

CONF/IRA/00/001/03

15th August 2012

CIRCULAR NO. IC & RE. 08/2012

CIRCULAR TO ALL INSURERS AND REINSURERS

RE: REINSURANCE PROPOSALS FOR YEAR 2013

In line with the provisions of section 29 of the Insurance Act, you are hereby required to submit your reinsurance proposals for general and long term business for the year 2013 latest by 30th September, 2012.

The proposals should be forwarded together with the reinsurance statistics for the last five and a half years in the format provided in Forms I, II, and III which are attached. Note that on form I, you are required to submit split Estimated Gross Net Premium Income(EGNPI) for fire domestic, fire industrial and any other class of business which would be covered under the same excess of loss treaty with the tax exempted classes.

Along with these forms, attached is a checklist (Form IV) for you to complete and return. All forms should be filled correctly as incomplete forms will not be received. Note that if you propose to underwrite either direct or local facultative reinsurance aviation business, you are required to submit the reinsurance proposals for aviation.

Besides the above details, information on inward acceptances from outside Kenya (excluding Africa Re and PTA Re) is also required. The details required should be in respect of inward treaties being renewed and any new treaties for the year 2013 duly given in Form VI.

Please note that before submitting the above proposals, you are required to review your treaties and communicate the details to your reinsurers or reinsurance brokers. In cases where you have not agreed on terms, you

are required to submit the proposed terms that you plan to negotiate with reinsurers.

For non-proportional treaties, the Minimum Deposit Premium (MDP) as a percentage rate of premium should not exceed 90% and where the premium rate is on sliding scale it should not exceed 100% on minimum rate.

Ensure that you place business with financially stable, reputable reinsurers with at least a B credit rating from a reputable rating agency. In this respect you should submit the following relating to your reinsurers:

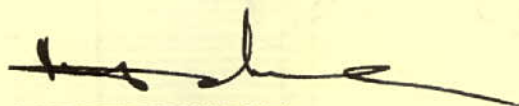
- Copy of their rating certificate; and
- Copy of their certificate of registration (licence) from their respective regulators.

Ensure also that all reinsurance treaties in respect of Long-Term insurance business written in Kenya are locally placed as advised in our circular dated 21st July, 2008.

You are advised to review the level of your retentions to ensure that they are adequate. The treaty terms in respect of premium should take cognizance of the rates filed under Section 74 and 75 of the Insurance Act and the requirements of Circulars IC & IB 01/2012, IC & RE 09/2008 and IC 03/2008 among others relating to premium rating issued by this office. The treaty terms should contain a clause incorporating this as part of the contractual terms.

All the details requested above should be submitted to our **mails office** on **2nd floor, Zep Re Place, Longonot Road, Upper Hill** latest by **30th September, 2012**. Every insurer is requested to discuss and finalize with us its 2013 reinsurance details by **Mid November, 2012** to facilitate its renewal of registration for the year 2013. Thereafter, you will be required to provide documentary evidence that the 2013 reinsurance treaties are in place by **1st December, 2012**.

Please note to file your cover notes and treaty wordings with us latest **31st December, 2012**.



SAMMY MAKOVE

COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER

Encl.

The following documents are available for downloading from the IRA website at www.ira.go.ke

- Form I
- Form II
- Form III
- Form IV
- Form V
- Form VI

