

LEGAL NOTICE NO.....

THE INSURANCE ACT
(Cap. 487)

GUIDELINES ON BUSINESS CONTINUITY MANAGEMENT, 2018

IN EXERCISE of the powers conferred by section 3A(a), (b) and (g) of the Insurance Act, the Insurance Regulatory Authority issues the following guidelines—

GUIDELINES ON BUSINESS CONTINUITY MANAGEMENT, 2018

1. These guidelines may be cited as the Guidelines on Business Continuity Management, 2018. Citation.

2. These guidelines require insurers to implement a whole-of-business approach to business continuity management that is appropriate to the nature and scale of its operations. Introduction.

3. Business continuity management increases resilience to business disruption arising from internal and external events.

4. The ultimate responsibility for the business continuity of an insurer rests with its Board of directors.

5. The purpose of these guidelines is to ensure that an insurer has an effective business continuity management system capable of identifying, assessing, managing, mitigating and reporting on potential business continuity risks. Objective

6. The Board of the insurer shall develop and ensure implementation a business continuity management (BCM) policy Key Requirements

7. An insurer shall identify, assess and manage potential business continuity risks to ensure that it is able to discharge its obligations.

8. The Board of the insurer shall include business continuity risks and controls as part of its overall risk management systems.
9. An insurer shall develop and maintain a business continuity plan (BCP) that documents procedures and information which enable the insurer to manage business disruptions.
10. An insurer shall review the business continuity plan annually.
11. An insurer shall notify the Authority in the event of material disruptions and the measures put in place to manage the disruptions.
12. The business continuity management of an insurer shall include policies, standards and procedures for ensuring that critical business operations can be maintained or recovered in a timely manner, in the event of a disruption.
13. An insurer's business continuity management system shall, at a minimum, include:
 - (1) A documented business continuity management policy;
 - (2) business impact analysis including risk assessment
 - (3) recovery objectives and strategies;
 - (4) a business continuity plan including crisis management and recovery
 - (5) programs for review and testing of the business continuity plan
 - (6) programs for training and ensuring awareness of staff in relation to Business Continuity Management.

Business
Continuity
Management.

14. The business continuity management policy shall clearly state the roles, responsibilities and authorities to act in relation to the business continuity management system.

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15. An insurer shall conduct a business impact analysis to identify all critical business functions, resources and infrastructure of the insurer and assess the impact of their disruption. Business Impact Analysis(BIA)
16. When conducting the business impact analysis, the insurer shall consider at a minimum:
- (1) plausible disruption scenarios over varying periods of time;
 - (2) the period of time for which the insurer could not operate without each of its critical business operations;
 - (3) the extent to which a disruption to the critical business operations might have a material impact on the interests of policyholders;
 - (4) the financial, legal, regulatory and reputational impact of a disruption to an insurer's critical business operations over varying periods of time.
17. As insurer shall determine recovery objectives for recovering critical business operations to a specified level of service within a defined period following a disruption. Recovery Objectives and Strategies
18. An insurer shall identify and document appropriate recovery objectives and implementation strategies based on the results of the business impact analysis.
19. An insurer shall maintain at all times a documented business continuity plan that meets the objectives of the business continuity management policy. Business Continuity Planning
20. The business continuity plan shall document procedures and information that enables the insurer to:
- (1) manage an initial business disruption; and
 - (2) Recover critical business operations.
21. The business continuity plan shall reflect the specific requirements of the insurer and must identify:

- (1) critical business operations;
- (2) recovery levels and time targets for each critical business operation;
- (3) recovery strategies for each critical business operation;
- (4) infrastructure and resources required to implement the business continuity plan;
- (5) roles, responsibilities and authorities to act in relation to the business continuity planning; and
- (6) communication plans with staff and external stakeholders.

22. An insurer shall review and test its business continuity plan at least annually, or when there are material changes to business operations, to ensure that the business continuity plan can meet the business continuity management objectives. Review and Testing of the business continuity planning
23. The results of the testing shall be formally reported to the Board.
24. An insurer's internal audit function shall periodically review the business continuity plan and provide an assurance to the Board that: Audit Arrangements
 - (1) the business continuity plan is in accordance with the regulated institution's business continuity management policy and addresses the risks it is designed to control; and
 - (2) testing procedures are adequate and have been conducted satisfactorily.
25. The Authority may request the external auditor of the insurer, or another appropriate external expert, to provide an assessment of the insurer's business continuity management systems.
26. An insurer shall notify the Authority as soon as possible and no later than 24 hours after experiencing a major disruption that has the potential to have a material impact on the insurer's risk profile, or affect its financial soundness. Notification Requirements

27. The insurer shall explain to the Authority the nature of the disruption, the action being taken, the likely effect and the timeframe for returning to normal operations.
28. The insurer shall notify the Authority when normal operations resume.
29. Where the Authority determines non-compliance with the provisions of Enforcement. these guidelines, it may take any intervention prescribed in the Act.

Issued on the2018.

ABDIRAHIN H ABDI
Chairman,
Insurance Regulatory Authority.

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