



INSURANCE REGULATORY AUTHORITY

STRATEGIC PLAN 2018-2022

Revised

March, 2021



CORE VALUES

Core values guiding the standards of behaviour and culture at IRA:

Integrity
Accountability
Customer focus
Creativity
Teamwork

VISION

An effective regulator of a globally competitive insurance industry

MISSION

Effectively regulate, supervise, promote development of and innovation in the insurance industry
in order to protect insurance beneficiaries

MOTTO

Promoting insurance. Protecting the insured

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Abbreviations and Acronyms

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BBI	Building Bridges' Initiative
CAR	Capital Adequacy Ratio
CEO	Chief Executive Officer
CMA	Capital Markets Authority
DCI	Directorate of Criminal Investigations
DFID	Department for International Development
EAC	East African Community
ERS	Electronic Regulatory System
HMO	Health Maintenance Organisation
ICP	Insurance Core Principals
ICT	Information and Communications Technology
IFIU	Insurance Fraud Investigation Unit
IT	Information Technology
IVR	Interactive Voice Response
KRA	Key Result Areas
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTP	Medium Term Plan
NTSA	National Transport and Safety Authority
OSH	Occupational Safety and Health
PAKA	Pending Arrest of Known Accused
PBC	Pending Before Court
PCF	Policyholders Compensation Fund
PESTIEL	Political, Economic, Socio-Cultural, Technological, Infrastructural, Environmental and Legal
PUI	Pending Under Investigation
PSV	Public Service Vehicle
RIA	Regulatory Impact Assessment
SIFI	Systemically Important Financial Institution
SMS	Short Message Service
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TCF	Treating Customers Fairly
USSD	Unstructured Supplementary Service Data

Definition of key performance metrics

No	KPI	Description/Implication
1.	Insurance Penetration	Ratio of premium underwritten in a given year to the Gross Domestic Product (GDP). Indicates the contribution of insurance to the GDP.
2.	Insurance density	The ratio of premium underwritten in a given year to the total population. A higher insurance density is an indicator more people are in the insurance coverage net.
3.	Insurance Coverage	The proportion of lives covered to the total population.
4.	Insurers with CAR of over 125%	CAR = Available capital/Risk Based Capital. Measure of value of assets over value of liabilities and depends on valuation basis used. It is an important benchmark that provides an indication as to whether an insurance company has adequate capital to meet its insurance and other risk exposures.
5.	Proportion of complaints concluded within 45 days	This is a ratio of complaints concluded by the Authority against total complaints reported. This proportion should increase over time. An increasing trend of the proportion of complaints concluded implies improved service delivery by the Authority in regard to complaints handling
6.	TCF Customer Satisfaction index	Measure of insurance customers' experience throughout the entire product/policy cycle i.e. from purchase to the point of making a claim. This is measured along the TCF outcomes. High TCF customer satisfaction index implies that customers of insurance services and products are fairly treated.
	TCF self-assessment index	This is a measure of the level of implementation of TCF framework by insurance companies through a process of self-rating. The tool for self-rating is developed in line with the TCF outcomes. High TCF assessment index indicates that insurers are implementing measures aimed at promoting fair treatment of customers.
7.	Insurance awareness index	This is a measure of the level of awareness of insurance by the general public. High insurance awareness index means that the majority of the public is aware of insurance and can make informed decisions regarding insurance.
8.	Employee satisfaction index	Measures the level of satisfaction of IRA employees with various aspects that affect them and their work. High employee satisfaction indicates that employee have high morale and positive attitude to spur their productivity.
9.	Automation index	This is the level of automation of service delivery or business processes at the Authority against total process available. A higher index implies more business processes automated hence enhancement of service delivery and vice versa

No	KPI	Description/Implication
10.	Level of compliance with the Authority's service delivery charter	Measures turn-around time for service delivery commitments at the Authority. A higher compliance index implies that the Authority is delivering most of its services to customers as per its commitments in the service delivery charter and vice versa
11.	Level of budget utilization	Measures the proportion of budget utilized against approved/allocated budget. Higher budget utilization implies that the Authority is implementing most of the activities planned to deliver on its mandate and vice versa

Foreword

Following conclusion of the process of mid-term review of our strategic plan, I am happy to present to you the revised corporate strategy for the next two year period 2020 - 2022. This is also marks the final phase of implementation of the 2018 – 2022 strategic plan.

The development of this strategic plan has been all inclusive and stakeholder input incorporated in reviewing emerging regulatory, economic and environmental changes.

As we embark on the new journey, we do appreciate that COVID-19-induced pandemic has had an indelible impact on nearly every sphere of life. Beginning with lockdowns, the way we work, socialize, travel, spend money, and nearly everything else has been affected.

This has had disproportionate impacts on businesses and households in terms of customer facing practices, reduced income flows, price volatility for commodities and services as well as disruptions in supply chains.

Whereas the insurance industry has remained relatively resilient, the revised plan highlights the key priorities and what it will take to shape a recovery path that works for households and businesses in navigating the new normal occasioned by the pandemic.

Having reviewed the past two years and considering the realities of the present environment in which we are operating, it is evident the Authority and the insurance industry is in a transitional and defining moment that requires a reframing of the operating model.

With the new realities of the pandemic beckoning, issues of climate change and rapid technological transitions, the direction of strategic focus requires a balanced approach to supply side, demand side and legal and regulatory considerations.

I do appreciate that re thinking of a strategic direction within the content of the existing realities indeed remains a complex process. Nonetheless, the task for us is to understand what worked, what didn't work, what was better and why, and how to mitigate the former and maximize the latter.

Going forward, we purpose to strengthen and deepen our focus on;

- i. Improved consumer outcomes (better protection, increased confidence in the market)
- ii. More efficient information flow between regulated entities, consumers and the Authority.
- iii. Improving market conduct of regulated entities by addressing insurance market imperfections and inefficiencies
- iv. Better use and value for resources committed to programs
- v. Adoption of glocal best practices in developing the insurance industry

The targets set out in this revised plan are achievable and will be accomplished through sustained application of our collective energies and enterprise adaptability. It will also require continued investment in our human resources, strategic partnerships and infrastructure.

I am confident implementation of this revised strategic plan will lead to enhanced ability of insurance industry players to do business, while protecting insurance customers.

Hon. Abdirahin Haithar Abdi

BOARD CHAIRMAN

Preface

This Strategic Plan provides a framework for the period 2020 to 2022 to ensure the Authority remains on course towards promoting a globally competitive insurance industry. The plan recognizes the dynamism and evolution of needs and requirements of the insurance market both locally and internationally and, the evolving challenges that call for the Authority to reposition itself through progressive strategies.

Being cognizant of the need for progressive strategies, the revised strategic plan 2020- 2022 presents the Authority's road map for the next two years to ensure sustenance of milestones realized so far and forge ahead to reach greater heights. The Authority aims to achieve greater outcomes on its role in regulation and supervision of the industry but which are geared towards the protection of insurance consumers and beneficiaries.

The plan thus embodies the collective promise of the Board of Directors, Management and Staff of the Authority to stakeholders. The Authority provides the service delivery standards the stakeholders should expect and the resulting outcomes.

The Covid-19 pandemic has had varied implications on the insurance industry and response measures of the Government has been varied. Lessons and momentum from the response to the pandemic particularly to the poor and disadvantaged as well as business enterprises requires a coordinated response to build back better.

The plan recognizes the impact of the COVID-19 pandemic on the insurance industry and has thus put in place post-recovery strategies to ensure vibrancy in the industry. In consideration of the rethinking of the Authority's strategic focus and inclusivity, this plan has been developed through participatory, consultative and analytical approaches.

The Authority's Key Result Areas remain as:

1. Regulation and Supervision
2. Policy and Market Development
3. Market Conduct and Consumer Education
4. Institutional Capacity

To ensure effective implementation of the strategic plan, the Authority's strategic focus is presented as an implementation matrix which annualizes work plans cascaded to all staff. An appropriate monitoring and evaluation framework has been put in place to track progress of the plan implementation.

May I take this opportunity to thank all our stakeholders that made revision of this plan possible.

I look forward to the support of all stakeholders to enable achievement of the results envisaged in this revised plan.

Godfrey K. Kiptum, MBS

COMMISSIONER OF INSURANCE AND CHIEF EXECUTIVE OFFICER

Acknowledgements

The development of the revised IRA Strategic Plan covering the period 2020-2022 followed an all-inclusive and participatory process which included desk reviews of existing policy documents and other relevant reports/publications; several in house workshops and discussions on the various strategic themes. Specifically, the following made the process of mid-term review of the strategic plan possible;

- i. The Board Chairman for the overall strategic leadership of the process
- ii. The Board of Directors for their insights and guidance during the various sessions held
- iii. The Commissioner of Insurance and Chief Executive Officer for coordinating the entire process and guidance provided in conceptualizing the approaches and issues contained in the plan including formation and approval of various working teams to the review process
- iv. The management and staff for their support, feedback and inputs that made this exercise possible.
- v. Peer financial sector regulators and other stakeholders for the feedback and recommendations during the mid-term review process of the strategic plan.
- vi. The Centre for Corporate Governance, for their facilitation of the strategic plan mid-term review process and for developing the various working reports.

Executive Summary

This reviewed Plan has been developed after a thorough Review of progress made in implementing the strategic plan for the period 2018-2020. The review was undertaken in order to assess what has worked, what hasn't worked and what can be improved going forward. The Plan is split into seven Chapters as follows:

Chapter One on Legal and Policy Context revisits the Mandate, the nine objectives and functions of IRA as set out in section 3A of the Insurance Act. The three main objectives of supervision are outlined. IRA has developed clear core values, vision, mission and motto as follows:

- i. *Core Values:* Integrity, Accountability, Customer Focus; Creativity and Teamwork.
- ii. *Vision:* An effective regulator of a globally competitive insurance industry.
- iii. *Mission:* Effectively regulate, supervise, promote development of and innovation in the insurance industry in order to protect insurance beneficiaries.
- iv. *Motto:* Promoting insurance. Protecting the insured.

Furthermore, the Core Functions; Objectives; and the Legislative, Policies, and guidelines of IRA are documented. An overview of the insurance business and the insurance industry has been underscored in order to establish the major role the Insurance sector plays in the economy as well as its function in social lives of the citizenry. A recap of the rationale and premises for the development of the Strategic Plan 2018-2022 has been laid out in this Chapter. The case for initiating a Mid-term Review of the Strategic Plan Period 2018-2020 is considered together with the respective key analytical tools that were employed to assess IRA's operating environment.

The key issues found out during this review and which need to be addressed going forward include: Focus on access and inclusion, changing regulatory developments, regulatory ability to promote a stable insurance industry through data collection and analysis, technological advances, cyber security as well as professional and technical competencies to drive the change agenda;

Others include, low levels of awareness and uptake of insurance, limited adoption of InsureTech in product development, distribution and claims settlement, low capitalization, underwriting of motor commercial (Public Service Vehicles – ‘PSV’) and medical insurance; and the need for the Authority to evolve with the market place and to keep pace with cutting edge developments driving the regulatory agenda taking into account both domestic, regional and international standard setting bodies.

Chapter Two on Situational Analysis focuses more on the assessment of the execution of the Authority’s strategic objectives under the Key Result Areas in the 2018-2022 Strategic Plan including the challenges and lessons learnt. Several achievements aligned to the key result areas in the 2018-2020 Plan period have been documented.

The key challenges that IRA faced while implementing the Plan in its first half comprised mainly of:

- i. Inefficient enforcement and intervention architecture;
- ii. Limited market surveillance and research-driven innovation;
- iii. Insufficient levels of automation or digitization; and
- iv. Delays in enactment of statutory instruments.

However, despite these challenges, there were a number of lessons learnt, namely:

- i. **Technological Factors** - automation and digitisation of services will be a key driver for delivery of this Strategic Plan objectives in the remainder of the plan period;
- ii. **Stakeholder Alignment** - align strategic actions to Government priorities and seek legislative and budgetary support for achievement of the Strategic Plan;
- iii. **Supervision and Regulation** - engaging in intentional market intelligence and proactive supervision; and,
- iv. **Consumer Protection and Education** - continue focusing on consumer centric solutions as well as enhancing consumer education.

The Chapter has also provided the understanding of the environment in which IRA operates through PESTIEL, SWOT and the Stakeholder analytical tools.

Chapter Three on IRA’S Role in Supporting National Development Agenda sets the Authority’s commitment to supporting implementation of the national development agenda aimed at narrowing the protection gap through insurance. The key areas of focus are the Third Medium Term Plan (MTP III) under the Vision 2030, the Big Four Agenda and Sustainable Development Goals (SDGs). This was to be realised through rolling out a set of business-

friendly policies, initiatives and programmes aimed at not only ensuring insurance serves the interests of the people of Kenya but is also geared towards mitigating effects of poverty and general deprivation experience by the vulnerable and low-income populations. The Chapter further establishes the guiding principles for mapping the contribution of the Authority to the national priorities which include: Access; Efficiency; and stability.

Chapter Four on Strategic Focus 2020-2022 presents the identified key result areas and strategic objectives that will drive the strategy for the plan period 2020 – 2022. The four Key Result Areas, namely, Supervision and Regulation; Policy and Market Development; Market Conduct and Consumer Education, and Institutional Capacity Building have been outlined. The objectives include:

- i. *Ensuring a responsive legal and regulatory framework;*
- ii. *Ensuring a fair, safe and stable insurance industry;*
- iii. *Adopting regulatory approaches that promote inclusive insurance;*
- iv. *Advising the Government on insurance and related matters.*
- v. *Facilitating the development and adoption of emerging trends in the insurance industry including SMEs/MSMEs & InsureTech;*
- vi. *Protecting the interest of insurance policy holders and beneficiaries;*
- vii. *Increasing the level of insurance awareness;*
- viii. *Ensuring effective corporate governance practices;*
- ix. *Enhancing human resource capacity; and*
- x. *Improving service delivery.*

The chapter underscores the fact that *Digital transformation, Focused execution, Talent and accountability* will be critical in achieving IRA’s targets. A strategy map and summary of enablers for achievement of the targets is also provided

Chapter Five on Key Performance Indicators aims at re-orienting the Authority to translate the already identified strategic objectives into clear and achievable outcomes. In order for the stated outcomes to be effectively realized the Authority seeks to move beyond just reporting on outputs by focusing on outcomes on a quarterly and annual basis. Some of the indicators include Treating Customers Fairly (TCF) index, customer satisfaction index, insurance awareness index, insurance penetration, Insurance density, employee satisfaction index, number of companies with CAR of over 125%, solvency ratio, market concentration ratio, rejection ratio, complaints ratio, growth ratio, among others.

Chapter Six on Governance and Resource Mobilisation focuses on mobilization of optimal human and financial resources including the establishment of an appropriate organizational structure to drive this strategy. The principal sources of funding this Strategic Plan will be: insurance premium levy charged at the rate of 1% of Gross Direct Premium, interest received on investments, and assistance from strategic development partners. With regard to staffing, the Authority will continue to proactively attract, develop and retain qualified competent and motivated human resources at all levels. Furthermore, the Authority recognizes that it has a low appetite for threats. The categories of risks that have been identified include: Strategic decision risk; Strategic execution risk; and Strategic delivered risk. Subsequently, the key risks facing the Authority, the drivers of these risks, and how the Authority should respond to them has been documented in this Chapter.

Chapter Seven on Co-ordination, Evaluation and Reporting focusses on Plan implementation. An established Strategic Plan Implementation Committee is charged with the responsibility of monitoring, evaluation and reporting on the implementation of the Plan. The plan will be cascaded to all levels. The Authority will ensure all strategies are implemented, level of achievement measured and appropriate progress reports prepared. The Heads of Division/Section will prepare reports, consolidated for onward transmission to Management and the Board detailing progress in implementation of strategies. An end-term review of the Strategic Plan shall be undertaken in the final year of the plan period and will address issues *Effectiveness (Impact), Sustainability, Challenges faced, Lessons learnt and Mitigation measures.*

CHAPTER ONE

LEGAL AND POLICY CONTEXT

1.0 INTRODUCTION

The Authority's mandate is to regulate, supervise and promote the development of the insurance industry in Kenya. The objects and functions as set out in section 3A of the Insurance Act are to:

- (i) Ensure the effective administration, supervision, regulation and control of insurance and re-insurance business in Kenya;
- (ii) Formulate and enforce standards of the conduct of insurance and reinsurance business in Kenya;
- (iii) Issue licenses to all persons involved in or connected with insurance business, including insurance and re-insurance companies, insurance and re-insurance intermediaries, loss adjusters and motor assessors, risk surveyors and valuers;
- (iv) Advise the Government on the national policy to be followed to ensure adequate insurance protection and security for national assets and national properties;
- (v) Issue supervisory guidelines and prudential standards for better administration of the insurance business or persons licensed under the Act;
- (vi) Conduct inquiries and share information with other regulatory authorities and to carry out any other related activities in furtherance of its supervisory role;
- (vii) Educate the public regularly on the right to independently select an underwriter or broker from a list of underwriters or brokers licensed by the Authority;
- (viii) Regulate the business of bancassurance offered by banks in the same manner as ordinary insurance business including capital requirements and disclosures;
- (ix) Undertake such other functions as may be conferred on it by this Act or any other written law.

The objectives of supervision as set out in the Insurance Act are to:

- (i) Promote the maintenance of a fair, safe and stable insurance sector;
- (ii) Protect the interest of the insurance policy holders and beneficiaries; and
- (iii) Promote the development of the insurance sector.

In line with its mandate, the Authority's core values, vision, mission and motto as follows:

- Core Values:* Guides on the standards of behaviour and culture in the Authority and are – *integrity, accountability, customer focus, creativity and teamwork.*
- Vision:* An effective regulator of a globally competitive insurance industry.
- Mission:* Effectively regulate, supervise, promote development of and innovation in the insurance industry in order to protect insurance beneficiaries.
- Motto:* Promoting insurance. Protecting the insured.

1.1 LEGISLATION, POLICIES AND GUIDELINES

The principal legislation guiding operations of the Authority is the Insurance Act, Cap 487 of the Laws of Kenya. The law has since its enactment, undergone a series of amendments to conform with changes in government policy as well as pace setting developments and best practices regionally within the East African Community (EAC) and internationally as guided by the International Association of Insurance Supervisors (IAIS). Further, the Authority complies with polices, circulars and guidelines issued from time to time by government that include PFM Act, PPDA, OSHA and the Mwongozo Code of Governance for State Corporations among others.

1.2 OVERVIEW OF THE ROLE OF INSURANCE

Insurance plays a major role in the economy and performs important functions in society, both objectively and subjectively. It is a key risk management mechanism and funding likely to support sustainable national development while reducing socio-economic vulnerabilities. The insurance industry is made up of companies that offer risk management in the form of insurance contracts. The basic concept of insurance is that one party, the insurer, will guarantee payment for an uncertain future event. Meanwhile, another party, the insured or the policyholder, pays a premium to the insurer in exchange for protection from that uncertain future occurrence. The business model of insurance companies is based on assumptions and diversification of risks. The essential insurance model involves pooling risk from individual players and redistributing it across a larger portfolio.

At an objective level, insurance protects against unexpected financial shocks that set back development outcomes. Such shocks impact household's lives and livelihoods as well as business enterprises— they deplete savings, can push people and businesses into debt and erode gains in socio economic development. **At a subjective** level insurance provides the policyholder with the feeling of confidence, a sense of security about the future, a freedom from anxiety about the unknown. Insurance, by paying out a sum of money upon death, disease, natural disasters, and destruction of assets, transfers risk and acts as a buffer against adverse consequences of such events.

From a sustainable development perspective, insurance industry players can advise government on risk financing and devise ways to manage risk on a national and county scale. Insurers as corporates and investors also play their part by making investment and business choices that contribute to more resilient communities.

It plugs gaps in social safety nets, provide better working conditions and prevent households from falling (back) into poverty. When integrated with other measures, insurance is a key tool for catalysing socio economic development. Combined with savings, loans, payments and remittances, it can build financial health, and help businesses grow and innovate.

Alongside risk reduction measures, it can promote more sustainable farming, housing and living conditions. Insurance is also widely applicable as it can be tailored to protect against different risks at different levels. It can be customised to specifically cover, for example, specific risks faced by women or MSMEs. Insurance deployed at the macro level can help build resilience of government to external shocks.

Globally a number of changes are taking place in the insurance sector driven by regulatory shifts and increased demand to underwrite risks. These changes have necessitated significant convergence and consolidation in the industry. The International Association of Insurance Supervisors (IAIS) continues to issue global best practice principles and guidelines aimed at enhancing protection of insurance consumers through standardised regulatory mechanisms. The insurance industry also subscribes to international best practices on financial reporting.

1.3 RATIONALE FOR THE STRATEGIC PLAN

The rationale for the development of the Strategic Plan 2018-2022 was premised on a number of major issues of concern in the insurance industry. Key among them were, and still are: access and inclusion, changing regulatory developments, regulatory ability to promote stable insurance industry through data collection and analysis, technological advances, cyber security as well as professional and technical competencies to drive the change agenda. The insurance regulatory landscape has always been at a turning point. A number of factors called for change and adoption of new strategies to catapult the insurance industry in Kenya to higher standards of professionalism.

There was need to enhance response to these issues with a convergence of forces that had potential to reshape the industry. Therefore, there was a compelling need for the Authority to evolve in tandem with the market needs in order to keep pace with the fast-changing regulatory requirements in this important industry. In addition, the objectives and strategies of the key results needed to show appreciable impact on the national development agenda as set out in the Kenya Vision 2030 and Third Medium Term Plan (MTP III).

1.4 OBJECTIVES OF THE MIDTERM REVIEW

The Midterm Review of the 2018 – 2022 Strategic Plan, was focused on the results achieved during the first half of the Plan implementation phase (2018-2020). The Review also aimed at assessing both the results to-date (direct and indirect, whether intended or not) from the first years of implementation as well as the likelihood of the programme meeting its end goals based on the current design, human resource structure, choice of partners, and broad implementation strategy.

The specific objectives of the Review were as follows:

- a) Assisting the Board of IRA, Management, Staff and its partners to understand the relevance, efficiency, effectiveness, and likely impact and sustainability of the interventions set out in the Strategic Plan;
- b) Validating and/or suggesting refinements to the Strategic Plan's theory of change and the instruments and tools being deployed to meet the objectives of supervision as set out in the Insurance Act Cap 487; and
- c) Documenting lessons learnt given the context and challenges under which IRA implements its Programmes.

The information collected was to provide formative recommendations or areas of improvement and change for the remaining period of the Plan.

1.5 APPROACH AND METHODOLOGY

A highly participatory and inclusive approach was adopted with the broad strategic intentions being set out by the Board of Directors while the Management and Staff, went through all the motions of reviewing the strategy for the period 2018–2020. The following steps were adopted:

- i. Review of the available information on IRA’s mandate, national development agenda, Government policy documents,
- ii. Interviews with the Board of Directors, Commissioner of Insurance and Chief Executive Officer, Heads of Divisions/Sections and all Staff.
- iii. Board, Management and Staff engagement, and
- iv. Stakeholder engagement workshops.

The key analytical tools used in the review were:

- (i) Performance review: The performance review was based on the achievements arising from the Strategic Goals of the plan 2018-2022 and lessons learnt from this period based on each strategic objective.
- (ii) Environment scanning through a Political, Economic, Social, Technological, Infrastructural, Environmental and Legal (PESTIEL) analysis.
- (iii) Strength, weaknesses, opportunities and threats (SWOT) analysis.
- (iv) Stakeholder analysis/engagement.

CHAPTER TWO

SITUATIONAL ANALYSIS

2.0 INTRODUCTION

The Authority has a unique role to play within the financial architecture in Kenya. It has regulatory oversight role over the insurance industry in Kenya with its objects and functions set out in the Insurance Act Cap 487 of the Laws of Kenya. A situational assessment of the execution of the Authority's strategic plan for the period 2018 - 2020, challenges and lessons learnt are set out in this chapter.

2.1 KEY ACHIEVEMENTS

During the plan period under review, there were several achievements aligned to the key result areas as follows:

2.1.1 Regulation and Supervision

The key achievements made to ensure a safe, fair, competitive and stable insurance industry through a supportive and collaborative regulatory environment include:

- (i) Strengthening the Legal Framework by assessing and identifying gaps in the insurance Act with reference to Insurance Core Principles (ICPs); establishing a lobbying framework for stakeholder engagement; reviewing the legal and regulatory framework and drafting of various guidelines and regulations.
- (ii) Ensuring stability in insurance industry through macro-prudential surveillance and analysis; regulatory impact assessment; training for the industry on AML/CFT principles and improving the capacity for forensic investigation within the industry.

2.1.2 Policy and Market Development

Various measures were put in place to promote inclusion and enhance access to insurance in Kenya. In order to promote an inclusive insurance industry a review was undertaken on the insurance distribution framework; a draft framework developed for regulating social insurance; developed a framework for agricultural insurance; Initiatives to encourage InsureTech through Bimabox and Bimalab undertaken.

2.1.3 Consumer Protection and Education

The key focus was on embracing practices for Treating Customer Fairly (TCF), enhancing information disclosure through publication of quarterly and annual reports, consumer education and awareness creation through various media platforms like print, electronic and digital channels.

2.1.4 Institutional Capacity Building

Key milestones include continuous Board development, compliance with Mwongozo Code of Governance, upgraded ICT infrastructure, ease of doing business through service automation, development and implementation of human resource instruments, enhanced employee satisfaction and continual implementation of Quality Management System.

2.2 CHALLENGES FACED

Kenya's economy grew by 5.4 percent in 2019 and was projected to grow by 6.2 percent in 2020. However, the COVID-19 pandemic weakened Kenya's economic growth outlook in 2020, thereby recording a negligible growth of only 0.6%. This was mainly attributed to the COVID-19 containment measures instituted by the Government. These measures disrupted supply chains and impacted negatively on household livelihoods, resulting in subdued aggregate demand. In response, the Government deployed monetary, fiscal and financial measures to mitigate the impact of COVID-19 on the financial sector and the economy.¹

Overall, Kenya's financial system is expected to remain stable and resilient in the remaining phase of the plan period, underpinned by adequate capital and liquidity buffers to weather the negative impact of COVID-19. These are complemented by a robust regulatory oversight, and reliable and efficient financial market infrastructure. However, economic slowdown due to COVID-19, rising credit risks, declining profitability, concentration risk in the capital market, weak balance sheets for listed corporates and State-Owned Enterprises (SOEs), and corporate governance challenges may undermine financial sector stability.

The insurance industry has great potential for growth and the market is evolving quickly. New lines of business are emerging (e.g. cyber insurance) and existing lines of business are under market pressure for a shift in the way business is to be conducted. Convergence across sectors,

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through cross selling and product innovation continues to reshape the business of insurance hence its regulation.

Overall, the industry performed better in the first quarter of 2020 compared to the first quarter of 2019 in terms of gross premium income. However, the insurers incurred a loss of Ksh 1.1. Billion in the first quarter of 2020 on account of increased expenses. There was significant reduction in investment income due to volatility at the NSE2.

Insurance penetration ratio, measured by premiums paid to GDP, remained very low, at 2.4 percent in 2019 similar to 2018 and below global average of 7.2 percent. While a number of measures have been taken to strengthen oversight and promote uptake of insurance products, there are a lot of headwinds.

In addition, the challenging business environment and the COVID-19 Pandemic have negatively affected the industry, with likely effects of stifling growth and penetration. There have been recent reforms and measures to refocus and grow the industry. These include adoption and implementation of risk-based capital regime effective June 2020 to ensure that insurers maintain sufficient capital adequacy levels commensurate with their risk profile at all times for achieving and maintaining financial stability.

Focusing specifically on the Authority, in reviewing the implementation of the Strategic Plan to the half-way mark, the key challenges faced in achieving the planned objectives have been identified as:

- (i) Enforcement and intervention architecture.
- (ii) Market surveillance and research-driven innovation.
- (iii) Automation or digitisation.
- (iv) Compliance with statutory instruments framework.
- (v) Human capital skills.

² © Financial Stability Report 2019

2.3 LESSONS LEARNT

As a result of implementing the Strategic Plan over the period 2018 –2020, a number of lessons were learnt:

- i. **Technological Factors:** Ensure a robust strategy for RegTech and InsureTech adoption in the Authority and within the industry.
- ii. **Stakeholder Engagement:** Proactive stakeholder alignment and engagement centred on a purposeful value exchange.
- iii. **Supervision and Regulation:** Enhanced market surveillance to align supervision and regulation to emerging trends and developments.
- iv. **Consumer Protection and Education:** Embrace consumer-centric solutions in order to meet the interests of policyholders and beneficiaries.

2.4 ENVIRONMENTAL SCANNING

An environmental (PESTIEL) analysis was carried out as follows;

2.4.1 Political Factors

Table 2.1: Political Factors

	Factor	Strategic Implication	Strategic Response
a)	Political Stability	<ol style="list-style-type: none"> i. Performance of the insurance industry. ii. Changes in Government Policy iii. Constitutional Amendment Bill 2020 	<ol style="list-style-type: none"> i. Lobby for government support ii. Develop a national insurance policy. iii. Develop a master plan for the insurance industry iv. Insurance incentives for manufacturing, business start-ups and small businesses.
b)	Devolution	<ol style="list-style-type: none"> i. Increased market opportunities for insurance. 	<ol style="list-style-type: none"> i. Undertake stakeholder analysis. ii. Strategic partnerships with county stakeholders. iii. Aligning county legislations to national financial laws, policies and regulations.
c)	Regional and international	<ol style="list-style-type: none"> i. Changes in Government Policy 	<ol style="list-style-type: none"> i. Lobby for government support ii. Strategic partnerships

	Factor	Strategic Implication	Strategic Response
	integration.	ii. International developments in insurance.	iii. Adoption of best practices

2.4.2 Economic Factors

Table 2.2: Economic Factors

	Factor	Strategic Implication	Strategic Response
a)	Monetary policy-Inflation and interest rates	<ul style="list-style-type: none"> i. Erosion of insurance investments ii. Higher claims' cost iii. Erosion of profitability iv. Reduction in demand for insurance 	<ul style="list-style-type: none"> i. Encourage diversification of insurance investments to mitigate the impact of high inflation levels and low interest rates
b)	Economic growth	<ul style="list-style-type: none"> i. Increased opportunities for insurance from insurance coverage ii. Increased contribution of insurance to GDP iii. Growth of the industry as a regional insurance and re-insurance hub iv. Increased disposable incomes 	<ul style="list-style-type: none"> i. Create insurance awareness ii. Create an environment that supports innovation and product development. iii. Develop a framework to enhance access to insurance services iv. Measures to make Kenya an insurance and re-insurance hub
c)	Level of unemployment	<ul style="list-style-type: none"> i. Reduces demand for insurance services. 	<ul style="list-style-type: none"> i. Develop framework for simple products. ii. Operationalize Microinsurance regulations
d)	Fiscal policy – Taxation and government spending	<ul style="list-style-type: none"> i. Affects the level of disposable income ii. Affects competitiveness of insurance business ii. Loss of jobs/livelihoods due to Covid-19 Pandemic 	<ul style="list-style-type: none"> i. Lobby for enactment of supportive legislation. ii. Regulatory collaboration with other players in the financial sector in policy formulation.
e)	Measures to mitigate the impact of	Business growth and capital consolidation measures in the insurance industry impacted/will be impacted by	<ul style="list-style-type: none"> i. Increased participation in economic and fiscal policy development

	Factor	Strategic Implication	Strategic Response
	COVID 19.	the fiscal and economic challenges faced in 2020 as well as correction measures in 2021	<ul style="list-style-type: none"> ii. Regulatory collaboration with financial sector and tax authorities in policy formulation iii. Signaling of industry support in financial stability and fiscal policy through increased Financial Stability Report participation; publication and stakeholder engagement.

2.4.3 Social Factors

Table 2.3: Social Factors

	Factor	Strategic Implication	Strategic Response
a)	Low incomes	<ul style="list-style-type: none"> i. Low disposable levels of income ii. Reduces demand for insurance 	<ul style="list-style-type: none"> i. Opportunity to develop a framework for low income and excluded populations ii. Operationalize Microinsurance regulations
b)	Demographics	<ul style="list-style-type: none"> i. Potential demand for insurance ii. Changes in needs, wants and preferences iii. Potential for youth engagement. 	<ul style="list-style-type: none"> i. Research and segmentation of the market. ii. Create an environment that supports innovation and product development. iii. Strategic partnerships.
c)	Financial literacy	<ul style="list-style-type: none"> i. Influences understanding and uptake of insurance 	<ul style="list-style-type: none"> i. Insurance literacy and awareness creation. ii. Collaboration with industry players.
d)	Culture and religion	<ul style="list-style-type: none"> i. Increased uptake of informal insurance. ii. Low uptake of formal insurance. 	<ul style="list-style-type: none"> i. Financial literacy and creation of insurance awareness. ii. Collaboration with opinion leaders and other interest groups.
e)	Corruption and fraud	<ul style="list-style-type: none"> i. Increases cost of doing business 	<ul style="list-style-type: none"> i. Enhance partnership with DCI, DPP, AG and other law enforcement agencies.

	Factor	Strategic Implication	Strategic Response
			<ul style="list-style-type: none"> ii. Strengthen policies, laws and regulations for mitigating corruption and fraud iii. Capacity building and sensitization of stakeholders iv. Information sharing and automation
f)	Transformation of distribution channels	i. Exploration of emerging channels of insurance distribution	<ul style="list-style-type: none"> i. Development of the digital/innovative channels of distribution for the insurance industry ii. Support insurance industry collaboration

2.4.4 Technological Factors

Table 2.4: Technological Factors

	Factor	Strategic Implication	Strategic Response
a)	Data analytics, digital platforms and cyber security	<ul style="list-style-type: none"> i. Reduced costs of business, information availability, ii. faster decision making, iii. Leakage and loss of data, iv. System failure 	<ul style="list-style-type: none"> i. Responsive to technological development. ii. Develop appropriate policy and regulatory framework to facilitate use of technology. iii. Enhance information protection and data management
b)	Implementation of the Data Protection Act	<ul style="list-style-type: none"> i. Impacts the use of information and data analytics ii. Cost of compliance for industry players iii. Presents opportunities for new insurance products 	<ul style="list-style-type: none"> i. Transparency and information disclosure ii. Collaboration and partnerships

2.4.5 Infrastructural Factors

Table 2.5: Infrastructural Factors

	Factor	Strategic Implication	Strategic Response
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	Factor	Strategic Implication	Strategic Response
a)	Work environment	<ul style="list-style-type: none"> i. Influence employee and customer satisfaction. ii. Influence staff productivity. 	<ul style="list-style-type: none"> i. Develop measures to improve employee and customer satisfaction. ii. Information sharing and stakeholder engagement.
b)	Disruption to ways of working and future of work	Simplification of work processes and points of engagement	<ul style="list-style-type: none"> i. Identify and adopt changes to work processes and systems ii. Increased automation of services

2.4.6 Environmental Factors

Table 2.6: Environmental Factors

	Factor	Strategic Implication	Strategic Response
a)	Climate change and other emerging risks	<ul style="list-style-type: none"> i. Increased insurance losses. ii. Increased demand for insurance. 	<ul style="list-style-type: none"> i. Specialized training. ii. Create a conducive environment that supports innovation and product development. iii. Research on effects of climate change. iv. Collaboration with partners.

2.4.7 Legal Factors

Table 2.7: Legal Factors

	Factor	Strategic Implication	Strategic Response
a)	Legal and regulatory changes	<ul style="list-style-type: none"> i. A safe, fair and stable insurance industry. ii. Enhanced consumer protection. iii. Merger of the financial sector regulators. iv. Increased compliance costs. 	<ul style="list-style-type: none"> i. Stakeholder engagement. ii. Capacity building and information sharing, ii. Strengthen legal and regulatory framework v. Awareness creation

2.5 STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS ANALYSIS

An analysis of strengths, weaknesses, opportunities and threats (SWOT) of the Authority's internal and external environment is as follows:

2.5.1 Strengths

The Authority's strengths are as follows:

Table 2.8: Strengths

	Strengths	Strategic Implication	Strategic Response
a)	Legal and regulatory framework	<ul style="list-style-type: none"> i. Sets governance framework ii. An expansive regulatory mandate iii. Progressive legal and regulatory framework 	<ul style="list-style-type: none"> i. Undertake appropriate legal amendments. ii. Adhere to governance best practices. iii. Enhance insurance regulatory framework through policy development.
b)	Supportive and Diverse Board	<ul style="list-style-type: none"> i. Spearhead institutional policy and strategic direction. 	<ul style="list-style-type: none"> i. Continue enhancing Board capacity. ii. Prompt sharing of information.
c)	Committed and competent staff	<ul style="list-style-type: none"> i. Realization of the Authority's mandate 	<ul style="list-style-type: none"> i. Competitive terms and conditions of service ii. Retention and motivation of staff iii. Upgrade skills in tandem with market needs
d)	Adoption of Quality Management System	<ul style="list-style-type: none"> i. ISO Certification ii. Quality of services offered to customers 	Continual improvement and change management
e)	Conducive working environment	<ul style="list-style-type: none"> i. High staff productivity 	Continuous monitoring and improvement of the work environment.

2.5.2 Weaknesses

The Authority's weaknesses are as follows:

Table 2.9: Weaknesses

	Weaknesses	Strategic Implication	Strategic Response
a)	Limited presence/reach within the counties	<ul style="list-style-type: none"> i. Restricted access to IRA services ii. Low corporate visibility 	<ul style="list-style-type: none"> i. Adopt automated platforms/Technology ii. Education and create awareness iii. Enhance corporate image

	Weaknesses	Strategic Implication	Strategic Response
			<ul style="list-style-type: none"> iv. Enhance framework for market trend issues. v. Establish regional presence.
b)	Low Automation of business mechanism	i. Inadequate quality of services offered to customers/stakeholders	Improve business processes and systems to enhance service delivery to customers
c)	Inadequate Market conduct supervision	<ul style="list-style-type: none"> i. Delays in resolution of consumer complaints and statutory management. ii. Negative perception of insurance. 	<ul style="list-style-type: none"> i. Review of consumer protection mechanisms ii. Review the legal framework for statutory management. iii. Education and awareness creation iv. Capacity building and embracing TCF v. Use of alternative dispute resolution.
d)	Execution and enforcement	<ul style="list-style-type: none"> i. Negative corporate reputation/image ii. Negative perception and low confidence 	Enhance enforcement of legal and regulatory framework

2.5.3 Opportunities

The Authority's opportunities are as follows:

Table 2.10: Opportunities

	Opportunity	Strategic Implication	Strategic Response
a)	A growing insurance sector	<ul style="list-style-type: none"> i. Increased access to insurance ii. Growth in insurance premiums. iii. Large uninsured population base that should be tapped iv. Domestication of insurance and re-insurance capacity v. Potential for youth engagement 	<ul style="list-style-type: none"> i. Strengthen regulation and supervision of the insurance and re-insurance sector. ii. Promote development and specialized capacity of the industry. iii. Positioning Kenya as an insurance and reinsurance hub within the EAC region
b)	Devolution	Increased access to insurance and IRA services to the county	Collaboration with county governments and other institutions.
c)	Collaboration and partnerships	Improved services and information sharing	Establish strategic alliances.

	Opportunity	Strategic Implication	Strategic Response
d)	Government goodwill and changing public perception of insurance.	Increased uptake.	<ul style="list-style-type: none"> i. Tapping into the goodwill to exploit insurance opportunities ii. Education and awareness.
e)	Emerging regulatory technologies	New technologies to facilitate the delivery of regulatory requirements	<ul style="list-style-type: none"> i. Adopt supervisory technology to enhance surveillance of insurance companies - SupTech e.g. Electronic Regulatory System (ERS) ii. Encourage regulated entities to adopt compliance support systems – RegTech. iii. Use of technology to enhance operational efficiency by insurance industry players - InsureTech
f)	Innovations and technological changes	<ul style="list-style-type: none"> i. Diverse products and channels of distributions ii. Ease of access to insurance 	<ul style="list-style-type: none"> i. Industry innovation incubator ii. Leverage on data analytics iii. Digitisation and integration of financial services
g)	Regional trading blocs and opening of local markets	A wider insurance market	<ul style="list-style-type: none"> i. Develop framework to exploit new markets ii. Strengthen regulation and supervision of insurance entities.
h)	Emerging opportunities	Increase market capacity and insurance uptake	<ul style="list-style-type: none"> i. Develop framework to exploit emerging opportunities in micro-insurance, oil and gas, takaful, large government infrastructural projects, universal health.
i)	Existence of social groups and informal insurance.	Increased insurance penetration	<ul style="list-style-type: none"> i. Mainstreaming informal insurance ii. Insurance education and information sharing. iii. Provide incentives.

2.5.4 Threats

The Authority's threats are as follows:

Table 2.11: Threats

	Threat	Strategic Implication	Strategic Response
a)	Legislative and Regulatory changes	Changing/uncertain regulatory environment	i. Lobbying for government support. ii. Capacity building and stakeholder engagement
b)	Cyber security	Disruption of services and loss of data	Enhance IT security systems.
c)	Poverty and unemployment	Low uptake of insurance	Formulate framework for social insurance.
d)	Negative perception towards insurance	Low uptake of insurance	Create awareness and improve the image of insurance
e)	Terrorism, political risks	i. Loss of business ii. Limitation of cover. iii. Influence demand for insurance services.	i. Develop framework that expands insurance coverage ii. Strengthening regulation and supervision. iii. Build capacity
f)	Low financial literacy	Low uptake of insurance	Insurance education and awareness.
g)	Financial Crime- Corruption & Fraud AML&CFT	i. Increased cost of insurance, erosion of confidence.	i. Strategic alliances and information sharing ii. Enhanced collaboration with DCI, DPP and AG. iii. Consumer education.
h)	Cultural and religious beliefs	Low uptake of insurance	Educate the public

2.6 STAKEHOLDER ANALYSIS

A clear process of stakeholder issues identification, categorisation and prioritisation is in place in line with the stakeholder engagement framework. The Authority's stakeholders can be broadly categorised as peer structure, enabling resource, social responsiveness and value creation stakeholders.

The stakeholders have expectations of IRA and vice versa and the stakeholder analysis is as follows:

Table 2.12: Stakeholder Analysis

	Stakeholder	Stakeholder Expectations	IRA Expectations
a)	Policyholders, beneficiaries and general public	<ul style="list-style-type: none"> i. Well-regulated and stable industry ii. Consumer protection iii. Availability of suitable products iv. Employment opportunities. v. Accurate and timely information 	<ul style="list-style-type: none"> i. Know their rights and obligations ii. Increase use of insurance products/services iii. Understand the relevant insurance policies iv. Share information with IRA
b)	Insurance and re-insurance Industry Players	<ul style="list-style-type: none"> i. Safe, fair and stable insurance industry ii. Accurate and up to date information iii. Capacity building iv. Specialized skills development v. Promote professionalism. vi. Self-regulation 	<ul style="list-style-type: none"> i. Statutory compliance ii. Fair treatment of consumers iii. Full disclosure of material facts iv. Fair competition v. Upholding professionalism vi. Insurance education vii. Innovative initiatives.
c)	National Government	<ul style="list-style-type: none"> i. Stability and development of the insurance industry ii. Statutory compliance iii. Implementation of national policies. iv. Advice on insurance matters vii. Consumer protection 	<ul style="list-style-type: none"> i. Timely issuance of government guidelines ii. Timely policy and legislative development iii. Provision of an enabling environment
d)	The National Treasury	<ul style="list-style-type: none"> i. Advise the government on National policy on insurance matters ii. Prudent utilization of public resources iii. Information sharing iv. Comply with relevant circulars and guidelines 	<ul style="list-style-type: none"> i. Timely approvals of requests ii. Policy guidance and support i. Approval for adequate financing
e)	Service Providers	<ul style="list-style-type: none"> i. Prompt payment for services and goods supplied as per agreements ii. Fairness and equal opportunity 	<ul style="list-style-type: none"> i. Quality and prompt service ii. Accurate and timely information
f)	Financial sector regulators and relevant associations locally, regionally and globally	<ul style="list-style-type: none"> i. Mutually beneficial collaboration ii. Effective capacity Development iii. Implementation of best practices iv. Accurate and timely information 	<ul style="list-style-type: none"> i. Mutually beneficial collaboration ii. Effective capacity development ii. Accurate and timely information

	Stakeholder	Stakeholder Expectations	IRA Expectations
g)	Directorate of Criminal Investigation – Insurance Fraud Investigation Unit	<ul style="list-style-type: none"> i. Provide resources ii. Sharing information iii. Capacity building iv. Adhere to obligations of the MOU 	<ul style="list-style-type: none"> i. Speedy quality investigation ii. Cooperate from reporting, investigations to conclusion of cases iii. Adhere to obligations of the MOU
h)	Attorney General’s Office	<ul style="list-style-type: none"> i. Accurate and timely information on legal matters ii. Well researched proposals and drafts on legal amendments on insurance matters 	<ul style="list-style-type: none"> i. Support on legislative matters ii. Timely Legal representations iii. Timely Legal interpretations
i)	Judiciary Includes Insurance Appeals tribunal	<ul style="list-style-type: none"> i. Encourage alternative dispute resolution mechanisms. ii. Capacity building on insurance matters. iii. Timely action on matters of statutory management. iv. Information sharing 	<ul style="list-style-type: none"> i. Timely resolution of cases before court. ii. Enhanced understanding on insurance matters. iii. Information sharing
j)	County Government	<ul style="list-style-type: none"> i. Stability and development of the insurance industry ii. Timely support on insurance matters iii. Consumer education/protection iv. Advice on insurance matters 	<ul style="list-style-type: none"> i. Collaboration on insurance matters ii. Conducive business environment for the industry.
k)	PCF	<ul style="list-style-type: none"> i. Enforce the law ii. Information sharing iii. Provide direction on companies under statutory management iv. Technical support 	<ul style="list-style-type: none"> i. Effective management of the PCF fund ii. Compensate policy holders iii. Participate in the management of companies under statutory management
l)	Learning and Research Institutions	<ul style="list-style-type: none"> i. Accurate and up to date information ii. Promotion of the insurance profession 	<ul style="list-style-type: none"> i. Development of expertise in insurance related fields ii. Engage in insurance related research
m)	Non-state actors	<ul style="list-style-type: none"> i. Accurate and up to date information ii. Consumer education/protection iii. Safe, fair and stable 	<ul style="list-style-type: none"> i. Mutually beneficial collaboration ii. Share information with IRA

	Stakeholder	Stakeholder Expectations	IRA Expectations
		insurance industry	
n)	Media	<ul style="list-style-type: none"> i. Accurate and timely statistics and information ii. Accurate and consistent interpretation of the legal and regulatory framework iii. Capacity building 	<ul style="list-style-type: none"> i. Fair and accurate reporting ii. Support in consumer education and protection.
o)	Parliament	<ul style="list-style-type: none"> i. Policy Explanation ii. Bills Drafting iii. Capacity Building iv. Accurate and timely information to the relevant committee v. Audited accounts and annual reports vi. Enforce relevant legislation 	<ul style="list-style-type: none"> i. Timely legislation ii. Consultation on laws regarding Insurance
p)	Board of Directors	<ul style="list-style-type: none"> i. Timely implementation of decisions made ii. Timely and well researched board papers iii. Implementation of plans. 	<ul style="list-style-type: none"> i. Guidance and policy direction ii. Timely decision making iii. Support and resources to implement decisions and plans
q)	Staff	<ul style="list-style-type: none"> i. Stable and progressive organization ii. Competitive terms and conditions of service iii. Timely and adequate communication. iv. Timely decision making 	<ul style="list-style-type: none"> i. High Performance levels ii. Commitment to the IRA mandate and core values

During the remaining phase of the plan, the Authority will strive to maintain a culture of continued improvement in the way it interacts with stakeholders by strengthening partnerships and collaborations.

CHAPTER THREE

ROLE IN SUPPORTING NATIONAL DEVELOPMENT AGENDA

3.0 INTRODUCTION

The Authority is committed to supporting implementation of the national development agenda aimed at narrowing the protection gap through insurance and has identified trends and developments – such as FinTech, cyber risk, climate risk, and the challenge of sustainable development. The Authority therefore seeks to align its programs to the national development agenda as set out in the Third Medium Term Plan (MTP III) under the Vision 2030 the Big Four Agenda and Sustainable Development Goals (SDGs).

This policy directions have the potential to reshape the business of insurance in the coming years and hence the need for a more holistic approach across prudential and market conduct approaches. IRA needs to evolve with these changes, keeping alert to the impact of these trends and developments on how to achieve its Mission and support the objectives of the Government.

3.1 NATIONAL PRIORITIES IN FOCUS

3.1.1 The Third Medium Term Plan (MTP III) under the Vision 2030

The Third Medium Term Plan (MTP III) under the Vision 2030 has highlighted the following as the areas of focus:

- i. Support for value addition and raising the manufacturing sector’s share to 15 per cent of GDP by 2022. This will accelerate economic growth, create jobs and reduce poverty;
- ii. Focus on initiatives that guarantee food security and nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;
- iii. Provide Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
- iv. Provide at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022 and thereby improving the living conditions for Kenyans.

3.1.2 The Big Four Agenda

Over the period 2020–2022, the Authority commits to implement interventions aimed at contributing to the realization of the Big Four Agenda through the insurance industry by focussing on the following areas:

- i. Food security;
- ii. Manufacturing;
- iii. Universal health coverage; and
- iv. Housing.

3.1.3 Sustainable Development Goals (SDGs)

The Government of Kenya has committed itself through various policy pronouncements to the realization of the Sustainable Development Goals (SDGs). The government, with various stakeholders, has synchronised the SDGs with Vision 2030 and the third MTP 2018 -2022 that aims to achieve accelerated, high, inclusive, broad-based, sustainable economic growth, social-economic transformation and development mainstreamed to the SDGs and Africa Union Agenda 2063.

Policy discussions continue to be centered on using insurance solutions as key pillars in in policy areas, such as disaster risk management, climate change among others.

The Authority will increasingly integrate climate risk into prudential supervision, deepen consumer protection to ensure insurance solutions deployed are fair to consumers, enhance inclusive insurance through roll out of micro insurance and ensure product oversight requirements help shape innovations in the market.

As a starting point, the Authority will evaluate how the sector is currently contributing to the SDGs. And being a member of global platforms such as the IAIS, the Authority access to discussions on insurance and SDGs. Going forward, the Authority to seek to align relevant stakeholders by sharing the latest developments in inclusive insurance, Environmental, Social, and Governance (ESG) reporting, climate-related risk and disclosure with the industry. This will provide a platform to discuss concrete solutions, while enabling the Authority to gauge the openness or readiness of the industry and anticipate implementation challenges.

3.2 ACTIONS TO ACHIEVE THE NATIONAL DEVELOPMENT AGENDA

The following issues will be considered in refocusing the actions to achieve the national priorities for the 2020 – 2022 period:

- (i) **Given the current economic situation following the COVID-19 pandemic and the real impact on incomes, regulation of the insurance sector will be focused on market conduct, financial inclusion and consumer protection;** any regulation imposed will not impede competition, new investment and further strain of insurance on consumers.
- (ii) **Innovation in support of the manufacturing sector, agri-business, health and housing will remain in focus.** Collaborative and supportive regulation will be focused on innovation not only of the products in the industry but the distribution channels and ecosystem aggregation which spur the economy in the direction of the four (4) sectors.
- (iii) Cross-sector regulation will continue to impact the insurance industry. The Authority will adopt a new approach to stakeholder engagement and collaboration to keep ahead of the curve as the insurance sector is already grappling with cross-sector policy compliance which may not always be cohesive or congruent. Examples are in fiscal policy which impacts tax laws that may impede insurance business and privacy policies which influence data protection thereby impacting cross-selling.
- (iv) In particular, the Authority shall be ready to respond to the challenges posed by the pace and scale of technological change, risks associated with increasing use of artificial intelligence, the impact of innovation on operational resilience, cybersecurity and digital ethics.
- (v) In viewing the imperative to align its strategic focus to the outcomes anticipated in MTP III and the Big Four Agenda, **focus on the broader theme of financial inclusion as compared** to consumer education will remain core to the achievement of the mandate of the Authority.

3.3 GUIDING PRINCIPLES FOR STRATEGIC ACTIONS

The guiding principles for mapping the contribution of the Authority to the national priorities will remain as follows:

3.3.1 Access

This includes **keeping the public informed on matters of insurance** including the range of quality, understandable and affordable insurance products and services; consumer protection; and facilitating market driven industry development initiatives underpinned by clear policy guidance.

3.3.2 Efficiency

Focusses on **demonstrating the ease of doing business** in the insurance sector; competitiveness; prevention of malpractices that undermine the growth of the industry including prevention of under-priced products, fraud and unethical market behaviour and delays in claims settlement.

3.3.3 Stability

Building **credibility and confidence** in insurance to enable insurers underwrite Big Four aligned risks and promote financial stability.

The detailed performance metrics are contained in *chapter 5*.

CHAPTER FOUR

STRATEGIC FOCUS

4.0 INTRODUCTION

This section covers Core Values, Vision, Mission and Motto which will continue to be the foundation and guiding principles to collectively inspire and inform the Authority's strategic direction.

4.1 CORE VALUES

The Authority is guided by the following standards of behaviour and culture. The acronym for these core values is aptly coined as I-ACCT:

Integrity: We will serve our customers in an impartial, effective, competent and professional way with the highest ethical standards.

Accountability: We shall endeavour to conduct ourselves and operate business transparently while exercising prudence in use of public resources entrusted to IRA.

Customer focus: We are committed to achieving the highest levels of customer satisfaction. We believe in continuous improvement in the conduct of our business.

Creativity: We encourage generation of new ideas and seek to stay ahead of changing insurance market developments to ensure a globally competitive insurance industry.

Team work: We work collaboratively, co-operatively, constructively within or outside with stakeholders to achieve efficiency and effectiveness to enhance attainment of individual and corporate goals.

4.2 VISION

The Vision is to be “*An effective regulator of a globally competitive insurance industry*”.

4.3 MISSION

The mission is to “*Effectively regulate, supervise, promote development of and innovation in the insurance industry in order to protect insurance beneficiaries*”.

4.4 MOTTO

The motto is “*Promoting insurance. Protecting the insured*”.

4.5 KEY RESULT AREAS

The four key pillars of the Strategic Plan are as follows:

4.5.1 Supervision and Regulation

Put measures in place to ensure a safe, fair, competitive and stable insurance industry through a supportive and collaborative regulatory environment that fosters a stable insurance market and affordable and reliable insurance products.

The focus will be to:

- i. Risk-based solvency framework
- ii. Monitoring of market developments, emerging risks and assessment of implementation gaps in the Insurance Act
- iii. Strengthening the legal framework to promote expedient resolution of disputes.
- iv. Stepping up market intelligence with a focus on combating fraud and malpractices;
- v. Engage stakeholders in line with the stakeholder engagement policy.
- vi. Actualize harmonisation of the regulatory framework with the EAC insurance model law;
- vii. Accelerate the ongoing initiatives to develop a framework for supervising domestic systemically important insurers.
- viii. Undertake the assessment of competitiveness of the industry and commence implementation of the findings.
- ix. Develop a dashboard of indicators and enhance content in Financial Stability Report (FSR).
- x. Review the reporting in the FSR report to ensure it is comprehensive and responsive

4.5.2 Policy and Market Development

Put measures in place to ensure a safe, fair, competitive and stable insurance industry through a supportive and collaborative regulatory environment that fosters a stable insurance market and affordable and reliable insurance products.

The focus will be to:

- (i) The focus is on measures in place to promote inclusion and enhance access to insurance by facilitating development and adoption of emerging trends in the insurance industry, enhance innovation, SupTech and provision of advice to government on insurance matters. The focus will be to:
 - (ii) Promote an inclusive insurance industry and use the results of a baseline social insurance survey to promote a common understanding on what social insurance is and then put in place appropriate interventions to regulate and develop social insurance in Kenya.
 - (iii) Promote innovation, regulatory sandboxes, InsureTech in the insurance industry.
 - (iv) Advise the government on insurance and related matters including the completion of the insurance industry Master Plan simultaneously with the development of the National Insurance Policy.
 - (v) Ensure that the Insurance Bill is developed following finalization of the National Insurance Policy.
 - (vi) Promote industry capacity development in support of the Big Four agenda.
 - (vii) Proactive deal with the likely impact of the Constitutional Amendment Bill 2020.
 - (viii) Consider differentiating commercial lines from individual lines and coming up with segment specific guidelines to enable growth of commercial/individual lines of business
 - (ix) Overhaul inefficiencies from health insurance value chain
 - (x) Guidelines on involvement of insurers in various National and County Government Sponsored Schemes
 - (xi) Facilitate development and adoption of emerging trends in the insurance industry including SMEs/MSMEs & InsureTech.
 - (xii) Promoting innovative and entrepreneurial distribution models
 - (xiii) Attracting and retaining quality talent is a key challenge being faced by the insurance sector.

4.5.3 Consumer Protection and Consumer Education

Ensure that consumer protection keeps pace with market changes and trends, and that they have desired information for informed decision making.

The focus will be to:

- i. Ensuring customers' interests through tightened business processes, compliance requirements, and mandatory disclosures
- ii. Focussing on development and implementation of prudential and market conduct reform initiatives.
- iii. Strengthen data-rich technical pricing meaning that policies are more closely tailored to the customer's risks.
- iv. Enabling rapid product approval process
- v. Enabling use and file process for specific segments to start with
- vi. Relaxing policy wordings to enable product innovation
- vii. Revamping role of various market participants,
- viii. Standardization across pricing protocols and innovative products
- ix. Ensuring favourable tax benefits regime for policyholders
- x. Ensuring additional tax benefits for products with long-term horizon,
- xi. Investing in consumer awareness and education on various aspects
 - i. Enhance insurance awareness including the use of on line/virtual platforms.
 - ii. Promote continuous stakeholder engagements.

4.5.4 Institutional Capacity

Provide optimal services and optimise on efficiency and effectiveness in offering quality services through institutional strengthening and resourcing. The focus will be to:

- i. Strengthen corporate governance practices to include Board capacity development.
- ii. Improve mobilisation, utilisation and management of financial resources.
- iii. Enhance the enforcement and intervention capacity.
- iv. Mentoring and Coaching
- v. Knowledge Management
- vi. Attracting and retaining quality talent including its management

- vii. Automation of functions
- viii. Succession planning and management
- ix. Employee satisfaction and work environment

4.6 STRATEGIC OBJECTIVES

The strategic objectives under each Key Result Area during the period 2020-2022 are as follows:

<p>KRA 1:</p> <p>Regulation and Supervision</p> <p>(i) To ensure a responsive Legal and Regulatory Framework</p> <p>(ii) To promote a competitive and stable Insurance Industry</p>	<p>KRA 3:</p> <p>Market Conduct and Consumer Education</p> <p>(i) To protect the interest of insurance policy holders and beneficiaries.</p> <p>(ii) To increase the level of insurance awareness.</p>
<p>KRA 2:</p> <p>Policy and Market Development</p> <p>(i) To adopt regulatory approaches that promote inclusive insurance.</p> <p>(ii) To advise the government on insurance and related matters.</p> <p>(iii) To facilitate development and adoption of emerging trends in the insurance industry.</p>	<p>KRA 4:</p> <p>Institutional Capacity</p> <p>(i) To ensure effective corporate governance practices.</p> <p>(ii) To enhance human resource capacity.</p> <p>(iii) To improve service delivery.</p>

4.7 KEY TARGETS FOR PERIOD 2020 – 2022

The key results areas, strategic objectives and activities that are key in ensuring effective and efficient delivery on our priorities are as follows:

	KRA	Strategic Objective	Activities
(i)	Regulation and Supervision	i. To ensure a responsive Legal and Regulatory Framework	i. Implement Risk Based Supervision (RBS) framework
			ii. Assess implementation gaps in the Insurance Act

	KRA	Strategic Objective	Activities
			<ul style="list-style-type: none"> iii. Harmonize regulatory framework with the EAC insurance model law iv. Conduct regulatory impact assessment. v. Initiate amendments to the Insurance Act based on assessment of outcomes of implementation vi. Monitor the effects of changes in the legal, policy and regulatory framework
		ii. To promote competitive and stable Insurance Industry <ul style="list-style-type: none"> a 	<ul style="list-style-type: none"> i. Monitor insurance market trends and developments ii. Develop and monitor insurance stability indicators iii. Carry out macro prudential surveillance iv. Develop policy proposal for establishment of a specialist risk carrier for Public Service Vehicle (PSV) insurance v. Develop framework for monitoring of domestic systemically important insurers vi. Analyse and disclose insurance industry performance information vii. Enhance surveillance of the insurance industry through SupTech. viii. Develop systems for countering fraud and financial crimes
(ii)	Policy and market development	i. To adopt regulatory approaches that promote inclusive Insurance <ul style="list-style-type: none"> a 	<ul style="list-style-type: none"> i. Conduct survey on informal insurance. ii. Review model for distribution insurance services iii. Develop guidance for regulating social insurance iv. Develop framework for agriculture insurance v. Evaluate insurance product innovation vi. Operationalize regulatory sandboxes and innovation lab

	KRA	Strategic Objective	Activities
			vii. Promote access to insurance products for SMEs/ MSME's & InsureTech
		ii. To advise the government on insurance and related matters.	i. Utilise quantitative and qualitative information bases to identify and assess insurance industry trends and developments
			ii. Enhance analytic reporting on insurance opportunities, challenges and risks
			iii. Engage a broad range of stakeholders
			iv. Facilitate sharing of experiences and practices on emerging supervisory issues amongst regulated entities
			v. Build partnerships with other organisations and regional forums
			vi. Examine the impact of covid-19 and other emerging issues on insurance
			vii. Advise the government on insurance and related matters.
		iii. To facilitate development and adoption of emerging trends in the insurance industry	i. Capacity building for the industry
			ii. Build strategic alliances with relevant partner's
			iii. Partner with relevant bodies to strengthen professionalism within the insurance industry
(iii)	Market Conduct and Consumer Education	i. To protect the interest of the insurance policyholders and beneficiaries	i. Monitor implementation of Treating Customers Fairly (TCF) framework.
			ii. Develop guidance for fair treatment of customers in conduct of insurance business
			iii. Monitor and Resolve insurance consumer complaints
			iv. Propose amendment of the law to provide the interest rate to be charged
			v. Develop an online platform for consumer protection

	KRA	Strategic Objective	Activities
		ii. To increase the level of awareness about insurance	i. Conduct consumer education campaigns on various platforms ii. Undertake outreach and publicity programmes iii. Develop guidance on pre-contractual and contractual consumer information
(iv)	Institutional capacity	i. To strengthen Corporate Governance practices ii. To strengthen human resource capacity iii. Ensure conducive and safe working environment iv. Enhance knowledge management and sharing.	i. Mobilize and ensure prudent utilization of financial resources ii. Formulate and implement Board Development Program iii. Implement Mwongozo code of governance iv. Implement CSR Policy v. Stakeholder engagement i. Implement Human Resource Policies and Procedures ii. Implement training, talent management and succession planning iii. Performance Management i. Adhere to workplace safety requirements ii. Avail adequate and conducive work environment i. Develop knowledge management and sharing framework ii. Automate Resource Centre Functions iii. Establish a Resource Centre Information Literacy Program iv. Subscribe to e-resources and other relevant e-databases v. Establish an institutional knowledge management (KM) repository

	KRA	Strategic Objective	Activities
		v. To improve service delivery	<ul style="list-style-type: none"> <li data-bbox="703 264 1428 349">i. Identify and integrate business systems/processes <li data-bbox="703 349 1428 456">ii. Upgrade the customer complaints management system <li data-bbox="703 456 1428 528">iii. Improve the Authority's ICT infrastructure <li data-bbox="703 528 1428 600">iv. Implement the Authority's ICT Security policy <li data-bbox="703 600 1428 665">v. Implement QMS policies and procedures

4.8 ENABLERS TO ACHIEVEMENT OF TARGETS

The enablers to the achievement of the targets will be:

- i. ***Digital transformation*** from visioning; consumer expectation understanding; digital culture; technology infrastructure alignment; governance and measurement of outcomes.
- ii. ***Focused execution*** based on interconnection of targets to ensure a free flow of activities among the various departments; clarity and comparability of goals to enable tracking/measurement of performance; and consequence management to deal with repeated failures.
- iii. ***Talent and accountability*** based on hyper-focus on **strategic outcomes**; common line of sight; staff have the information they need to understand the impact of their day to day choices on the overall strategy achievement; **team diversity and teamwork and team spirit and values**; and **culture of accountability is embedded in IRA**.
- iv. ***Customer centricity by focussing on strategic outcomes that seek to enhance treating customers fairly***

CHAPTER FIVE

KEY PERFORMANCE INDICATORS

Concrete metrics give a more precise picture of the industry’s current contribution, what has been done well, as well as what the industry can realistically aspire to do. In order to monitor progress towards realization of targets set out in the strategic plan, appropriate data will be collected and the following outcomes will be monitored on a quarterly and annual basis as appropriate.

No	KPI	TARGET	
		2021/2022	2022/2023
1.	Insurance Penetration	2.5%	2.8%
2.	Insurance density	5000	5200
3.	Insurance Coverage	9%	10%
4.	Insurers with CAR of over 125%	100%	100%
5.	Proportion of complaints concluded within 45 days	100%	100%
6.	TCF Customer Satisfaction index	66%	68%
	TCF self-assessment index	x	x+5
7.	Insurance awareness index	36%	38%
8.	Employee satisfaction index	83%	85%
9.	Automation Index	x	x+5
10.	Level of compliance with the Authority’s service delivery charter	77%	82%
11.	Level of budget utilization	100%	100%

CHAPTER SIX

GOVERNANCE AND RESOURCE MOBILISATION

6.0 INTRODUCTION

To effectively implement this strategy, an appropriate structure to drive strategy supported by mobilization of optimal human and financial resources will be imperative.

6.1 STAFFING LEVELS

Achievement of planned activities set out in this plan will be pegged on maintenance of an optimal staffing level at all times. The Authority will continue to proactively attract, develop and retain qualified competent and motivated human resources at all levels.

6.2 FINANCIAL IMPLICATION

A summary of total financial resources required to implement the strategic plan for the period 2020–2022. Is as follows. and aligned to budget.

Overall the budget out turn is as follows

No	Key Result Area	2021/22	2021/22
i.	Legal and Regulatory Framework	64	42
ii.	Policy and market Development	82	86
iii.	Market Conduct and Consumer Education	94	82
iv.	Institutional Capacity	1349	715
	Total	1589	925

This financial resource outlay to be aligned with budget for respective financial years.

6.3 RESOURCE MOBILISATION

For purposes of this Strategic Plan, the principal sources of funding will be insurance premium levy charged at the rate of 1% of Gross Direct Premium. These sources will be complimented with interest received on investments, for example, Interest on Treasury bonds and Treasury bills. Option of seeking support from development partners for bilateral assistance to be explored.

6.4 RESOURCE UTILISATION

Overall expenditure will be within the approved budget and in line with Public Financial Management Act, 2012.

6.5 GOVERNANCE STRUCTURES

An appropriate organisational structure to support implementation of this strategy has been developed.

6.6 RISK MANAGEMENT

The Authority has a **LOW** appetite for threats to the effective and efficient delivery of these initiatives. It recognizes that the actual or perceived inability to deliver on strategic initiatives could have a significant impact on its ability to achieve its objectives as well as its reputation.

The Authority uses a dynamic risk and performance monitoring system, to monitor the risks and rewards of each strategic objective. For each strategic objective, risk is measured using key risk indicators while performance is measured using key performance indicators.

Categories of Strategic Risk

- i. Strategic decision risk – this arises when less than adequate strategies are selected during the strategic planning process.
- ii. Strategic execution risk – this is as a result of failure to successfully implement the selected strategy.
- iii. Strategic delivered risk – these are emerging risks as a result of changes in situations and circumstances and from achievement of strategic objectives set during the strategic planning process.

Strategic Decision Risk

Strategic decision risk will be evaluated using the maximum deviations from strategic targets as outlined in the strategic risk monitoring template.

Strategic Execution Risk and Strategic Delivered Risk

Strategic execution and delivered risk appetites are addressed by the risk appetite of each type of risk covered in the Risk Appetite Statement. Such risks will be evaluated using the appetite for the relevant risks.

Major Risks Facing the Authority

The following are the key risks facing the Authority:

Threat	Drivers	Response
Business interruption	<ul style="list-style-type: none"> Inadequate Disaster Recovery plan (DRP) System failure Delay in provision of goods, works and services Inadequate resources to implement strategies 	<ul style="list-style-type: none"> A disaster recovery site. Network security strengthened. Remote access of the organization network is through VPN to reduce exposure. Lobbying for budget approval without cuts.
Failure of insurance companies to meet obligations	<ul style="list-style-type: none"> Change in operating environment with the new normal occasioned by COVID-19 affecting models used by insurance companies to deliver services and their ability to meet customer needs. 	<ul style="list-style-type: none"> Companies to apply rates in the manual of premiums submitted to the Authority. The Risk Based Supervision manual revised and to guide supervision of companies Regulatory Sandbox where new ideas and innovations can be tested within a controlled environment to the consequences of failure.
Damage to reputation/image	<ul style="list-style-type: none"> Delayed complaints resolution Negative publicity 	<ul style="list-style-type: none"> Strengthening legal/regulatory and demand/supply side capacity for consumer protection. Close monitoring of media coverage for any adverse reporting.

CHAPTER SEVEN

CO-ORDINATION, EVALUATION AND REPORTING

7.0 INTRODUCTION

In order to facilitate implementation of the Strategic Plan, the Strategic Plan Implementation Committee will continue to undertake its responsibility of monitoring, evaluation and reporting.

7.1 CASCADING

The plan will be cascaded to all levels within the Authority's establishment and integrated into the performance management framework. Annual work plans will be developed at the corporate, divisional and individual levels and aligned with the Strategic Plan.

7.2 MONITORING

The Authority will ensure all strategies in the Strategic Plan are implemented, level of achievement measured and appropriate progress reports developed and disseminated from **individual, Division, Management and Board level**. At each level, progress in implementation will be discussed and corrective action taken where necessary.

Respective Divisions/Sections responsible shall be accountable for the completion of stated tasks in the Strategic Plan. Where necessary, capacity of various departments to undertake ME&R activities will be built. Lessons learnt will be used to inform decision making. Appropriate linkages shall be established to ensure relevant internal and external follow-ups and controls.

7.3 PROGRESS REPORTS

Reporting the progress of implementation will be critical in measuring performance and adjusting strategic direction. The Heads of Division/ Section will prepare reports, which shall then be consolidated for onward transmission to Management and the Board detailing progress in implementation of strategies contained in the Strategic Plan:

The reports shall be as follows:

- (i) **Monthly Review Meetings** at the departmental levels will be scheduled to ensure implementation is on track and individual staff are held accountable for achievement/ non-achievement of set targets.
- (ii) **Quarterly Review Meetings:** There will be scheduled meetings at management and Board levels to review progress and give feedback on performance.
- (iii) **Annual Review (Governance Workshop) Meeting** will be held to assess performance at both operational and strategic levels. Thereafter, a report will be prepared for dissemination to stakeholders through an appropriate medium. The overall oversight of the Strategic Plan and its implementation shall remain the principal role of the Board, therefore, progress reporting will be an Agenda Item in all quarterly meetings of the Board.

7.4 END TERM PERFORMANCE REVIEW

There will be an **End-term Review of the Strategic Plan**. This will be carried out in December 2022 and will address the following issues:

- i. *Effectiveness (Impact):* The extent to which the implementation of activities met the stated strategies and objectives.
- ii. *Sustainability:* Assesses the sustainability of the achievements made.
- iii. *Challenges:* Document the challenges faced.
- iv. *Lessons Learnt:* Document lessons learnt.
- v. *Mitigation measures:* Document measures to overcome challenges faced.
- vi. *Terms of Reference (ToRs):* Prepare the ToRs for the next Strategic Plan.

IMPLEMENTATION MATRIX

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By	
					2021/ 2022	2022/ 2023		
KRA ONE: LEGAL AND REGULATORY FRAMEWORK								
1.1	To ensure a responsive Legal and Regulatory Framework	1. Implement Risk Based Supervision (RBS) framework	CAR	Continuous	100%	100%	Technical	
			Level of implementation	Quarterly	100%	100%	Technical	
			Surveillance Reports/Publications	Quarterly	4	4	Technical	
			2. Assess and identify gaps in the Insurance Act	Gap Assessment Report	June 2021	1	-	Technical
			3. Harmonize regulatory framework with the EAC insurance model law	Legislative proposal	June 2022	1	-	Technical
			4. Conduct regulatory impact assessment.	Regulatory Impact Assessment	June 2022	1	-	CS/Legal
			5. Initiate amendments to the Insurance Act based on assessment of outcomes of implementation	Legislative proposal	June 2021	1	-	CS/Legal
	6. Monitor the effects of changes in the legal, policy and regulatory framework	Assessment report	Annually	1	1	CS/Legal		
1.2	Promote a	1. Monitor insurance market trends and	Competitiveness	June 2022	1	-	PRD	

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/ 2022	2022/ 2023	
	competitive and stable Insurance Industry	developments	Assessment report				
		2. Develop and monitor insurance stability indicators	Stability indicator report	Semi-annually	2	2	Technical
		3. Develop policy proposal for establishment of a specialist risk carrier for Public Service Vehicle (PSV) insurance	Legislative Proposal	June 2022	1	-	CS/Legal
		4. Develop frame work for domestic systemically important insurers	Developed framework	June 2022	1	-	Technical
		5. Analyse and disclose insurance industry performance information	Publications	Quarterly	4	4	Technical
		6. Implement a surveillance framework for the insurance industry through SupTech.	Level of compliance	Annually	100%	100%	Technical
		7. Develop systems for countering insurance fraud and financial crimes	Legislative proposal Whistle Blowing Policy developed	2022 2023	1 -	- 1	CS/Legal IFIU
KRA TWO: POLICY AND MARKET DEVELOPMEENT							
2.1	To promote an inclusive insurance	1. Conduct survey on informal insurance.	Baseline survey report	June 2023	-	1	PRD
		2. Review model for distribution insurance services	Review report	June 2023	-	1	PRD

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/2022	2022/2023	
	industry	3. Develop guidance for regulating social insurance	Policy in place	June 2022	1	-	Technical
		4. Develop framework for agriculture insurance	NAIP Index Regulations	June 2022	1	-	Technical/ CS/Legal
		5. Evaluate insurance product innovation	No. of Reports	Annually	1	1	Technical
		6. Operationalize regulatory sandboxes and innovation lab	Insurance innovations lab in place	June 2023	1	1	Technical
		7. Promote access to insurance products for SMEs/ MSME's & InsureTech	No of capacity building sessions	Annually	1	1	Technical
2.2	To advise the government on insurance and related matters.	1. Utilise quantitative and qualitative information bases to identify and assess insurance industry trends and developments	No of Industry reports on operations of the Insurance Act	Annually	5	5	Technical
		2. Enhance analytic reporting on insurance opportunities, challenges and risks	No of capacity building sessions	Annually	1	1	HCD
		3. Engage a broad range of stakeholders	No. of stakeholder engagements	Annually	1	1	CS/Legal
		4. Facilitate sharing of experiences and practices on emerging supervisory issues amongst regulated entities	NO of industry fora	Annually	2	2	Technical
		5. Examine the impact of covid-19 and other	Impact Report	Annually	1	1	Technical

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/2022	2022/2023	
		emerging issues on insurance					
		6. Advise the government on insurance and related matters.	On need basis	Continuous	100%	100%	Technical
2.3	To facilitate development and adoption of emerging trends in the insurance industry.	1. Capacity building for the industry	Actuarial scholarship	June 2021& continuous	8	8	HCD
			Continuous proficiency training for intermediaries and other service providers	June 2023	4	4	Technical
		2. Build strategic alliances and partnerships with other organizations and regional forums	No of MOU's	Annually	1	1	CS/Legal
			MOU's implementation Report	Annually	1	1	CS/Legal
3. Partner with relevant bodies to strengthen professionalism within the insurance industry	Guidance notes	June 2023	1	1	Technical		
KRA THREE: MARKET CONDUCT AND CONSUMER EDUCATION							
3.1	To protect the interest of	1. Monitor implementation of Treating Customers Fairly (TCF) Framework.	TCF inspections	Annually	1	1	CP

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/ 2022	2022/ 2023	
	insurance policy holders and beneficiaries	2. Develop guidance for fair treatment of customers in conduct of insurance business	Guidance in place	2022	1	-	CP
		3. Monitor and Resolve insurance consumer complaints	% of complaints resolved	Annually	100%	100%	CP
		4. Propose amendment of the law to provide the interest rate to be charged	Legislative proposal	2023	-	1	CS/Legal
		5. Develop an online platform for consumer protection	Platform developed Content developed	2022 Annually	1 1	- 1	ICT CP/ Technical
3.2	To increase the level of insurance awareness.	1. Conduct consumer education campaigns on various platforms	Insurance awareness index	Annually	75%	77%	CE
		2. Undertake outreach programmes	Insurance awareness index	Annually	75%	77%	CE
		3. Develop guidance on pre-contractual and contractual consumer information	Guidance Note	2022	1	-	CE
KRA FOUR: INSTITUTIONAL CAPACITY							
4.1	To ensure effective	1. Mobilize and ensure prudent utilization of financial resources	Budget Utilization	Annually	100%	100%	Finance

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/2022	2022/2023	
	corporate governance practices	2. Formulate and implement Board Development Program	Training plan	Annually	1	1	CS/Legal
		3. Implement Mwongozo Code of Governance	Level of Compliance	Annually	100%	100%	CS/Legal
		4. Implement Corporate Social Responsibility (CSR) Policy	Level of Implementation	Annually	100%	100%	CC
		5. Engage stakeholders on various corporate matters	Number of engagements	Annually	1	1	CC
4.2	To enhance human resource capacity	1. Implement Human Resource Policies and Procedures	Level of implementation	Annually	100%	100%	HCD
		2. Implement training, (talent), succession planning	Training plan	Annually	1	1	HCD
			Succession plan in place	June 2023	1	-	HCD
		3. Monitor Performance management	Level of Implementation	Annually	100%	100%	HCD
		4. Carry out employee satisfaction and related surveys	Employee satisfaction Report	Annually	1	1	PRD
4.3	Ensure conducive and safe working environment	1. Monitor compliance with workplace safety requirements	Number of OSHA Audit reports	Annually	1	1	Admin
		2. Avail adequate office space	Adequate office space	2023	-	1	Admin
4.4	Enhance knowledge	1. Develop knowledge management and sharing framework	Framework in place	Annually	100%	100%	PRD

Sn.	Strategic Objective	Key Activities	Output Indicator	Time Frame	2yrs Target		Action By
					2021/2022	2022/2023	
	management and sharing.	2. Automate Resource Centre Functions	Functions automated	July 2021	100%	-	PRD
		3. Establish a Resource Centre Information Literacy Program	No. of programs	Annually	1	1	PRD
		4. Subscribe to e-resources and other relevant e-databases	Subscriptions report	Annually	1	1	PRD
		5. Establish an institutional knowledge management (KM) repository	Repository in place	Annually	1	1	PRD
4.5	To improve service delivery	1. Identify and integrate service delivery points / business processes	Level of Integration Automation Index	Annually Annually	80% x	100% x+3	ICT ICT
		2. Upgrade the customer complaints management system mapped to the ERS	Upgraded CRM system	June 2022	1	-	ICT
		3. Improve the Authority's ICT infrastructure	Automation Index	Annually	94%	100%	ICT
		4. Implement the Authority's ICT Security policy	Level of Implementation	Annually	100%	100%	ICT
		5. Implement QMS policies and procedures	Level of Implementation	Annually	100%	100%	QMR
		6. Carry out customer satisfaction analysis	Survey reports Service charter audits	Annually	1 1	1 1	PRD