

**CONF/IRA/00/001/03**

**15<sup>th</sup> April, 2014**

**CIRCULAR NO. IC,RE&IB/04/2014**

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**TO: INSURANCE COMPANIES,  
REINSURANCE COMPANIES,  
INSURANCE BROKERS,**

**RE: PLACEMENT OF OIL AND GAS RISKS.**

Following our Circular No. IC 12/2013 requesting for information on the above referenced subject, it has come to the attention of the Authority that some members of the industry may have placed covers for oil and gas business in the overseas markets without prior approval from the Authority as provided for under the Insurance Act CAP 487.

This is therefore to require that no insurance risk in the Kenyan oil and gas industry shall be placed overseas without the prior written approval of the Authority in line with the provisions of section 20(2)(b) of the Insurance Act and the guideline on reinsurance arrangements No. IRA/PG12.

Further, any requests for approval to place any oil and gas risk in the overseas market must be accompanied by the following requirements:

- a) Evidence of lack of local capacity for the risk.
- b) Risk details in the form of quotation stating the full details of the risk.
- c) Proportion of the risk to be retained in the Kenyan market.
- d) Proportion of the risk to be ceded/fronted overseas.
- e) Details of the participating foreign reinsurers including their most current rating.
- f) An undertaking to remit the 1% premium levy as appropriate.

Details of the placement should be submitted to the Authority upon conclusion.

You are therefore required to adhere to the above provisions while handling the oil and gas risks.

Please be guided accordingly.

Yours faithfully,



**SAMMY M. MAKOVE,**  
**COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER.**

cc. The Executive Director, Association of Kenya Insurers,  
The Principal Secretary, Ministry of Energy & Petroleum,