



Insurance  
Regulatory  
Authority

*Bima Bora kwa Taifa*

**I R A**

## **CLAIMS GUIDELINES**

**Prepared and presented by:  
Thomas Victor Oduor  
Supervision Officer  
Insurance Regulatory Authority**

# Nature of Complaints lodged with IRA



- All types of insurance complaints are lodged with IRA
- Use of vehicles
- Delays in claims settlement
- Delay in repairs
- The complaints are both long term and short term
- Declinature of claims
- Unsatisfactory settlement of claims
- Non-disclosure of facts by providers/intermediaries
- Complaints by intermediaries

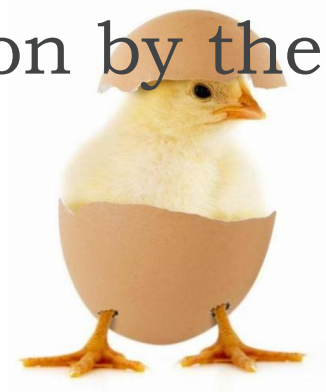
# Nature of Complaints lodged with IRA

- Payment of commissions
- Claw-back
- Lost policies
- Third party Motor claims
- Lawyers not remitting benefits
- Lawyers abandoning cases mid-stream
- Complaints against collapsed companies

# **CLAIMS GUIDELINES**

# Why the Guidelines

- The insurance industry faced with challenges in claims management
- Poor image of the industry
- Low penetration of insurance services
- Most complaints relate to claims management
- Need for action by the regulator



# Objective

- The Authority has developed this set of claims management guidelines in order to enhance
  - Efficiency ;
  - Transparency;
  - Disclosure of information to policyholders;
  - Increase consumer satisfaction;
  - Enhance compliance with the provisions of section 203 of the insurance act.



# Pre-loss information

While issuing the policy, insurer shall inform policyholders on what to do;

- Need for policyholders to cooperate
- Allow the insurer to handle inspection and assessment prior to settlement.
- Explain what subrogation, contribution, excess, average clauses are.
- Loss minimization.
- Report the claim in a timely manner
- to preserving evidence

# Notification & acknowledgement

Use any fast means of communicating;

- (a) Direct reporting
- (b) Telephone call
- (c) Text message
- (d) E-mail
- (e) Fax
- (f) Letter
- (g) Use of social sites or websites
- (h) Any other form of technology of wide usage.





# Upon Receipt of the Notification

The insurer shall take the following action not later than seven working days;

- Acknowledge the notification.
- Avail appropriate claim form;
- Avail a list of specific documents required;
- Provide any necessary additional information;
- Contact any other insurer involved
- Appoint a service provider(s) where necessary.

## Upon receipt of a claim

- Pay within **90 days** where a claim is admissible;
- **Appoint** a service provider where further assessment is necessary;
- Upon receipt of the assessment report make an offer for settlement;
- **Notify** the claimant where further investigation is necessary;
- Explain to the claimant the need to **co-operate** with the investigators.

# Upon receipt of a claim

- Where is not covered by the policy, explain to the claimant;
- If the amount offered is different from the amount claimed, explain to the claimant;
- Notify the claimant where insurer is not responsible for the claim;

# Claims Handling procedures

- Develop a manual on claims handling procedures including;
  - ⇒ Steps from claim intimation to settlement
  - ⇒ Timeframes in each of the steps
- Include in the manual
  - ⇒ clearly defined control and
  - ⇒ reporting systems and processes.
- File the manual with the Authority
- Notify the Authority of any changes to the manual.

# Claims Handling procedures

- Inform the claimants about;
  - ⇒ Procedures, Formalities and Common time frames for claims settlement.
- Inform the claimant about the **status** of the claim.
- Explain claims conditions such as **depreciation, average, pre-loss value, reinstatement, excess/deductibles** etc.
- Issue a copy of the **report** to the claimant on request.
- Refund **excess** of subrogation to the insured

# Issues specific to Motor Claims

- Need for ***valuation*** of motor vehicles at inception and renewal of cover;
- Need to determine ***pre-accident values*** after a loss;

# Issues specific to Motor Claims

- Contribution for Motor Vehicle **repairs**;
  - ⇒ insured only **contributes** towards **repairs** where;
    - Components in the vehicle are subject to **continuous** wear and tear with such components include but are not limited to;
- (i) Tires and tubes
- (iii) Batteries
- (iv) Engine overhaul parts
- (v) Gear box, transmission and transfer cases.

# Issues particular to motor claims

- (b) Where the vehicle requires rebranding after repairs.
- (c) The repair requires a **set of similar items** to be **replaced** whilst only **one** of the items was **damaged** in the accident.



# Write-off

- A motor vehicle will be considered a write-off if the ***repair estimate value*** as per the assessment report ***exceeds economical level***.
- The insurer shall accord the claimant the opportunity to ***contest*** the ***basis of valuation*** leading to the ***write-off***.

# Disposal of salvages

- Where the vehicle is a ***write-off but repairable***, accord insured opportunity to ***retain*** the salvage;
- If he ***forfeits*** he shall be ***indemnified*** on the basis of the pre-accident value;
- No insurer shall dispose of salvage ***before*** the insured is ***indemnified***;
- Where the ***insured*** chooses to ***retain*** the salvage, the insurer may ***deduct*** salvage value from the settlement amount;

# Duty Free Vehicles

## Insured on *Market value* basis

- Where a duty free vehicle is insured at ***market value*** there will be no contribution for repairs since the insurer is paying ***market rates***.
- In case of a ***write off*** or ***theft***, the insured shall be required to ***clear with KRA*** for ***market rate*** compensation to be made.
- Where the insured wants to ***retain the salvage***, he will be indemnified on ***duty free basis***.

# Duty Free Vehicles

## Insured on *Duty free* basis

- Here the insurer will share the cost of repairs with the insured in **proportion** of **duty free value** and the vehicle market value (KES 7m/15m \* Cost of repairs).
- In case a duty free vehicle is a write off or stolen, indemnity will be on **duty free basis** with the insured retaining the salvage (KES 7m).

# State owned vehicles (GK)

- State owns the vehicle
- Insures at market value

# Lease owned vehicles

- Leasing firm owns the vehicle
- Insures at market value

# Dealer owned vehicles

- Dealer owns the vehicle
- Insure at market value

# Customer Care Desk

- Establish a customer service desk where queries and complaints will be **lodged** and **resolved**.
- The desk will be used to lodge, route enquiries and complaints.
- The desk shall be **equipped** with **skilled** and **competent officers**.
- Have in place a documented **system** and **procedure** for **receiving**, **registering** and **disposing** of complaints.



# Customer Care Desk

- Keep **updating** the claimant on the claim progress.
- Provide the **final response** in **writing** within a reasonable time.
- If complainant is **dissatisfied** with the **final response**, provide advice on availability of **external complaints settlement procedures** including Authority.

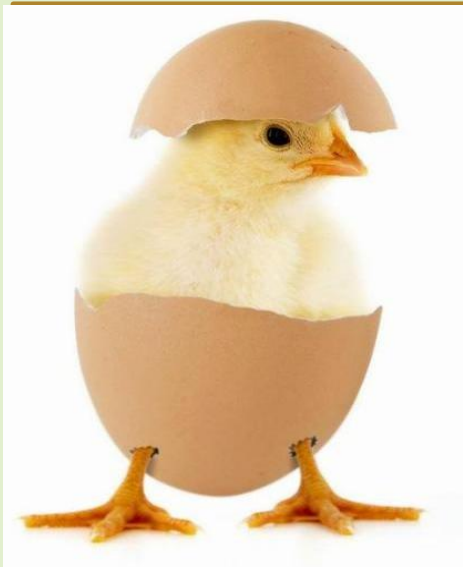
# Disposing off claims

- A complaint will be considered as disposed off when;
  - The company has **fully acceded** to the request of the complainant.
  - All **parties** to the complaint have been **satisfied** and the matter marked as closed.

# Submission of Claims Returns

- Every Insurer shall ***file*** with the Authority ***monthly*** and ***annual*** returns in a;
  - ⇒ ***Prescribed*** format as provided under
  - ⇒ ***Section 203*** as read together with
  - ⇒ Principal ***Regulation 48*** of the Insurance Act.

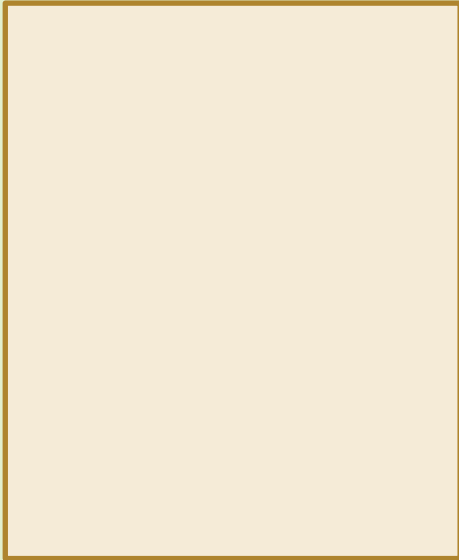
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**Thomas Victor Oduor**  
Consumer Education Officer

**Insurance Regulatory Authority (IRA)**  
P.O BOX 43505 - 00100 NAIROBI  
Zep-Re Place Off Mara Road - Upper Hill, Nairobi

Tel: (+254) 20 4996000, 0727 563110  
Mobile: (+254) 0 719047000  
Fax: (254)- 020- 2710126  
Email: [corporate@ira.go.ke](mailto:corporate@ira.go.ke)  
[www.ira.go.ke](http://www.ira.go.ke)



# Q & A