



PUBLIC NOTICE - 30th APRIL 2020

Following our guidance note to the insurance industry, it has come to our attention that there is a general misinterpretation of the issues.

We would therefore wish to offer the following clarification on some of the issues:

1. In order to address the challenge of default in premium payment by life insurance policyholders due to the current unprecedented challenges arising from the COVID-19 pandemic, the Authority advises insurers to consider granting a 3-month grace period to such policyholders. The grace period is not a payment freeze on premiums but it's granted to avoid policy lapses or policies becoming paid up. It is therefore important to note that the grace period is to support policyholders who may have had their life policies lapsed on circumstances outside their control due to delayed premium payment. This should also be customer or policyholders dependent;
2. The insurers are also advised to have contingency measures to enhance customer service, such as deferral of payment of premium or renewal premium including considering offering premium holidays for their life insurance policyholders. It is important to note that premium holiday does not mean payment freeze on premiums. Insurers are required to engage with policyholders to ensure continuity of cover; and
3. The insurers are advised to set measures to support insurance agents and brokers in the current difficult business conditions brought about by the COVID-19 pandemic by paying commissions immediately the business is transacted and in accordance with the provisions of the Insurance Act.

GODFREY K. KIPTUM

COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER