

LEGAL NOTICE NO.....

THE INSURANCE ACT
(Cap. 487)

BANCASSURANCE REGULATIONS, 2018

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BANCASSURANCE REGULATIONS, 2018

IN EXERCISE of the powers conferred by section 180 of Insurance Act, the Cabinet Secretary for the National Treasury makes the following regulations.

PART I- PRELIMINARY

1. These regulations may be cited as the Bancassurance regulations, 2018. Citation.
2. In these regulations, unless the context otherwise requires— Interpretation.

“Bancassurance” means the collaboration between financial institutions, insurers and insurance intermediaries to distribute and market insurance products.

“Bancassurance Operator” means a person licensed to carry out bancassurance business.

“Financial Institutions” means Banks and Microfinance Institutions (MFIs) as licensed by Central Bank of Kenya.

3. These regulations provide for the conduct and mode of operation of Bancassurance business. Scope
4. The purpose of these regulations is to provide for supervision of bancassurance business. Objectives.

PART 11- LICENSING REQUIREMENTS

5. An applicant who intends to carry on Bancassurance business shall:
- Application of Bancassurance business
- (1) be a locally incorporated person.
 - (2) make an application to the Authority in the prescribed manner.
 - (3) have paid up capital of ten million Kenya shillings
 - (4) have Government bond of Kenya shillings ten million of a duration of two or more years in the Central Bank of Kenya held under lien in favour of the Authority.
 - (5) satisfy all requirements set out in these regulations and the provisions of the Insurance Act.
6. An application for registration as a bancassurance operator shall be accompanied by;
- Approval and licensing requirements
- (1) The application fee of twenty thousand shillings.
 - (2) A formal written agreement with an insurer (s) including the bancassurance model to be applied.
 - (3) Board resolutions approving the financial institutions engagement in Bancassurance.
 - (4) The bancassurance business plan.
 - (5) Current license of the financial institution.
 - (6) A letter of no objection from the Central Bank of Kenya.
 - (7) A formal application for approval of the Principal Officer.
 - (8) Relevant constitutive documents.

PART 111- BANCASSURANCE BUSINESS

7. A person licensed to conduct bancassurance business shall only act as an insurance intermediary and shall not:-
- Prohibited business

- (1) Undertake or engage in the actual business of underwriting of risks or engaging in any other insurance business not authorized by the Authority
- (2) Give the impression of being the underwriter of the insurance products to its customers.

8. The licensee shall ensure that the product is in the name of the underwriter and shall make known to the customers that the insurer will wholly be liable for payment of claims that may arise from the risk covered.

Technical
Staff

9. A registered bancassurance operator shall have technical staff who hold relevant professional qualifications.

10. A registered bancassurance agency shall be authorized to distribute Individual Life Insurance products and/ or General Insurance Personal lines only excluding credit insurance.

Products

For the purpose of this paragraph, General Insurance personal lines is defined as all General Insurance personal lines policies sold to or purchased by individuals and small and medium sized enterprises (SME) for their own benefit as opposed to corporate entities

11. Bancassurance operators shall only distribute products approved by the Authority.

Consumer
protection

12. The bancassurance operator or Financial Institution shall not debit the client's bank accounts for premiums without prior written authority or consent from the client.

13. The bancassurance operator or the insurer shall ensure the confidentiality of consumer data and information.

14. (1)The bancassurance agency or insurer shall put in place an appropriate complaints redress mechanism to ensure that client's issues are appropriately redressed.

Reporting
requirements

(2)Bancassurance operators shall submit to the Authority an annual report on the performance of the Bancassurance business activities using the prescribed format.

Dated.....2018

HENRY ROTICH

Cabinet Secretary for the National Treasury