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares –Quoted</td>
<td>15</td>
</tr>
<tr>
<td>Ordinary shares –Unquoted</td>
<td>20</td>
</tr>
<tr>
<td>Preference Share – Quoted</td>
<td>10</td>
</tr>
<tr>
<td>Preference Share – Unquoted</td>
<td>20</td>
</tr>
<tr>
<td><strong>Debt Securities</strong></td>
<td></td>
</tr>
<tr>
<td>Corporate Bonds – Secured</td>
<td>10</td>
</tr>
<tr>
<td>Commercial paper- Secured</td>
<td>10</td>
</tr>
<tr>
<td>Commercial paper – Unquoted</td>
<td>20</td>
</tr>
<tr>
<td>Debentures - Listed Entities</td>
<td>10</td>
</tr>
<tr>
<td>Debentures - Unlisted Entities</td>
<td>20</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
</tr>
<tr>
<td>Loans to employees – Secured loans</td>
<td>50</td>
</tr>
<tr>
<td>Loans to employees-unsecured</td>
<td>100</td>
</tr>
<tr>
<td>Loans to unrelated parties – Secured loans</td>
<td>10</td>
</tr>
<tr>
<td><strong>Mortgages</strong></td>
<td>30</td>
</tr>
<tr>
<td>Term deposits</td>
<td>0</td>
</tr>
<tr>
<td>Cash &amp; cash balances</td>
<td>0</td>
</tr>
<tr>
<td>Receivables from reinsurers –</td>
<td>0</td>
</tr>
<tr>
<td>Risk or service</td>
<td>Prescribed margin as % of the base assumption</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Mortality</td>
<td>10% (increase for assurance, decrease for annuities)</td>
</tr>
<tr>
<td>Morbidity</td>
<td>10%</td>
</tr>
<tr>
<td>Health events</td>
<td>15%</td>
</tr>
<tr>
<td>Lapses</td>
<td>25% (i.e. if the best-estimate assumption is x%, the margin is 0.25x %)</td>
</tr>
<tr>
<td>Interest rate</td>
<td>10%</td>
</tr>
<tr>
<td>Termination of disability income benefits in payment</td>
<td>10% of claims reserves</td>
</tr>
<tr>
<td>Surrenders</td>
<td>10% (increase or decrease in surrender rate depending on which alternative gives rise to an increase in the liability of the policy concerned)</td>
</tr>
<tr>
<td>Expenses</td>
<td>10%</td>
</tr>
<tr>
<td>Expense inflation</td>
<td>10% (of the estimated escalation rate)</td>
</tr>
<tr>
<td>Charges under linked long term Contracts</td>
<td>A reduction of 0.25 percentage points</td>
</tr>
</tbody>
</table>
Part 1.

1. These regulations may be cited as Insurance (General Insurance Business) Capital Requirements Regulations 2015.

2. These regulations are made under section 20(1) (c) (iii) as read together with Section 171 of the Insurance Act 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

"Minimum capital requirement" means such capital that is required to be held by an insurer calculated in accordance with regulation 4.

"Risk based capital" is the sum of capital required for balance sheet assets as in regulation 8, capital required for investment above concentration limit as in regulation 9, capital required for policy liabilities as in regulation 10, capital required for catastrophes as in regulation 11 and capital required for reinsurance ceded as in regulation 12;

"capital requirement ratio" means the ratio of capital available to minimum capital requirement;

"General insurance business" has the same meaning as defined in the Act;

"IBNR" refers to claims which are incurred but not reported, and includes claims incurred but not enough reported;

"Insurer" for the purposes of these regulations means a person conducting general insurance business;

"Related Company" has the same meaning as associated persons relating to a company as defined under the Insurance Act.

"solvency margin" has the same meaning assigned to it by regulation 4(2); and
"Property" for the purposes of these regulations, includes investment in properties, mortgage and land and building for an insurer's own use.

4. The insurer shall be required to maintain the minimum capital requirement that is higher of:

(a) Kenya Shillings 500 million, multiplied by the annual Consumer Price Index factor determined from time to time;

(b) risk based capital determined under regulations 8, 9, 10, 11 and 12; or

(c) 20% of the net earned premiums of the preceding financial year.

5. (1) An insurer shall at all times keep and maintain a solvency margin in accordance with this regulation.

(2) The Solvency margin shall at all times be at least 100% of the minimum capital requirement.

(3) The capital requirement ratio shall at all times be at the target level of at least 150% of minimum capital.

(4) An insurer shall, immediately inform the Authority, if it anticipates its capital requirement ratio to fall below the targeted level as defined in subparagraph (3) and submit to the Authority, for approval, a contingency plan to meet the targeted level.

6. (1) An insurer shall for the purposes of calculating the minimum capital requirement in these Regulations, value its assets at fair value.

(2) For the purpose of determining the minimum capital requirements "fair value" means –

(a) in the case of an asset which is listed on the 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;
(b) in any other case, the price which could have been obtained upon a sale of the asset between a willing buyer and a willing seller dealing at arm’s length, as estimated by the insurer; and

(c) the Authority’s estimate of the assets where the Authority suspects market abuses in (a) or is not satisfied with the estimate under (b).

(3) For purposes of valuation of assets an insurer shall take into consideration such factors to each balance sheet asset as set out in the First Schedule of these regulations.

7. (1) The capital available to an insurer shall consist of Shares issued and paid up, Share premium, Retained Earnings and Reserve.

(2) Notwithstanding paragraph (1), subject to the prior approval of the Authority, the capital available to an insurer may include subordinated loans.

(3) The Authority may grant an approval under paragraph (2) where –

(a) the title deed setting out the terms of the subordinated loan explicitly mentions that the loan is legally subordinated to the claims of policyholders and other creditors of the insurer;
(b) the subordinated loan is unsecured;
(c) the subordinated loan has an original maturity period of over 5 years;
(d) the subordinated loan shall only be redeemed at maturity or at the option of the insurer before maturity and with the prior written approval of the Authority; and
(e) the subordinated loan shall not, in the event of the winding up of the insurer, be repaid until the claims of policyholders and other creditors have been fully satisfied.
8. (1) An insurer shall, for the purposes of calculating the minimum capital requirement apply such factors to each balance sheet asset as per the First Schedule of these regulations.

(2) The total of these amounts represents the capital required to be held for balance sheet assets.

(3) In addition to the above, an insurer shall be required to hold capital equivalent to the extent to which any asset has been encumbered.

9. (1) An insurer shall –
(a) set out in writing strategies and policies on investment concentration as part of their overall prudent portfolio investment policy;

(b) have in place management information and control systems necessary to give effect to their written policies;

(c) submit to the Authority policies and proof of management information and control systems in paragraph (a) and (b) within six months from the time the these regulations come into force for the first policy and subsequently within 14 days after the approval by the insurer's Board in case of any review.

(2) The Authority may recommend a review of the policies and systems in sub regulation 1(a) and (b) if the Authority has a reason to believe that the interest of policyholders or the stability of the insurer is threatened and such recommendations shall be effected within one month.

(3) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except property, whose shares are listed on a on a licensed securities exchange in Kenya or listed on any other securities exchange as may be specified by the Authority from time to time, shall not exceed 10 per cent of the assets of the insurer.

(4) The aggregate value of investments as reported on the balance sheet by an insurer in any corporation, commodity or group of related corporations, except
property, whose shares are not listed on a licensed securities exchange as described in paragraph (3), shall not exceed 5 per cent of the assets of the insurer.

(5) An insurer may invest up to 20% of its assets in property.

(6) When an insurer and its related company, make an investment in any corporation or commodity, the aggregate value of that investment in that corporation or commodity shall not exceed –

(a) in the case of listed shares described in (2), 10 per cent of the assets of the insurer; and

(b) in the case of shares described in (3), 5 per cent of the assets of the insurer.

(7) The aggregate value of investments of an insurer in one or more of its related companies shall not exceed 10 per cent of the assets of the insurer.

(8) This regulation shall not apply to an investment in a collective investment scheme.

(9) The Authority shall ignore any investment above the limits set out in this regulation for the purpose of determining the required capital.

(10) Any insurer who does not meet the requirements of this regulation shall take such measures as is necessary to comply with the provisions within six months from the date of publication of these regulations.

10. (1) An insurer shall, for the purposes of calculating the minimum capital requirement, apply such margins as defined under the Second Schedule on its policy liabilities.

(2) The total of the change in policy liabilities as a result of applying the margins provided in sub regulation (1) represents the capital required to be held for policy liabilities.

11. An insurer shall, when calculating its minimum capital requirement, record an additional provision of 5% of the preceding year’s Net Written Premiums on all classes of
12. An insurer shall, when calculating its minimum capital requirement, impose a capital charge on premium ceded to reinsurance depending on the ceding ratio and the rating of the reinsurers as per the Third Schedule.

Issued by the ...............  
..................................................  
Dated this ............day of ........2015

FIRST SCHEDULE  
(Regulation 8)  
2. Capital Factors for Balance Sheet Assets;

<table>
<thead>
<tr>
<th>Assets</th>
<th>Capital Charge (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Investment Property</td>
<td>70</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td></td>
</tr>
<tr>
<td>Current year</td>
<td>25</td>
</tr>
<tr>
<td>One year preceding the current year</td>
<td>50</td>
</tr>
<tr>
<td>Two years preceding the current year</td>
<td>75</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>75</td>
</tr>
<tr>
<td>Investment in related companies</td>
<td>50</td>
</tr>
<tr>
<td>Government securities</td>
<td>0</td>
</tr>
<tr>
<td>Other securities</td>
<td>20</td>
</tr>
<tr>
<td>Unit linked Assets</td>
<td>10</td>
</tr>
<tr>
<td>Ordinary shares –Quoted</td>
<td>15</td>
</tr>
<tr>
<td>Ordinary shares –Unquoted</td>
<td>20</td>
</tr>
<tr>
<td>Preference Share – Quoted</td>
<td>10</td>
</tr>
<tr>
<td>Preference Share – Unquoted</td>
<td>20</td>
</tr>
<tr>
<td>Corporate Bonds – Secured</td>
<td>10</td>
</tr>
<tr>
<td>Commercial paper- Secured</td>
<td>10</td>
</tr>
<tr>
<td>Commercial paper – Unquoted</td>
<td>20</td>
</tr>
<tr>
<td>Debentures - Listed Entities</td>
<td>10</td>
</tr>
<tr>
<td>Debentures - Unlisted Entities</td>
<td>20</td>
</tr>
<tr>
<td>Loans to employees – Secured loans</td>
<td>50</td>
</tr>
<tr>
<td>Loans to unrelated parties – Secured loans</td>
<td>10</td>
</tr>
<tr>
<td>Categories</td>
<td>Value</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Mortgages</td>
<td>30</td>
</tr>
<tr>
<td>Term deposits</td>
<td>0</td>
</tr>
<tr>
<td>Cash &amp; cash balances</td>
<td>0</td>
</tr>
<tr>
<td>Receivables from reinsurers – outstanding less than 6 months</td>
<td>0</td>
</tr>
<tr>
<td>Computer software</td>
<td>90</td>
</tr>
</tbody>
</table>

**SECOND SCHEDULE**
(Regulation 10)

1. Margins on Unearned Premium liability and Outstanding Claim liability are applied to the net amount at risk (i.e. net of reinsurance) by class of insurance.

2. The margins are as follows:

<table>
<thead>
<tr>
<th>Class of Business</th>
<th>Outstanding Claims Risk Factor (%)</th>
<th>Unearned Premium Risk Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Engineering</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Fire Domestic</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Fire Industrial</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Liability</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Marine</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Motor Private</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material Damage</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Liability</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Motor Commercial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Material Damage</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Motor Commercial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Material Damage</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Personal Accident</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Theft</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Workman’s Compensation</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Medical</td>
<td>11</td>
<td>15</td>
</tr>
</tbody>
</table>
3. Unearned Premium liability is the sum of Unearned Premiums and Unexpired risks, while Outstanding Claim liability is the sum of Outstanding Claims and IBNR.

THIRD SCHEDULE
(Regulation12)

(1) The following capital charges shall be applied in determining the minimum capital requirement for reinsurance:

<table>
<thead>
<tr>
<th>Ratings</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>Above A</td>
<td>BBB</td>
<td>Below BBB</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Above A</td>
<td>Baa</td>
<td>Below Baa</td>
</tr>
<tr>
<td>AM Best</td>
<td>Above B+</td>
<td>B, B-</td>
<td>Below B-</td>
</tr>
<tr>
<td>Fitch Corporation</td>
<td>Above A</td>
<td>BBB</td>
<td>Below BBB</td>
</tr>
<tr>
<td>GCR</td>
<td>Above A-</td>
<td>BBB+</td>
<td>Below BBB+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ceding Ratio</th>
<th>Charge on Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>For First 50%</td>
<td>0%  15%  100%</td>
</tr>
<tr>
<td>Above 50%</td>
<td>10%  25%  100%</td>
</tr>
</tbody>
</table>

(2) The capital charge shall be calculated and imposed for each class of business.

(3) The Authority may, on application by an insurer, consider other rating agencies and determine the charge on premium.
INSURANCE ACT, NO…..2015

INSURANCE REGULATIONS, 2015

Requirements for health insurance manager, insurance broker and corporate agent Regulations

Part 1.

1. These regulations may be cited as Requirements for health insurance manager, insurance broker and corporate agent Regulations 2015.

2. These regulations are made under section 72(1) of the Insurance Act 2015 as read together with Section 171 of the Insurance Act 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

"Minimum capital requirement" means such capital that is required to be held by an insurer calculated in accordance with regulation 4.

4. (1) Every licensed health insurance manager and insurance broker shall maintain a minimum capital of Kenya Shillings ten million.

(2) Every licensed corporate agent shall maintain a minimum capital of Kenya Shillings five million.

5. Pursuant to section 73 and 74 of the Act, licensed health insurance manager, insurance broker and corporate agent shall maintain capital resources equal or exceeding 5% of premium underwritten for the previous year or the minimum capital under regulation 4 whichever is the higher.

6. A licensed health insurance manager and insurance broker shall prepare a record of compliance with Section 76 (1) of the Act annually and maintain that record for period of at least seven (7) years.

7. Pursuant to section 77(2)(d) of the Act health insurance manager and insurance broker shall put in place a risk management strategy which shall contain the following-
a) relevant objectives, key principles and proper allocation of responsibilities for dealing with risk across the business areas and organizational units of the insurer, including branches;
b) a written process defining the board approval required for any deviation from the risk management strategy;
d) appropriate written policies that include a definition and categorization foreseeable and relevant material risks to which the health insurance manager or insurance broker is exposed, and the level of acceptable risk limits for each type of risk;
e) suitable processes and tools including where appropriate models for identifying, assessing, monitoring, managing, and reporting on risks. Such processes should also cover areas such as contingency planning, business continuity and crisis management;
f) regular reviews of the risk management system to help ensure that necessary modifications and improvements are identified and made in a timely manner; and
g) an effective risk management function.

8. (1) Pursuant to section 78 of the Act money laundering reporting function shall be a key control function.

(2) A licensed health insurance manager and insurance broker shall notify the Authority on any outsourced key control function.

9. Pursuant to section 80 and 83 of the Act an insurance broker shall not hold insurance monies deposited in the customer’s account a period not exceeding two working days from the date of such deposit.

10. (1) Pursuant to section 87 of the Act, a licensed insurance broker, health insurance manager and insurance service provider shall maintain a professional indemnity policy.

(4) The professional indemnity policy shall state the registered name of the insurance broker, health insurance manager and insurance service provider protected by the policy.

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

(4) the indemnity limit for any one occurrence shall be Kenya Shillings ten thousand million or 5 per centum of the previous year’s total premium underwritten for insurance broker and health insurance manager whichever is the higher.

(5) a licensed insurance service provider the indemnity limit for any one occurrence shall be Kenya Shillings ten million.

11. A corporate agent may operate for more than one licensed insurer so long as the corporate agent has requisite capacity in terms of capital and expertise.

12. Pursuant to section 171 (3) (x) of the Act, the structures of the commission shall be as provided in the 1st schedule and based on the following principles;

In case of Long-term insurance business;

(i) Term of the policy
   (a) for products of a duration of five or less years commission pay out to be spread throughout the term of the policy.

   (b) For a product of a duration of five or more years the minimum period for a commission paid out is 6 years

(ii) Type of insurance plans:
   (a) single premium products- the maximum commission rate is 2% of the premium paid.
   (b) regular premium products- the commission rate is in range of 15% to 30% of the premium paid in the first year, 2nd year 15% followed by 5% to10% in the subsequent years.
   (c) Unit linked and investment related products – 2% to 5%
   (d) Deposit administration – 0.5% to 1% of the deposit amount.

(iii) No insurer shall pay commissions in advance.

Issued by the ……………….
………………………………….
Dated this ..........day of .........2015

FIRST SCHEDULE

(a) GENERAL INSURANCE BUSINESS

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Class of Business</th>
<th>Percentage of premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Aviation ... ...............................................</td>
<td>10%</td>
</tr>
<tr>
<td>02</td>
<td>Engineering Insurance ......................................</td>
<td>20%</td>
</tr>
<tr>
<td>03</td>
<td>Fire-Domestic ...............................................</td>
<td>20%</td>
</tr>
<tr>
<td>04</td>
<td>Fire-Industrial .............................................</td>
<td>25%</td>
</tr>
<tr>
<td>05</td>
<td>Liability .....................................................</td>
<td>20%</td>
</tr>
<tr>
<td>06</td>
<td>Marine-Cargo and other transit ...........................</td>
<td>17.5%</td>
</tr>
<tr>
<td></td>
<td>Marine Hull ..................................................</td>
<td>10%</td>
</tr>
<tr>
<td>07</td>
<td>Motor Insurance – Private Vehicles .......................</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Motor Cycle Insurance – Private Vehicle .................</td>
<td>10%</td>
</tr>
<tr>
<td>08</td>
<td>Motor Insurance – Commercial Vehicles ...................</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Motor Cycle Insurance- Commercial Vehicle ...............</td>
<td>10%</td>
</tr>
<tr>
<td>09</td>
<td>Motor Insurance – Commercial Vehicles Public Service Vehicles (PSV) ..........</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Motor Cycle Insurance - Public Service Vehicle ........</td>
<td>10%</td>
</tr>
<tr>
<td>10</td>
<td>Personal Accident ..........................................</td>
<td>20%</td>
</tr>
<tr>
<td>11</td>
<td>Theft Insurance including Burglary, Cash in transit and Fidelity Guarantee ..........</td>
<td>20%</td>
</tr>
<tr>
<td>12</td>
<td>Work Injury Benefits and Employer’s Liability Insurance .................</td>
<td>20%</td>
</tr>
<tr>
<td>13</td>
<td>Micro-Insurance .............................................</td>
<td>10%</td>
</tr>
<tr>
<td>14</td>
<td>Medical Insurance ..........................................</td>
<td>10%</td>
</tr>
<tr>
<td>15</td>
<td>Miscellaneous ..............................................</td>
<td>10%</td>
</tr>
</tbody>
</table>

INSURANCE ACT, NO......2015

INSURANCE REGULATIONS, 2015
Financial Statements, Returns and Auditors Regulations 2015

Part 1.

1. These regulations may be cited as Financial Statements and Returns and Auditors Regulations 2015.

2. These regulations are made under section 94, 95, 96 and 97 as read together with section 171 of the Insurance Act, 2015.

3. In these Regulations;

   "Act" means the Insurance Act 2015;

   “Financial Statements” has the meaning given to it in section 95 of the Act.

   “Financial Year” means calendar year ending on 31st December of every year.

4. An insurer shall keep separate accounts of receipts and payments in respect of each class of insurance business carried on by the insurer.

5. Where a single amount is received or paid, for premiums, investment income, claims, commissions, reinsurance costs, administration costs, taxes or otherwise, in respect of more than one class of business and where the amount is indirect income or expense, the insurer shall apportion the amount in accordance with a policy approved by the board of the insurer.

6. Every insurer, Health Insurance Manager, Insurance Broker and Corporate Agent, carrying on insurance business in Kenya, at the end of each financial year, shall prepare the statement of comprehensive income, statement of financial position, cash flow statement and revenue account in respect to that year.

7. The financial statement required under regulation 6 is to be prepared in accordance with International Financial Reporting Standards or such accepted Kenyan reporting standards as may be prescribed.

8. In preparation of the financial statement, every reserve is to be calculated in accordance with the method prescribed in the regulation on reserving.

9. All amounts which are required to be shown in any account or balance sheet shall be shown in Kenya currency to the nearest shilling.
10. Every insurer, Health Insurance Manager, Insurance Broker and Corporate Agent, shall cause the accounts prepared in regulation 6 to be audited and be submitted to the Authority within three months after the end of the period to which they relate.

11. In addition to financial statement prepared in accordance with International Financial Reporting Standards, every insurer shall prepare as at the end of each financial year, in respect of that year, such financial statements, certificates and statement on summary of claims in the form prescribed in the schedule relating to the business carried on during the year and the business in force at the end of the year and shall furnish those financial statements and certificates signed in the prescribed manner to the Authority within three months of the end of the financial year.

12. Every insurer shall prepare in a format prescribed in the schedule and submit to the Authority, in respect of every quarter within thirty days of the end of the quarter to which it relates, unaudited statement of comprehensive income, statement of financial position and revenue account.

13. Every insurer shall furnish the Authority within 15 days after the end of each calendar month a return on the summary of claims in a form prescribed in the schedule.

14. Pursuant to section 97 of the Act, a person is regarded as a qualified Auditor if such a person is qualified under section 161 of the Companies Act and;

   (a) is a member of the Institute of Certified Public Accountants of Kenya or any other equivalent qualification recognized by the Authority;

   (b) has been authorized by the Institute of Certified Public Accountants of Kenya to practice auditing for the relevant period;

   (c) has at least five years’ experience in insurance auditing at partners’ level; and

   (d) is not disqualified from acting as an auditor under any legislation.

15. A person shall not be qualified for appointment as an auditor of an insurer if the person is;
(a) a director, officer or employee of that insurer, or
(b) a person who is a partner of a director, Chief executive officer or manager of that insurer, or
(c) a person who is an employee or employee of a director, Chief executive officer or manager of that insurer, or
(d) a person who is a director, Chief executive officer or manager, of a person related to that insurer, or
(e) persons who, by themselves, or his partner or his employee regularly performs the duties of secretary or accountant for that insurer, or
(f) a firm or member of a firm of auditors of which any partner or employee falls within the above categories.

16. The auditor after auditing the accounts of an insurer shall issue a certificate.

17. The auditor shall issue a certificate relating to the accounts and statements in respect of a financial year of an insurer, which shall state whether-

(a) the accounts and statements to which it relates appear to him to be in accordance with the Act and the regulations and will give particulars of any matters that are in contravention.

(b) the accounting records of the insurer in respect of that year appear to him to have been properly kept and to record and explain correctly the transactions and financial position of the insurer and give particulars of accounting records that appear to him not to have been properly kept and of transactions that appear to him not to be so recorded;

(c) in respect of that year, he has obtained the information and explanations that he requested and give particulars of information and explanations he requested but did not obtain;

(d) he is satisfied that the accounts and statements referred to in paragraph (a) agree with the accounting records of the insurer and appear to him truly to represent the transactions and financial position of the insurer in respect of the financial year to which they relate and, if any of them appear to him to fail so to represent the transactions and
financial position, give particulars of the failure;

(e) amounts required by regulation 5 to be apportioned has been apportioned in accordance with the policy approved by the Board of the Insurer and if they have not been so apportioned give particulars of the failure;

(f) all management expenses wherever incurred in respect of the insurer’s business, whether directly or indirectly, have been fully debited in the revenue account or statement of comprehensive income as expenses and, if they have not been so debited, give particulars of the amount not so debited; and

(g) every reserve has been calculated in accordance with the regulation for the reserve and, if they have not been so calculated, give particulars of the reserves not so calculated.

18. If an insurer fails to appoint an approved auditor under the Act or submit an auditor for approval, or to fill any vacancy for an auditor which may arise, the Authority may appoint an auditor and fix the remuneration to be paid by the insurer.

19. If the auditor of an insurer fails to comply with the requirements of the Act or regulations, the Authority may remove him from office and appoint another person in his place.

Issued by the .................

........................................

Dated this ............day of ........2015

INSURANCE ACT, NO........2015
INSURANCE REGULATIONS, 2015
Requirements on (change in control, management and key control functions)
Part 1.

1. These regulations may be cited as Requirements on control, management and key control functions Regulations 2015.

2. These regulations are made under Part III of the Insurance Act as read together with section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

“fit and proper” includes, amongst other considerations, the concepts of honesty, solvency, integrity and reputation; competency and capacity; and financial soundness of the person to be so appointed. This extends to the conduct of a business both in its dealings with the public and in the ordering of its internal affairs. The requirements to be met in order to be judged fit will vary with the nature of the business carried on by the company, and the responsibilities of a particular person within the company.

“key control functions” include a chief executive function, a compliance function; an actuarial function; an internal audit function and money laundering reporting function.

4. Pursuant to section 25, Part III of the Insurance Act does not apply to a licensed individual insurance agent or entities referred to under section 78 of the Act.

5. Pursuant to section 32(2) of the Act one shall be considered to have failed the fit and proper test or criterion if the person -

(a) has been barred from practicing by the Authority or any other regulatory Authority, an operator of a market or clearing facility, any professional body or government agency;

(b) has had any judgment (in particular; that associated with a finding of fraud, misrepresentation, financial mismanagement or dishonesty) entered against the relevant person in any civil proceedings or is a party to any pending proceedings which may lead to such a judgment, under any law in any jurisdiction;

(c) has been convicted of any offence of financial fraud, or is
being subject to any pending proceedings which may lead to such a conviction, under any law in any jurisdiction; and

(d) has been a director or a member of management of any financial institution in Kenya that has become insolvent; or is facing insolvency proceedings due to financial mismanagement.

6. A licensed insurer shall prepare a record of compliance with Section 54(1) of the Act annually and maintain that record for period of at least seven (7) years.

7. A licensed insurer shall, in pursuant to section 54(3) maintain policies, controls and procedure on -

   a) risk management;
   b) internal controls;
   c) actuarial function.

   d) strategies setting out the approach of the insurer for dealing with specific areas of risk and legal and regulatory obligation;

   e) policies defining the procedures and other requirements that members of the Board and employees need to follow;

   f) processes for the implementation of the insurer's strategies and policies; and

   g) Controls to ensure that such strategies, policies and processes are in place, being observed and attaining their intended objectives.

8. Pursuant section 55(2)(d) a licensed insurer shall put in place a risk management strategy -

   (d) relevant objectives, key principles and proper allocation of responsibilities for dealing with risk across the business areas and organizational units of the insurer, including branches;

   (e) a clearly defined risk appetite approved by the board in consultation with senior management;

   (f) a written process defining the board approval required for any deviation from the risk management strategy or the risk appetite and for settling any major interpretation issue that may arise;

   (g) appropriate written policies that include a definition
and categorization foreseeable and relevant material risks to which the insurer is exposed, and the level of acceptable risk limits for each type of risk;

(h) suitable processes and tools including where appropriate models for identifying, assessing, monitoring, managing, and reporting on risks. Such processes should also cover areas such as contingency planning, business continuity and crisis management;

(i) regular reviews of the risk management system to help ensure that necessary modifications and improvements are identified and made in a timely manner; and

(j) an effective risk management function.

9. Pursuant to section 56(1) (f) of the Act money laundering reporting functions shall be a key control function.

10. (1) A licensed insurer, pursuant to section 56(3) of the Act shall not outsource key control functions except with prior approval of the Authority.

(2) the Authority may approve an application for outsourcing of key control functions of a licensee on the following-

(a) that the outsourcing does not materially increase risk to the insurer or materially adversely affect the insurer's ability to manage its risks and meet its legal and regulatory obligations;

(b) that the Board of an insurer has approved the outsourcing of any material function or activity and verified, before approving, that there is an appropriate assessment of the risks of such outsourcing, including in respect of business continuity and that such outsourcing is subject to appropriate controls;

(c) that the Board or Senior Management have satisfied themselves as to the expertise and experience of such provider;

(d) that the licensee has an appropriate policy for outsourcing, which sets out the internal review and approvals required and provides guidance on the contractual and other risk issues to consider;
(e) that the outsourcing is governed by written contract that clearly describes all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of all parties;

(f) that the Board and Senior Management have consider, among other things -

(i) how the insurer’s risk profile will be affected by the outsourcing;

(ii) the service provider’s governance, risk management and internal controls and its ability to comply with applicable laws and with regulations;

(iii) the service providers’ service capability and financial viability;

(iv) the succession issues to ensure a smooth transition when ending or varying an outsourcing arrangement.

(g) that the outsourcing arrangements are subject to periodic reviews; and

(h) that the Board and Senior Management remain responsible in respect of functions or activities that are outsourced.

Issued by the ....................

..................................................

Dated this ............day of ............2015

INSURANCE ACT, NO...........2015
INSURANCE REGULATIONS, 2015
Valuation of assets and liabilities Regulations
Part 1.
1. These regulations may be cited as the Valuation of Assets and Liabilities Regulations 2015.

2. These regulations are made under section 37 (2) as read together with section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Insurance liabilities” include both the insurer’s Outstanding Claims Liabilities, and its Premiums Liabilities.

“Outstanding Claims Liabilities” means claims incurred prior to the calculation date, which have been reported and not yet settled or which have been incurred but not yet reported.

“Premium Liabilities” means the cost of running off the unexpired portion of an insurer’s policies and is composed of Unearned Premium Reserve and Unexpired Risk Reserve among others.

Part II
Valuation of Assets

4. (1) The asset value for the purposes of calculating the minimum capital requirement of an insurer shall be taken at fair value.

   (2) "fair value" means the value of assets for the purpose of determining the solvency margin and minimum capital requirement under these regulations –

   (a) in the case of an asset which is listed on the licensed stock exchange and for which a price was quoted on that stock exchange on the date as at which the value is calculated, the price last so quoted;

   (b) in any other case, the price which could have been obtained upon a sale of the asset between a willing buyer and a willing seller dealing at arm's length, as estimated by the insurer;

   (c) the Authority's estimate of the assets where the Authority suspects market abuses under (a) or is not satisfied with the estimate under (b).

Part III Valuation of Policy Liabilities for General Insurers
5. (1) In determining the value of unearned premium reserves the following methods shall be applied-
   
   i. “24th” method (reserving on a monthly basis);
   
   and
   
   ii. “365th” method (reserving on a daily basis);

   (2) The insurer shall determine and disclose a value for its Unearned Premiums Reserves for each class of business.

   (3) When determining unearned premium reserves, an insurance company actuary shall conduct an actuarial test on the adequacy of the reserves. Where the unearned premium reserves are inadequate, premium deficiency reserves shall be determined.

   (4) The reserving method used to determine the unearned premium reserves shall be required to be consistent i.e. shall not be changed arbitrarily.

   (5) The reinsurers may apply the “8th” method when reserving on a quarterly basis.

6. (1) The reserve for unexpired risks is calculated by estimating the Claims Expected to be incurred 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 these claims in such an amount that the estimated value of such future claims exceeds the unearned premiums reserve.

   (2) The reserve for unexpired risks shall be calculated and maintained separately on each class of insurance.

7. (1) Reserves in respect of outstanding claims incurred and reported and shall be determined prudently by using Case Estimate Method, Average Cost per Claim Method or other methods recognized by the Authority.

   (2) 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) Chain-Ladder Method;
   
   (b) Average Cost Per Claim Method;
   
   (c) Bornhuetter-Ferguson Method; or
   
   (d) Standard Development Method.
(3) An insurer that has been in existence for not more than three years can use the Standard Development Method.

(4) The percentage of net premiums written during the year should be applied when using Standard Development Method as provided in the First Schedule.

(5) The methods to be adopted for the valuation of the Claim reserves shall depend on -
   (a) the particular characteristics of the class of business;
   (b) the reliability and volume of the available data;
   (c) past experience of the insurer and the industry;
   (d) the robustness of the valuations models; and
   (e) considerations of materiality.

(6) The value of the Claim Reserves include an amount in respect of the anticipated Claim adjustment expenses.

(7) When determining claims reserves, an insurer shall conduct a test on the adequacy of the reserves. Where the claims reserves are inadequate, claims deficiency reserves margin shall be determined.

(8) The insurer shall determine and disclose a value for its claims reserves for each class of business to the Authority.

8. The appointed actuary shall be in charge of reserving.

9. An insurer shall annually submit to the Authority reserves valuation report signed by the appointed actuary of the company. The report shall contain the following -
   (a) a statement that the applied method is in compliance with the stipulations of these regulations;
   (b) an actuarial opinion on the reserving;
   (c) a detailed description of the reserves valuation; and
   (d) definite explanation of special terms and concepts in the report.

10. Description of the annual reserves valuation shall contain –
   (a) definite criteria for division of insurance subclasses or categories and names of the insurance subclasses or categories;
   (b) completeness and accuracy of the data of different insurance subclasses or categories, and a description of the problems these data may have;
(c) the actuarial method and model for valuation; if the actuarial method and model differ from those previously adopted, reasons for making the change and its effects on the reserves results shall be described;

(d) major assumptions of the actuarial method and model, and reasons for adopting such assumptions;

(e) the discrepancy between the actuarial result of the previous reserving and the actual experience;

(f) adequacy of reserving; and

(g) for unearned premium reserves, changes concerning periodicity, basic premium rate, risk adjustment coefficient, loss ratio, expense ratio, surrender ratio and other factors of insurance subclasses shall be described.

Part IV
Valuation of Policy Liabilities for Long Term Insurers

11. (1) An insurer shall, for the purposes of determining the value of policy liabilities, take into account the following –

(a) premiums to be received in the future;

(b) options regarding future investment returns, bonus declarations, expenses, mortality experience, morbidity experience, lapses, surrenders, and other relevant factors, which assumptions –

(i) shall be best-estimate assumptions;

(ii) shall take into account the reasonable expectations of policyholders and any established practices of an insurer for payment of benefits;

(iii) may be modified further by discretionary margins based on the expected experience and to ensure the prudent release of profit.

(c) a minimum level of financial resilience;

(d) the full value of non-vested bonuses, already accumulated or to be paid out on death shall always be valued. In addition, future additions to such bonuses shall be assumed.

(2) The method of calculation of the amount of liabilities and
1. The assumptions for the valuation parameters used by the insurer shall not be subject to arbitrary discontinuities from one year to next.

(3) The method used in determining the value of liabilities from year to year shall recognize surplus in an appropriate way over the duration of each policy, and shall not be subject to discontinuities arising from arbitrary changes to the valuation basis.

(4) The premiums to be valued shall be those which are due to be paid under the term of each policy.

(5) The valuation method shall take into account the cost of any options that may be available to the policyholder under the terms of each policy.

12. (1) An insurer shall when determining the value of liabilities take into account the nature, currency, term and method of valuation of the assets representing those liabilities.

(2) The value placed upon the assets under paragraph (1) include provisions against the effects of possible future changes and the ability of the insurer to meet its obligations under policies as they arise.

(3) The value of liabilities of an insurer include provision for expected allocations of surplus to shareholders, and the bonus rates declared for policyholders as per section 47 of the Act.

13. The insurer shall disclose in the report of the actuary to the Authority the reserving method and basis for valuing liabilities.

14. (1) The valuation parameters for the valuation of liabilities of an insurer, shall constitute the bases on which the future policy cash flows shall be computed and discounted.

(2) Each parameter shall be appropriate to the class of business to be valued.

(3) The actuary of an insurer shall, when estimating valuation parameters, take into consideration -

(a) the value(s) of the parameters based on the insurer’s experience study, where available;

(b) where no reliable experience is available, the value(s) can be based on the industry study, applicable Kenya Mortality Table;
(c) If no experience is available under (a) and (b), the values may be based on the bases used for pricing the product;

(d) any likely deterioration in the experience in establishing the expected level of any parameter; and

(e) the estimates in (a), (b), (c) and (d) shall be adjusted by appropriate discretionary margins and the level of such discretionary margins for each parameter shall be based on the degree of confidence in the expected level.

(4) In order to achieve consistency between the value placed on the assets and the liabilities, the rates of interest to value the liabilities shall not be higher than the rates of interest determined from assessment of the yields from existing assets attributable to the liabilities and the yields which the long term insurer is expected to obtain from the amounts invested in the future;

(5) The rate of interest shall also take into account the likely fluctuations in the currency in which the policy is denominated and the currency of the corresponding asset.

(6) The assessment of yield shall take into account –

(a) future investment conditions including the reinvestment and disinvestment strategy to be employed in respect of future net cash flows;
(b) credit risk in respect of income and capital repayment;
(c) investment expenses; and
(d) risk of decline in the future interest rate.

(7) The insurer shall ensure that the allowance for future bonuses is consistent with the evaluation of the rate of interest.

(8) In case of reversionary bonus policies, where an explicit allowance is not made for future bonuses, a rate of interest shall be used which is lower than the rate used as per subparagraph (3) to (6).

15. (1) Where an investigation into the financial position is made, the insurer shall furnish to the Authority a report of the insurer’s actuary accompanied by such returns required to be submitted to the Authority.

(2) In addition to the requirements of the Act, the report of an insurer’s actuary shall include –

(a) a summary of the data including sources of data and
grouping as well as highlighting any shortcomings in the data;

(b) a statement of the solvency position at the valuation date, the previous valuation date and an estimate of the expected solvency position in 12 months’ time;

(c) the assumptions and methodology used to calculate the value of liabilities for all classes of business;

(d) a statement of comparison of the assumptions used for valuation and pricing along with any management actions that have been taken into account when valuing the liabilities;

(e) any uncertainty with respect to specific assumptions as well as the assumptions to which the final results are particularly sensitive;

(f) certification that the Regulations in determination of the valuation of liabilities has been complied with, and if any other alternative method is adopted other than the one prescribed in these Regulations, the reasons for adoption and certify that the value of liabilities determined from the alternative method shall not be less than the value of the liabilities obtained as per the prescribed Regulations;

(g) a detailed description of the method of valuation of the liabilities used, if different from these Regulations;

(h) the level of the bonus smoothing reserves on any smoothed bonus business and, where this figure is negative, the actions that will be taken to return this to a non-negative figure, within three years;

(i) with regards to participating policies, the non-maintenance of last declared bonus rates for all future years, if any, and the details of the expected reductions for all future years in the bonus rates assumptions;

(j) the assumptions and methodology used to calculate the value of assets for all classes of investment;

(k) certification that the Regulations in determination of the solvency margin and the minimum capital requirement have been complied with;

(l) certification that the regulations and determination of the
valuation of assets has been complied with and the reasons, if any, of the difference between the value of asset used to calculate solvency in accordance with this regulation and the value of assets as shown in published financial statements;

(m) comment on the changes in methodology and assumptions since the previous reports and its impact on the final results;

(n) a brief summary of the reinsurance arrangements of the insurer including the impact on liabilities and the appropriateness of these arrangements, given the nature of the risks;

(o) comments on any material changes in reinsurance arrangement since the previous report and discuss the credit risk and concentration risk with respect to the reinsurance arrangements and the ability of the insurer to meet its obligations taking into consideration these risks;

(p) a detailed analysis of surplus dealing with all the relevant parameters, emerging over the period since the previous report;

(q) a brief summary of new products launched during the period since the previous valuation or where existing products have been materially changed;

(r) a risk assessment of the insurer, including the measures in place to address these risks;

(s) any areas of non-compliance with any provisions of the Act, these Regulations or guidelines issued by the Authority;

(t) a list of assets backing the liabilities, together with the duration of the assets and liabilities for non-linked long term contracts, linked long term contracts, and shareholders’ fund;

(u) statement on the appropriateness of the assets relative to the liabilities and the degree of matching;

(v) the extent to which the actuary has relied on the Professional Conduct Standards and Guidance Notes issued by the actuarial profession; and

(w) the extent to which the actuary has relied on the work of other professionals.
## FIRST SCHEDULE
(Regulation 7 (4))

<table>
<thead>
<tr>
<th>No</th>
<th>Class of insurance business</th>
<th>Percentage of Net Premium Written</th>
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<tr>
<td>1</td>
<td>Aviation</td>
<td>2%</td>
</tr>
<tr>
<td>2</td>
<td>Engineering</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>Fire Domestic</td>
<td>1%</td>
</tr>
<tr>
<td>4</td>
<td>Fire Industrial</td>
<td>1%</td>
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<tr>
<td>5</td>
<td>Liability</td>
<td>5% - Current Year 3% - One year preceding the current year 1% Two year preceding the current year</td>
</tr>
<tr>
<td>6</td>
<td>Marine</td>
<td>2.5%</td>
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<tr>
<td>7</td>
<td>Motor Private</td>
<td>5%</td>
</tr>
<tr>
<td>8</td>
<td>Motor Commercial</td>
<td>5% - Current Year 3% - One year preceding the current year 1% Two year preceding the current year</td>
</tr>
<tr>
<td>9</td>
<td>Motor Commercial (PSV)</td>
<td>20% - Current Year 12.5% - One year preceding the current year 5% Two year preceding the current year</td>
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<tr>
<td>10</td>
<td>Personal Accident Insurance</td>
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<tr>
<td>11</td>
<td>Theft</td>
<td>5%</td>
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<tr>
<td>12</td>
<td>Workmen's Compensation</td>
<td>5% - Current Year 3% - One year preceding the current year 1% Two year preceding the current year</td>
</tr>
<tr>
<td>13</td>
<td>Medical</td>
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<tr>
<td>14</td>
<td>Micro insurance</td>
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</tr>
<tr>
<td>15</td>
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INSURANCE ACT, NO. .2015
INSURANCE REGULATIONS, 2015

Transfers, Mergers and Amalgamations regulations

Part 1.

Citation.

1. These regulations may be cited as the Transfers, Mergers and Amalgamation Regulations 2015.

2. These regulations are made under section 64(2), (3) and section 68 as read together with Section 171 of the Insurance Act 2015.

Interpretation

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Proper basis” means the minimum basis prescribed or the basis applicable in the case of a bonus reserve valuation, allowing provision for the maintenance of bonuses at current levels and for the reasonable expectation of policy-holders in that context, or the basis adopted at the latest preceding valuation, whichever brings out the highest figure of liability.

“Approved proportion” means the proportion which is approved by the Authority as reasonable in the circumstances of the case.

Documents to accompany application

4. For the purposes of section 64 (2), the following documents shall accompany application for transfers, mergers and amalgamation —

(a) the draft of the document including the terms of the agreement or deed under which the proposed transfer or amalgamation is to be carried out or take effect, as the case may be. The draft agreement is of the transfer of portfolio and of assets and liabilities of the insure;

(b) Audited financial statements; the audited accounts and balance sheets, reports and abstracts shall be prepared as at the date at which the amalgamation or transfer is intended to be effected, which date shall not be more than twelve months before the date of the application;

(c) the draft of the document including the terms of the
agreement or deed under which the proposed transfer or amalgamation is to be carried out or take effect, as the case may be;

(d) actuarial reports and abstract in respect of long-term insurance business of both the insurers, prepared in conformity with rule 5;

(e) a statement of the assets and liabilities of each insurer associated with the transfer or amalgamation, before and after the transfer or amalgamation; and

(f) Any other documents and information the Authority may require from time to time.

5. The approval of transfer of the long term insurance business shall be made by the Authority in accordance with the following rules-

(a) If the transfer covers all the long term insurance business of the transferor, all the assets representing the statutory fund maintained by the transferor shall be transferred;

(b) If the transfer applies to a part only of the long term insurance business of the transferor, the approved proportion of the assets representing the statutory fund maintained by the transferor shall be transferred;

(c) In case of transfer of all the assets or part of assets of long-term insurer, assets of not less than the actuarial value of the liabilities on all the policies, after making adequate provision for maintenance of bonuses at current levels, and for the reasonable expectations of policy holders, liabilities being calculated on a proper basis, shall be transferred;

(d) where the total assets available are less in value than the figure arrived at under paragraph (c), the whole of the assets so available shall be transferred, and the Authority shall decide, after taking into account the relevant actuarial considerations, whether any other assets of the insurer shall also be transferred and whether any provision for reduction of contracts shall be made in the scheme of transfer;

(e) where the total assets available exceed the figure arrived at under paragraph (c), the assets transferred shall be of value equal to the figure arrived at under paragraph (c) plus the following proportions of the excess of the assets over the
figure arrived at under paragraph (c) namely-

(i) if the excess is equal to or less than forty per cent of the figure arrived at under paragraph (c), ninety per cent of such excess; and

(ii) if the excess is more than forty per cent of the figure arrived at under paragraph (c), ninety per cent of the portion of the excess amounting to forty per cent of the figure arrived at under paragraph (c) plus fifty per cent of the balance of the excess;

except that where the transferor does not have a share capital, the entire excess of the assets over the figure arrived at under paragraph (c) shall be transferred in addition to the assets of value equal to the figure arrived at under paragraph (c).

(f) For the purposes of transfer of long-term insurance business, the total assets shall include all assets held by the insurer which are applicable to, or were built out of, all the long-term insurance business carried on in the past irrespective of whether they are shown against long term insurance business and irrespective of whether the business was carried on in the past solely in Kenya or elsewhere; and

(g) In determining the “value of the assets” due provisions should be made for any possible tax liabilities arising on account of the value placed on the assets or on account of the transfer of the assets.

6. Pursuant to section 64 (3);
   (a) the notice of the intention to apply for amalgamation or transferas approved by the Authority shall be published by the applicant in the Gazette and in at least two newspapers of wide circulation in Kenya;

   (b) the Authority shall publish in the Gazette its decision of determination of the application.

7. (1) Pursuant to the provisions of section 68 (a), the applicant shall upon receipt of approval of the notice of intention to transfer or amalgamate by the Authority send;
   (a) a copy of such a notice to every affected policy holder; and
(b) a notice to every other person who claims an interest in a policy included in the amalgamation or transfer and has given written notice of his claim to one of the insurers involved in the amalgamation or to the transferor, as the case may be;

(2) Notwithstanding the provision of sub rule (1) a communication in a manner approved by the Authority, to the policy holder or any other person having interest in policy and have given notice to the insurer, shall be sufficient if such communication notifies the affected persons of the publication.

8. The notice in regulation 7, shall invite any person (including an employee, director, shareholder or policy holder) who has reasonable grounds for believing that he would be adversely affected by the carrying out of the scheme to write or make oral representations to the Authority stating such grounds within thirty days of the publication of the notice.

9. Pursuant to the provisions of sections 68 (c), the following procedure shall be applicable in respect of transfers and amalgamation -

(a) an application in writing shall be made to the Authority accompanied by the documents provided in regulation 5;

(b) the application shall be accompanied by a draft copy of the notice of intention of transfer or amalgamation for approval;

(c) Upon the approval of the notice of intention by the Authority, the applicant shall publish such a notice in accordance with regulation 6 and send such notice to the policy holders or any person having interest in accordance with regulation 7;

(d) The published notice of intention of transfer or amalgamation shall provide at least 30 days of inspection of the documents by the policy holders and any other persons having interest in the policy and have given notice of the claim to the insurer;

(e) The published notice shall further provide the place of inspection of documents and at least a period of not more than 30 days from the date of the closure of inspection of documents to resolve the complaints arising from the inspection of documents;
(f) If the Authority is of the opinion that all the complaints have been sufficiently dealt with and after analysis of the documents-

(i) may approve the transfer and publish its decision in accordance with regulations 6 (b);

(ii) send a copy of that notice to the parties to the amalgamation or the transferor and the transferee and every person who made representations in accordance with the notice; or

(iii) if the Authority rejects the application it shall inform the parties to the amalgamation or the transferor and the transferee in writing of the reasons for its refusal.

10. Pursuant to section 68 (b), the Authority shall take into consideration the following conditions before approving the application for transfer or amalgamation -

(a) every policy which was entered into before the date of the application is included in the contract of amalgamation or transfer;

(b) the contract of amalgamation or transfer by the applicant shall provide how the applicants intend to deal with policies, contracts or liabilities entered into by the parties from the effective date or the date of application to the date of actual transfer;

(c) every policy in contract of amalgamation or transfer shall constitute Kenya insurance business; and

(d) the amalgamated insurer shall have sufficient financial resources and capital resources or any other requirement as the Authority may determine from time to time.

11. Pursuant to section 68 (b);

(a) an instrument giving effect to a transfer or amalgamation approved by the Authority shall be effectual in law –

(i) to transfer to the transferee or amalgamated insurer all the rights and obligations under the policies included in the instruments of the parties to the transfer or amalgamation.
(ii) to secure the continuation by or against the transferee or the amalgamated insurer of any legal proceedings by or against the transferor or any party to the amalgamation which relate to those rights or obligations.

(b) Where a transfer or amalgamation has taken place, no policyholder or claimant shall be regarded as having abandoned any claim which he would have had against the transferor and the claim shall be regarded to have been taken over by the transferee or amalgamated insurer.

(c) Within 4 months of the publication of a notice of approval in accordance with regulation 6(b), the transferee or amalgamated insurer, as the case may be, shall lodge with the Authority –

(i) An audited balance sheet, prepared in accordance with the International Financial Reporting Standards, showing a true and fair view of the amalgamated insurer's or the transferee's affairs, as at the end of the third month from the date of publication.

(ii) The audit in paragraph (i) shall provide disclosure on the status of transfer of the assets in the instruments of transfer.

(iii) A declaration under the hand of each person who was, immediately prior to the date of that publication, chairperson of any insurer that was a party to the transfer or amalgamation, that –

(a) to the best of their knowledge and belief, every payment made or to be made to any person on account of the transfer or amalgamation is fully specified in the declaration and no other payments, except those specified, have been or are to be made, either in money, policies, bonds, valuable securities or other property, by or with the knowledge of the parties to the transfer or amalgamation.

(b) The requirements under these regulations have been complied with.

Issued by the ……………….
INSURANCE ACT, NO..........2015
INSURANCE REGULATIONS, 2015
Electronic filing of documentations regulations

Part 1.

Citation.

1. These regulations may be cited as Electronic filing of Documents Regulations 2015.

2. These regulations are made under section 169 of the Insurance Act, 2015.

Interpretation

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Electronic filing system” means the electronic filing system provided by the Authority for the purposes of lodging documents with the Authority under the Act;

“Electronic Record” has the meaning provided in part VII of the Evidence Act Cap 80 Laws of Kenya.

“form” means an electronic form provided on the electronic filing system;

“lodge” means to file or submit a form or other document electronically.

Form

4. The forms to be applied under the electronic filing system shall be under the following rules;

(i) The forms prescribed for the purposes of lodging the document with the Authority under the Act shall be those provided on the electronic filing system.
(ii) The Authority may issue such other forms as it deems fit for the purposes of the Act.

(iii) The Authority may make any modification or amendment necessary to any form for the purpose of facilitating the lodging of that form.

(iv) Where strict compliance with a form is not possible, the Authority may allow that form to be complied with in such other manner as it deems fit.

(v) Any form and any relevant accompanying document to be lodged with the Authority under the Act shall be lodged using the electronic filing system.

(vi) Where lodging of any form or document using the electronic filing system is not possible, the Authority may allow that form or document to be lodged in such other manner as he thinks fit.

5. The forms shall be dealt with as follows;

(i) A form shall be completed and lodged in accordance with such directions as are specified in that form or by the Authority.

(ii) The Authority may refuse to accept any form that is not completed or lodged in accordance with this regulation.

6. The timing of lodging of documents will be under the following rules;

An electronically transmitted document shall be deemed to have been received by the Authority’s system once a submission notification is received by the licensee. A document received electronically after mid-night of a working day shall be deemed filed as of the next working day.

(i) When an e-form is filed electronically, the party filing the document shall verify completion of filing pursuant to the procedures set forth in the system.

7. Electronic document filing shall be filed in accordance with the following standards:

(i) All electronically filed documents shall be submitted by using the appropriate e-form or XML file.

(ii) Any document that is required to accompany an electronic
form shall be filed as an attachment to the electronic form and shall be submitted in one of the following four file formats: “PDF/A1-a (Portable Document Format),” “DOC (”.doc” Microsoft Word document),” “XLS” (“.xls” Microsoft Excel worksheet sheet),” or “TIFF (”.tif or .tiff” Tagged Image File Format).” Filing using the “PDF/A1-a” is preferred.

(iii) With the exception of electronic forms and required attachments, no embedded data shall be allowed in electronically filed documents.

(iv) The filing party shall take all reasonable steps to ensure that the filing does not contain computer code, including viruses that might be harmful to the Authority’s system or to other users of the system. Any electronically submitted document that is determined to contain a virus or other potent harmful computer code may not be processed and may be deleted.

(v) If it is necessary to attach a document to an e-form, the filing party shall verify the readability of the scanned document before submitting.

Issued by the ..................

...............................

Dated this ............day of ........2015
INSURANCE ACT, NO...........2015
INSURANCE REGULATIONS, 2015
Group wide supervision regulations

Part 1.
1. These regulations may be cited as Group-wide Supervision Regulations 2015.

2. These regulations are made under section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Group-wide Supervision” means the supervisory approach to an insurance group that considers the group structure, any regulated or non-regulated entities;

“Group-wide Supervision Framework” (GSF) means a supervisory framework for insurance groups that set out the preconditions for group-wide supervision, group-wide regulatory requirements and group-wide supervisory review and reporting;

“Head of the group (or Parent)” means the head of the group or parent, whether regulated or non-regulated, is typically the legal entity that is at the top of the group structure and has a significant influence over the activities of the group as a whole;

“Insurance Entity” denotes either a stand-alone insurer or an insurer that is a member of an Insurance Group;

"Insurance Group" means a group consisting of two or more entities of which at least one is an insurer and one has significant influence on the insurer. Significance of influence is based on direct or indirect influence, contractual obligations, interconnectedness, risk exposure, risk concentration, risk transfer and/or intra-group transactions and exposures.

“Jurisdiction” means any nation, state, country or geographical area that has its own enforceable laws governing the incorporation or operation of Registered Persons.
“Laws, Regulations and Standards” mean provisions of the Laws or the regulations in force that fall within the Jurisdiction of the Authorities.

“Non-regulated Entities” (NROE’s) mean either Non-Operating Holding Companies (NOHCs) or operating entities that are not subject to any form of direct prudential supervision.

"Subsidiary Undertaking" means a company controlled exclusively or jointly by a parent undertaking and any undertaking over which a parent undertaking effectively exercises a dominant influence company and any subsidiary undertaking of a subsidiary undertaking shall also be considered subsidiaries of the parent company.

4. Every insurance group shall provide such information and comply with such directives that shall be required by the Authority for proper supervision of the group.

5. (1) An insurance group shall establish a comprehensive and consistent governance framework across the group that addresses the sound governance of the group, including unregulated entities.

(2) The corporate governance framework should appropriately balance the diverging interests of the constituent entities and insurance group as a whole.

(3) The governance framework should respect the interests of policyholders and seek to ensure that it respects the interests of other recognized stakeholders of the group and the financial soundness of entities in the group.

(4) The governance framework should include adequate policies and processes that enable potential intra-group conflicts of interest to be avoided, and actual conflicts of interest to be identified and managed.

(5) The corporate governance framework should address -

(a) alignment to the structure of the group;
(b) financial soundness of the significant owners;
(c) suitability of board members, senior management and key persons in control functions including their ability to make reasonable and impartial business judgments;
(d) fiduciary responsibilities of the boards of
directors and senior management of the head company and material subsidiaries;

(e) management of conflicts of interest, in particular at the intra-group level and remuneration policies and practices within the group; and

(f) internal control and risk management systems and internal audit and compliance functions for the group.

(g) code of ethics

(6) An insurance group shall report to the Authority of its governance framework and where the Authority is in the opinion that the governance framework may pose significant risk to the insurer in the group, the Authority may give directive of the change of the structure or the separation of the insurer from the group.

(7) An insurance group shall establish a group risk tolerance and appetite and group operational objectives and strategies that reflect an understanding of the structure of the group, the material risks that the structure may pose to the group and the key drivers of those risks.

(8) The ultimate responsibility for the sound and prudent management of a financial conglomerate rests with the parent board. Provided that the board of the licensed insurer shall not abdicate their responsibilities as required by the Insurance Act, regulations or any guidelines issued by the Authority.

(9) An insurance group shall have a transparent organizational and managerial structure, which is consistent with its overall strategy and risk profile and is well understood by the board and senior management of the head of the group.

(10) An insurance group shall have a framework governing information flows within the group and between the group and entities of the wider group including reporting procedures.

(11) An insurance group may freely set its functional, hierarchical, business or regional organization, provided all entities within the group comply with their relevant sectoral and legal frameworks.
(12) Any changes to the group structure should be reported to the Authority.

6. An insurance group shall have a policy of appropriation of expenses on the shared services in a manner that is equitable to the services offered from group level to the entities.

7. (i) An insurance group shall have capital management policies which should be prudent, robust and take into account additional risks associated with unregulated activities and additional complexities related to cross-sectoral and cross-border activities.

(ii) An insurance group shall proactively manage its capital through a rigorous, board-approved, comprehensive and well documented process to ensure it maintains adequate capital within the group and its constituent entities.

(iii) An insurance group shall be required to provide an annual return on the group financial statements in the electronic filing system or in any other manner as the Authority may specify.

(iv) For avoidance of doubt the capital of an insurance entity within the group shall not be applied in any manner other than for the development of the insurance entity except by the approval of the Authority.

8. An insurance group is required to have an independent, comprehensive and effective risk management framework accompanied by a robust system of internal controls, effective internal audit and compliance functions.

9. The risk management processes and internal control mechanisms of an insurance group should be appropriately documented and, at a minimum, take into account the:

   (a) nature, scale and complexity of its business;
   (b) diversity of its operations, including geographical reach;
   (c) volume, frequency and size of its transactions;
   (d) degree of risk associated with each area of its operation;
   (e) interconnectedness of the entities within the group; and
   (f) Sophistication and functionality of information and reporting systems.

Issued by the .....................
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..................................
Dated this ........day of ........2015

INSURANCE ACT, NO......2015

INSURANCE REGULATIONS, 2015

Regulations on Prevention of Insurance Fraud 2015

Part 1.

1. These regulations may be cited as the Regulations on Insurance Fraud 2015.

2. These regulations are made under section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Insurance Fraud” means a deceptive act or omission intended to gain advantage for a party committing the fraud (the fraudster) or for other parties and may include an exaggeration of an otherwise legitimate claim, premeditated fabrication of a claim or fraudulent misrepresentation of material information with a possibility of a potential loss.

“Financial crime” means the use of deception for illegal gain normally involving a breach of trust and some concealment of the true nature of the activities. This can include fraud, embezzlement, tax evasion, kickbacks, identity theft, cyber-attacks, social engineering and insider trading.

4. Every licensee shall have in place a sound strategy approved by its board to manage fraud risks and financial crime arising out of its operations and which strategy shall be compatible with its risk profile and shall include-

   a) a clear mission statement to indicate the insurer’s level of tolerance to financial crime and insurance fraud;

   b) the development of quantitative risk tolerance limits on financial crime and insurance fraud; and

   c) provide direction to the overall financial crime and insurance fraud management plan.
5. Every licensee shall review the management strategy on financial crime and insurance fraud after every two years.

6. The licensee shall properly document the management strategy and clearly communicate to all staff.

7. The licensee’s structure shall be so designed so as to provide a suitable environment for the execution and supervision of the financial crime and insurance fraud management strategy.

8. The board and the senior management of the licensee shall be responsible for financial crime and insurance fraud risk management.

9. The licensee shall have in place clear policies and procedures on the financial crime and insurance fraud management which policies shall be clearly communicated to the staff and reviewed every two years.

10. The licensee shall have in place documented internal procedure on reporting of fraudulent and suspicious activities within the organization and law enforcement agencies while guaranteeing anonymity and confidentiality.

11. The licensee shall maintain a record of all reported cases of suspicious transaction in the manner prescribed in the schedule.

Issued by the ………………
………………………………
Dated this ………..day of ………..2015
INSURANCE ACT, NO.....2015

INSURANCE REGULATIONS, 2015

Insurance (Policyholders Protection Fund) Regulations 2015

Part 1.

1. These regulations may be cited as the Insurance (Policyholders Protection Fund) Regulations, 2015.

2. These regulations are made under section 178 as read together with section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

“Board” means the Board of Directors of the Policyholders’ Protection Fund appointed under section 181 of the Act.

“Chief Executive officer” means the chief executive officer of the Fund appointed under section

“Claim” means any unpaid claim which arises as a consequence of an accident or event that involves a risk or peril insured by an insurer transacting Kenyan Insurance Business that has been declared insolvent by the Authority;

“Contribution” means the contribution paid under regulation 9;

“Fund” means the policyholders’ Protection Fund established under section 178;

“Kenyan Insurance Contract” means any insurance risk insured in Kenya whether the subject of insurance is situated in Kenya or not and includes the Kenya insurance business;

“Policyholder” means the person who, for the time being is the legal holder of a policy with an insurer and includes, where
the context permits—

(a) a person entitled, as beneficiary, to a payment under an insurance contract;

(b) the assignee of a policy;

(c) the personal representative of a deceased policy holder; and

(d) in relation to a policy providing for the payment of an annuity, an annuitant;

4. The following rules are applicable in the conduct of the board meeting—

(a) meetings of the Board of the Fund shall be held as often as may be necessary, for the performance of its functions, but not less than four times in every financial year and not more than three months shall elapse between the date of one meeting and the next meeting and such meetings shall be held at such places, times and days as the Chairperson may determine;

(b) the Chairperson may at any time call for a special meeting of the Board of the Fund and shall convene a special meeting within seven days of the receipt of a written request for that purpose addressed to him by not less than two Members or from management;

(c) the Chairperson shall chair all the Board meetings and if the Chairperson is not present, the members present shall choose one member to chair that meeting;

(d) the quorum for a Board meeting is four Members excluding the ex-officio members and the Secretary to the Board -

(i) a member shall be regarded as being present at a meeting of the Board of the Authority if that member participates in the meeting by telephone, video conferencing or other electronic means, provided that that member is able to communicate with the other Members present at the meeting;
(ii) each Member present at a meeting of the Board of the Fund shall have one vote;

(iii) unless a unanimous decision is reached, a decision at a meeting of the Board of the Fund shall be determined by a majority of votes of the members present and, in the event of a tie, the person chairing that meeting shall have a casting vote; and

(iv) no proceedings of the Board of the Fund shall be invalid by reason only of a vacancy among the members thereof.

(e) the Secretary to the Board shall maintain minutes of each meeting;

(f) subject to any other written law, the Board of the Fund may establish such committees as it may consider appropriate to perform such functions and responsibilities as it may determine;

(g) the Board of the Fund shall appoint the chairperson of a committee established under paragraph (f) from amongst its own members;

(h) the Board of the Fund may where it considers appropriate, co-opt any person to attend the deliberations of any of its committees;

(i) if a member is directly or indirectly interested in any contract, proposed contract or other matter before the Board of the Fund and is present at a meeting of the Board at which the contract, proposed contract or other matter is the subject of consideration, he shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other
matter, or be counted in the quorum of the meeting
during consideration of the matter; and

(j) A disclosure of interest made under this paragraph
(i) shall be recorded in the minutes of the meeting
at which it is made.

5. The fixing of the common seal of the Board on any
document shall be authenticated by the signature of
either the Chairman of the Board or the Secretary, in
addition to the signature of one other member of the
Board authorized by the Board, through a resolution
of the Board, to act for that purpose;

6. In the absence of both the Chairman and the Chief
Executive Officer as provided in regulation 5, the
Board may, by resolution, authorise any two members
of the Board to fix the seal and authenticate the fixing
of the seal.

7. 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.

8. Pursuant to section 170 (1) (iii), the Policyholder
Protection levy shall be paid by a licensed insurer in
accordance with the following rules-

(a) all insurers shall pay a levy based on gross
premium, to the Fund as shall be determined by
the Board of the Fund in consultation with the
Authority from time to time declared by the
notice in the Gazette;

(b) every insurer shall pay a levy equal to half per
centum (0.5%), of the gross premium collected
every month from life and general insurance
business transacted in the month they relate;

(c) an insurer shall remit the levy collected in
paragraph (b) to the Fund, within 30 days from the
end of every month to which the levy relate;
(d) every insurer shall submit to the Fund, in the prescribed form-

(i) a monthly return showing the total levy payable to the Fund for that month; and

(ii) 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 Fund.

(e) An insurer who fails to submit the levy prescribed in paragraph (b) shall be liable to pay a penalty charge of a sum equal to two and a half percent (2 1/2%) of the levy remaining unpaid per month until the arrears are paid in full; and

(f) The Fund may, through legal proceedings, recover from a licensed insurance company or its directors all sums due to it under this regulation.

9. The fund shall pay the claim under the following circumstances-

a) the Authority has declared the insurer insolvent and the insurer is not entitled to transact business.

b) the Authority has cancelled the insurer’s license;

c) winding up proceedings have been commenced against the insurer;

d) the administrator has recommended the winding up of an insurer and the Authority has acted on the recommendation; or

e) the operation of the affairs of an insurer has been suspended by a court order.

10. The Board shall, in consultation with the Authority, determine from time to time, amount per centum payable as compensation for different type of classes of insurance policies and pay such compensation to the claimant as soon as is reasonably practicable after
a claim is made.

11. The Board shall publish, by notice in the Gazette, the amount payable as compensation determined under regulation 10 and the date the amount payable as compensation shall come into force, which shall not be in any case, be earlier than the date of publication in the notice.

12. A claimant shall not be eligible for compensation by the Board, in accordance with the provisions of the Act and of these Regulations, unless the policy of the insurance held by the policyholder was issued by an insurer licensed to transact business in Kenya.

13. The claimant who is eligible for compensation may make a claim for compensation in the prescribed form and shall submit the form to the Fund.

14. A claim form submitted under regulation 13 shall be accompanied by such other documents in support of the claim as the Board may require.

15. In making the claim for compensation a claimant shall-

(a) Observe utmost good faith by making 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.

16. The right of any claimant to compensation under these Regulations shall be subject to the following conditions;

(a) The right of the Fund to set off of any compensation earlier made by the insurer.

(b) The Fund shall take into consideration any right
assigned by the policyholders or claimants in respect to the relevant policy.

17. The Board may reject a claim and decline to pay any compensation of a claimant who fails to comply with the Act and regulations.

18. The Board shall only consider for compensation those claims determined by the insurer or court as the case may be.

19. Where compensation has been made by the Fund, the Fund shall have the right of subrogation to the extent of the amount compensated and shall have preferential rights against the liquidator in case of winding up.

Issued by the ..................
................................
Dated this ..........day of ..........2015
INSURANCE REGULATIONS, 2015

Regulations on Enforcement and Remedial Actions 2015

Part 1.

1. These regulations may be cited as the Enforcement and Remedial Actions Regulations 2015.

2. These regulations are made under Part VIII section 120 (7) as read together with section 171 of the Insurance Act, 2015.

3. In these Regulations;

"Act" means the Insurance Act 2015;

4. Pursuant to section 120(7) (a), the Authority will notify the person to be investigated of the appointment of an investigator and the need to cooperate with investigations.

5. The Authority shall not notify a person to be investigated if such notification is likely to frustrate the investigation.

6. The investigation notice shall include the -

   a) period of investigations;
   b) name and physical address of the Investigator;
   c) documents required by the investigator;
   d) entitlement of the investigator; and
   e) right of an investigator to access to information, systems, employees, premises and outsourced services.

7. Every person under investigation or required to assist with investigation shall-

   (a) comply with a requirement of an investigator that is applicable to him, to the extent to which he is able to comply with it;

   (b) not in purported compliance with such a requirement, furnish information or make a statement that he knows to be false or misleading in a material particular;

   (c) not when appearing before an investigator for examination in pursuance of such a requirement, make a statement that he knows to be false or misleading in a material particular; or
(d) not obstruct or hinder an investigator in the exercise of his powers under this Act and regulations;

(e) to give right of ingress into and egress out of the premises when the investigation may be conducted; and

(f) A person who fails to comply with the notice by the investigator shall be guilty of an offence and liable on conviction to a fine of Kenya shilling 500,000/-

8. (i) The investigator shall not divulge any information in due course of investigation.
(ii) where the investigator has recorded information received during the investigation, he shall submit to the Authority the complete record and will not retain any copy of the record.

9. The investigator shall at all times exercise due care and diligence while conducting investigation.

10. (i) The investigator shall make one or more reports in writing to the Authority during the investigation of the whole or a part of the affairs of the person and shall, if so directed in writing by the Authority make such reports as are specified in the direction.
(ii) a report made on the completion of the investigation shall include
a) the questions whether the person investigated should continue to be permitted to carry on business;
b) any directions that should be given by the Authority to the person investigated under the Act.

11. The investigator shall not be liable in respect of any act or omission done in good faith in the execution of duties undertaken by him.

12. (i) All expenses of, and incidental to, an investigation shall be defrayed by the licensee being investigated.
(ii) The person being investigated shall cater for the expenses of the investigator including remuneration.

13. No person shall be appointed as an administrator of a licensee unless such a person complies with the fit and the proper criteria set out in the Act, regulations and guidelines issued by the Authority.
Issued by the ...................
................................
Dated this ..........day of ........2015
FINANCIAL SERVICES AUTHORITY
APPLICATION FORM
FOR
LICENSING OF INSURERS
(Pursuant to Section 19 (2) of the Insurance Act 20XX)

NAME OF APPLICANT

CONTACT DETAILS OF APPLICANT

ADDRESS: ……………………………………………………………………………………………
……………………………………………………………………………………………………

PHONE NO: ……………………………………………………………………………………..

FAX NO: ……………………………………………………………………………………….

EMAIL: …………………………………………………………………………………………

WEBSITE: ………………………………………………………………………………………

Date of Application

Date of Receipt:

IRACode:

Note:
(i) The information/documents required vide this Application Form and Annex must not be considered exhaustive. The IRA may request for such other information as it deems necessary with respect to the Application.
(ii) The IRA reserves the right to amend the Application Form and Annex to reflect any change in relevant laws, regulations, rules and policy guidelines.

(iii) Additional sheet(s) may be used, if necessary, to submit the required information.

**LEGAL STATUS OF THE APPLICANT**

1. **APPLICANT’S DETAILS**

1.1 **APPLICANT IS/SHALL BE A:**

<table>
<thead>
<tr>
<th></th>
<th>Public Company</th>
<th>Private Company</th>
<th>Other (please specify)</th>
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*Tick as appropriate (✓)*

1.2 **Date of incorporation**

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2. **REGISTERED OFFICE/PLACE OF BUSINESS IN KENYA**

2.1 **Registered Office:**

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<thead>
<tr>
<th></th>
<th>POSTAL ADDRESS:</th>
<th>CODE:</th>
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<th>TOWN:</th>
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<th>PHYSICAL ADDRESS:</th>
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<th>PHONE:</th>
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<th>E-MAIL:</th>
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2.2 **Branches Network***:

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<tr>
<th></th>
<th>Name of Branch</th>
<th>Postal Address</th>
<th>Physical Address</th>
<th>Branch Manager</th>
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<td>No</td>
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</table>
3. **CAPITAL STRUCTURE** *(as applicable)*

As at ..................day of ....................20........

<table>
<thead>
<tr>
<th>3.1</th>
<th>Authorised Share Capital: .............................................. Paid up Capital: ..............................................</th>
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<tbody>
<tr>
<td>3.2</td>
<td>Types and Classes of Shares (specify whether issued and fully-paid)</td>
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4. **DIRECTORS** *(as applicable)*

As at ..................day of ....................20........

<table>
<thead>
<tr>
<th>No</th>
<th>Full Name <em>(surname in block letters)</em></th>
<th>Citizenship</th>
<th>Designation</th>
<th>Age</th>
<th>Academic Qualification</th>
<th>Professional</th>
<th>Date of Appointment</th>
<th>Number of shares held</th>
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</table>
5. **PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES**

As at ..................day of .........................20........

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Address</th>
<th>Partners’ Names</th>
<th>Professional Qualifications</th>
<th>Date when first engaged by the licensee(if not continuous engagement indicate)</th>
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<tbody>
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<td><strong>AUDITORS</strong></td>
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<td><strong>COMPANY SECRETARY</strong></td>
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<td><strong>LEGAL ADVISERS</strong></td>
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<tr>
<td><strong>ACTUARIES</strong></td>
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</table>
1. 
2. 
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\[ \text{Date: } \text{Chief Executive Officer} \]

*Approval of the IRA should be obtained under Section XX of the Insurance Act 20XX.

6. **PARTICULARS OF MANAGEMENT STAFF**

As at \………………….day of \………………….20……….

<table>
<thead>
<tr>
<th>No</th>
<th>Full Name (surname in block letters)</th>
<th>Citizenship</th>
<th>Designation</th>
<th>Academic Qualification</th>
<th>Professional</th>
<th>Date of Appointment</th>
<th>Number of shares held</th>
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Notes:

1. In case of changes in table in number 3, 4, 5 notify the Authority within 14 days

7. **SHAREHOLDERS**

<table>
<thead>
<tr>
<th>No</th>
<th>Full Name (surname in block letters)</th>
<th>Address</th>
<th>Citizenship</th>
<th>% Share</th>
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8. **ULTIMATE BENEFICIAL OWNERS**^ (if different from details provided under Section 7)

<table>
<thead>
<tr>
<th>No.</th>
<th>Full Name (surname in block letters)</th>
<th>Address</th>
<th>Citizenship</th>
<th>% shares</th>
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</table>

^Means ultimate owners/beneficiaries of the Applicant

9. Documents to be submitted for each Controlling Shareholder and Ultimate Beneficial Owner*
<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1.1</td>
<td>Certified copy of National Identity Card / Valid Passport</td>
<td></td>
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<tr>
<td>9.1.2</td>
<td>Bank Reference from a recognized banking institution where they have held their account for the last one year</td>
<td></td>
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<tr>
<td>9.1.3</td>
<td>Class of shares to be held by the person including the number of shares and respective amount</td>
<td></td>
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<tr>
<td>9.1.4</td>
<td>Certificate of good conduct from Criminal Investigations Department</td>
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<tr>
<td>9.1.5</td>
<td>Complete Fit and proper form</td>
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</tbody>
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<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
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<tbody>
<tr>
<td>9.2.1</td>
<td>Certified copy of Certificate of Incorporation/Registration and/or Licence</td>
<td></td>
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<tr>
<td>9.2.2</td>
<td>Corporate Profile, Latest Annual Return and Audited Financial Statements</td>
<td></td>
</tr>
<tr>
<td>9.2.4</td>
<td>Class of shares to be held by the company including the number of shares and respective amount</td>
<td></td>
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<table>
<thead>
<tr>
<th></th>
<th>Trust</th>
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<tbody>
<tr>
<td>9.3.1</td>
<td>Certified copy of Trust Deed</td>
<td></td>
</tr>
<tr>
<td>9.3.2</td>
<td>An indication of assets value held by the trust</td>
<td></td>
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<tr>
<td>9.3.3</td>
<td>Profile of the settlor/contributor, trustee and beneficiaries of the trust</td>
<td></td>
</tr>
<tr>
<td>9.3.4</td>
<td>For a discretionary trust: Confirmation that the IRA will be provided with the appropriate Customer Due Diligence documents on beneficiaries, as and when distributions are made</td>
<td></td>
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<table>
<thead>
<tr>
<th></th>
<th>Limited Partnership and Limited Liability Partnership</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9.4.1</td>
<td>Certified copy of Certificate of Registration</td>
<td></td>
</tr>
<tr>
<td>9.4.2</td>
<td>Profile and latest audited financial statements of the Limited Partnership or Limited Liability partnership</td>
<td></td>
</tr>
</tbody>
</table>

*Controlling shareholder and ultimate beneficial owner refers to any person/entity who/which is entitled to exercise or control the exercise, either directly or indirectly, of 10 per cent or more of the voting power of the Applicant.*
10. Other Documents to be submitted by the Applicant (if already submitted indicate and if there is change resubmit)

<table>
<thead>
<tr>
<th></th>
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<th>Tick as appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Completed Fit &amp; Proper Forms for every directors and managers</td>
<td></td>
</tr>
<tr>
<td>10.2</td>
<td>CV for every directors and managers</td>
<td></td>
</tr>
<tr>
<td>10.3</td>
<td>References for every directors and managers</td>
<td></td>
</tr>
<tr>
<td>10.4</td>
<td>Shareholding Organogram</td>
<td></td>
</tr>
<tr>
<td>10.5</td>
<td>Organisation structure</td>
<td></td>
</tr>
<tr>
<td>10.6</td>
<td>Business Plan</td>
<td></td>
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<tr>
<td>10.7</td>
<td>Financial Projections*1 (including Cash flow, statement of comprehensive income and Statement of financial Position)</td>
<td></td>
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<tr>
<td>10.8</td>
<td>Memorandum and Articles of Association of the Applicant or any other constitutive documents</td>
<td></td>
</tr>
<tr>
<td>10.9</td>
<td>Certificate of Incorporation</td>
<td></td>
</tr>
<tr>
<td>10.10</td>
<td>Management Agreements (if any specify)</td>
<td></td>
</tr>
<tr>
<td>10.11</td>
<td>Outsourcing Agreements (if any specify)</td>
<td></td>
</tr>
<tr>
<td>10.12</td>
<td>Confirmation of share allotment and payment of shares</td>
<td></td>
</tr>
<tr>
<td>10.13</td>
<td>Details of Source of Funds*2 (see below)</td>
<td></td>
</tr>
<tr>
<td>10.14</td>
<td>Products to be offered, Rating &amp; Policy wordings</td>
<td></td>
</tr>
<tr>
<td>10.15</td>
<td>Reinsurance strategies and arrangements.</td>
<td></td>
</tr>
</tbody>
</table>

*1. The financial projection shall be for a period of three years and should show the pessimistic position and optimistic position.

2. The following details will be required in case of the source of funds;

(a) Full accountability of how the person has accumulated this wealth or funds, and
(b) Audit trail of the flow of funds from their present holding into the applicant company.

**DECLARATION BY APPLICANT/APPLICANT’S REPRESENTATIVE**

I certify that the information furnished in this application and additional submission, as required in Annex hereto, is complete and correct to the best of my knowledge and belief.
I also undertake to notify the Insurance Regulatory Authority of any material change in information/documents submitted with respect to the above.

Name of Applicant/Applicant’s Representative
(BLOCK CAPITALS)

.................................................................

Signature of Applicant/Applicant’s Representative:

.................................................................

Date: ........................................................................
SCHEDULE ONE

APPLICATION FOR A LICENCING OF INSURANCE BROKER AND HEALTH INSURANCE MANAGER

(*Delete whichever is not applicable)

All amounts in Kenya Shillings

A. APPLICANTS

1. Name:

2. Registered Office:
   - Postal Address:
   - E-mail Address:
   - Telephone:
   - Mobile Phone:

3. Location of Offices:
   - Principal:
     (Give physical address)
   - Branches at:
     (If more attach a list)

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

6. Bankers:
   Name Address Since when
   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**

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>Number of Shares (2)</th>
<th>Amount per Share (3)</th>
<th>Total Amount (3)</th>
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<tbody>
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<td>TOTAL</td>
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</tbody>
</table>

**FORMS NO. INS 150-1**

<table>
<thead>
<tr>
<th>Type of share</th>
<th>Number of share holders (5)</th>
<th>Amount per share sh. (2)x(3)</th>
<th>Proportion of Total voting Rights (8)</th>
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<tr>
<td>(b)</td>
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</tbody>
</table>
9. Business Particulars:
A. Business carried on/proposed to be carried on –
   (a) Classes of insurance business:
   (b) Nature of services provided in respect of insurance business:
   (c) Other business:

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

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<tr>
<th>Long-Term Insurance</th>
<th>General Insurance</th>
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<tr>
<td>Total</td>
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</tbody>
</table>

Please indicate name(s) of insurer(s) on whose behalf the agents are employed.

10. Date upto which Accounts made up:
   Date of submission of the Accounts report to the Commissioner:
   Date of last Annual General Meeting of shareholders:
   Date of submission of minutes of the Annual General Meeting to the Commissioner

11. Professional Indemnity Insurance:
   Insurer:
   Policy Number:
   Period from:
   to:
   Retroactive date:
   Limit of Indemnity:
   (Please enclose a true copy of the policy).
I hereby certify that the statements contained herein and in the documents submitted herewith required under 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 said documents will be promptly communicated to the Commissioner of Insurance.*

Signed on this day 20

Principal Officer

---

**APPENDIX A**

**PARTICULARS OF BOARD OF DIRECTORS**

Name of Broker/Health Insurance Manager: As at 31st December, 20........

<table>
<thead>
<tr>
<th>Number</th>
<th>Full Name</th>
<th>Citizenship</th>
<th>Residential Address</th>
<th>Occupation</th>
<th>Date of Appointment</th>
<th>Number of shares held (See note 1 below)</th>
<th>COURT CONVICTION (See NOTE 2 BELOW)</th>
<th>INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (SEE PARAGRAPH 7(I) OF THIS SCHEDULE)</th>
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### APPENDIX B
PARTICULARS OF MANAGEMENT STAFF

**Name of broker/ Health Insurance Managers: As at 31st December, 20……..**

<table>
<thead>
<tr>
<th>Number</th>
<th>Full Name</th>
<th>Citizenship</th>
<th>Residential Address</th>
<th>Academic</th>
<th>Profession</th>
<th>Date of Appointment</th>
<th>Number of shares held (See note 1 below)</th>
<th>COURT CONVICTION (See NOTE 2 BELOW)</th>
<th>INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (SEE PARAGRAPH 7(I) IN THIS SCHEDULE)</th>
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*Date: Chief Executive Officer*

### NOTES TO APPENDIX 1 & 2:

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 court of competent jurisdiction?

Please state “YES” or “NO” in the above form and if the answer is “YES” give details separately.
3. If any management function is outsourced, please give details of the firm (Name of the firm, address, partners name and qualification of the partners) and attach a service level agreement.

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

APPENDIX C
PARTICULARS OF DEPARTMENT STAFF

Name of Broker/Health Insurance Managers as at 31st December, 20......

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>NUMBER OF STAFF WITH....</th>
<th>Number of staff who are not Kenya citizens (Please see Note 2 below)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Post Graduate Qualifications</td>
<td>Graduate Qualification</td>
</tr>
<tr>
<td>Underwriting ......</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims ..............</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration ...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts ............</td>
<td></td>
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</tr>
<tr>
<td>Others (please specify) ............</td>
<td></td>
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</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date: Chief Executive Officer

NOTES: 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., C.P.A., A.C.C.A, Actuaries etc., please give the name and professional qualifications in a separate statement.

APPENDIX D

PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Address</th>
<th>Partners’</th>
<th>Professional</th>
<th>Since when</th>
</tr>
</thead>
</table>

108
APPENDIX E TO FORM NO. INS 150-1

PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY

<table>
<thead>
<tr>
<th>Member of the Insurance Industry (Please see Note 1)</th>
<th>Name (2)</th>
<th>Address (3)</th>
<th>Nature of Work Handled (4)</th>
<th>Shareholding or other Interest (Please see Note 2) (5)</th>
<th>Registration Number (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUDITORS</strong></td>
<td></td>
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<tr>
<td>1.</td>
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<td>3.</td>
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</table>

| **LEGAL ADVISERS**                                  |          |             |                           |                                                        |                        |
| 1.                                                  |          |             |                           |                                                        |                        |
| 2.                                                  |          |             |                           |                                                        |                        |
| 3.                                                  |          |             |                           |                                                        |                        |

| **ACTUARIES**                                       |          |             |                           |                                                        |                        |
| 1.                                                  |          |             |                           |                                                        |                        |
| 2.                                                  |          |             |                           |                                                        |                        |
| 3.                                                  |          |             |                           |                                                        |                        |

Date: **Chief Executive 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).

**FORM NO. INS 150-2**

APPLICATION FOR *REGISTRATION/*RENEWAL OF REGISTRATION AS AN AGENT
(*Delete whichever is not applicable)

A. APPLICANT

2. Registered Office:
- Postal Address;
- Telegraphic Address
- Telex Telephone:

3. Is the applicant
- 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 director if the applicant is a partner firm or a company)

7. Business Insurer

Number of policies introduced in the preceding year

FORM NO. INS 150-2

Long-term Insurance General Insurance
new policies renewals new policies renewals

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.

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 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 a 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 A *CLAIMS SETTLING AGENT/INSURANCE SURVEYOR/LOSS ADJUSTER/LOSS ASSESSOR/RISK MANAGER (*Delete whichever is not applicable)

All amounts in Kenya Shillings

A. APPLICANT
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: 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 insurance industry whose services were availed of during the year (including names of
insurers with whom insurance business was placed) (Appendix E).

6. Bankers:
Name Address Since when
1.
2.
3.

7. (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 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 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 19 Principal Officer

APPENDIX A TO FORM No. INS 150-1
PARTICULARS OF BOARD OF DIRECTORS

Name of* As at 31st December, 20.......
<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Full Name</th>
<th>Citizenship</th>
<th>Residential Address</th>
<th>Occupation</th>
<th>Date of Appointment</th>
<th>Number of shares held (See note 1 below)</th>
<th>COURT CONVICTION (See NOTE 2 BELOW)</th>
<th>INTEREST IN ANY MEMBER OF INSURANCE INDUSTRY (SEE ITEM 7(I) OF SIXTEENTH SCHEDULE)</th>
</tr>
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1. ... 2... 3... 4... 5... 6... 7...

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 shares are held in the names of any relatives (who are not members of the management staff, particulars of the same should be given separately.

2. Has there been in the past -
   (a) 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 or 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 a 31st December, 20………………

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Full Name</th>
<th>Designation</th>
<th>Citizenship</th>
<th>Age</th>
<th>Residential Address</th>
<th>Qualification</th>
<th>Years of Experience</th>
<th>Date of Appointment</th>
<th>Number of Shares Held (See Note 2 BELOW)</th>
<th>Court Conviction (See Note 2 BELOW)</th>
<th>Interest in Any Member of Insurance Industry (See Item 7(i) of Sixteenth Schedule)</th>
</tr>
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</tbody>
</table>
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 sharers. 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 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 No. INS. 150-1
PARTICULARS OF DEPARTMENT STAFF

<table>
<thead>
<tr>
<th>Name of Broker</th>
<th>As at 31st December, 20............</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>NUMBER OF STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Officers</td>
</tr>
<tr>
<td>Underwriting</td>
<td></td>
</tr>
<tr>
<td>Claims</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX D TO FORM NO. INS 150-3

**PARTICULARS OF AUDITORS, LEGAL ADVISERS AND ACTUARIES**

<table>
<thead>
<tr>
<th>Name of Broker</th>
<th>As at 31st December, 20………………</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name of Firm</th>
<th>Address</th>
<th>Partners’ Names</th>
<th>Professional Qualifications</th>
<th>Since when</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUDITORS</strong></td>
<td></td>
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<td>1.</td>
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</tbody>
</table>

| **LEGAL ADVISERS** |         |                |                             |            |
| 1.                  |         |                |                             |            |
| 2.                  |         |                |                             |            |
| 3.                  |         |                |                             |            |

| **ACTUARIES** |         |                |                             |            |
| 1.            |         |                |                             |            |
**APPENDIX EE TO SIXTEENTH SCHEDULE**  
**PARTICULARS OF MEMBERS OF INSURANCE INDUSTRY**

<table>
<thead>
<tr>
<th>Member of the Insurance Industry (Please see note 1)</th>
<th>Name (2)</th>
<th>Address (3)</th>
<th>Nature of Work handled (4)</th>
<th>Shareholding or other Interest (Please see note 2) (5)</th>
<th>Registration Number (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 here is insufficient, please use additional paper.
4. Please mention in column (6) the reference number of the registration under the Insurance Act (Cap 487).

**SEVENTEENTH SCHEDULE**

(s. 151 (1) (a) and r. 35)

**PROFESSIONAL INDEMNITY POLICY**
1. Insured
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. The indemnity limit for any one occurrence shall be ten million shillings or five percentum of the premium paid, whichever is the higher.
SECOND SCHEDULE

LICENSE AS INSURER

License is granted to

......................................................................................................................... (name)

of ......................................................................................................................... (address)

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

LONG TERM INSURANCE BUSINESS

Life assurance/Annuity/Personal pensions/Unit-linked and linked investments (investment linked contract)/Non-linked investments/Group life/Group credit /Permanent health/Deposit administration.

GENERAL INSURANCE BUSINESS

Aviation/ Engineering/ Fire Domestic/Fire Commercial/ Liability/ Marine/ Motor-Private/Motor Commercial /Motor-Commercial PSV/Personal Accident/ Theft /Workmen’s compensation/Medical/Miscellaneous/

.........................................................................................................................

Subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon. This license is effective from the date of issue until withdrawn by the Authority.

CONDITIONS

Dated the ........................................................., 20......................

P.O. Box 43505, 00100,
NAIROBI

.................................................................

Director General
Financial Services Authority
LICENSE AS A REINSURER

License is granted to

................................................................................................................................................. (name)

of............................................................................................................................................... (address)

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

LONG TERM INSURANCE BUSINESS

Life assurance/Annuity/Personal pensions/Unit-linked and linked investments (investment linked contract)/Non-linked investments/Group life/Group credit /Permanent health/Deposit administration.

GENERAL INSURANCE BUSINESS

Aviation/ Engineering/ Fire Domestic/Fire Commercial/ Liability/ Marine/ Motor-Private/Motor Commercial /Motor-Commercial PSV/Personal Accident/ Theft /Workmen’s compensation/Medical/Miscellaneous/

........................................................................................................................................................

Subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon. This license is effective from the date of issue until withdrawn by the Authority.

CONDITIONS

Dated the ................................................., 20..............

P.O. Box 43505, 00100,
NAIROBI

......................................................................................................................

Director General
Financial Services Authority
LICENSE AS AN INSURANCE BROKER

License is granted to

.................................................................
(name)

of.................................................................
(address)

to operate as an insurance broker in Kenya subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon. This license is effective from the date of issue until withdrawn by the Authority.

CONDITIONS

Dated the ........................................, 20..............

P.O. Box 43505, 00100,
NAIROBI

.................................................................

Director General
Financial services Authority

LICENSE AS A HEALTH INSURANCE MANAGER

License is granted to
to operate as a Health Insurance Manager in Kenya subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon. This license is effective from the date of issue until withdrawn by the Authority.

CONDITIONS

Dated the ........................................, 20..................

P.O. Box 43505, 00100,
NAIROBI

Director General
Financial services Authority

LICENSE NO.
to operate as *an insurance agent* in Kenya subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon. This license is effective from the date of issue until withdrawn by the Authority.

**CONDITIONS**

Dated the ................................................................., 20......................

P.O. Box 43505, 00100, NAIROBI

.................................................................

Director General
Financial services Authority

---

**LICENSE AS AN INSURANCE SERVICE PROVIDER**

License is granted to

................................................................. (name)
of………………………………………………………………………………………………………………….. (address)

to operate as an Insurance Service Provider in Kenya subject to the Provision of the Insurance Act, 2015 and the conditions endorsed hereon to carry out the following services to the insurers:—

Risk managers/ Loss adjuster/ Insurance Investigators/ Motor Assessors/Insurance Surveyors/claims settling Agent/

This license is effective from the date of issue until withdrawn by the Authority.

CONDITIONS

Dated the ..........................................., 20............... 

P.O. Box 43505, 00100, NAIROBI .................................................................

 .................................................................

Direct General

Financial Service Authority