

THE ROLE OF IRA

**Presentation made to
Farmers - Nyeri County
on 27/05/2014
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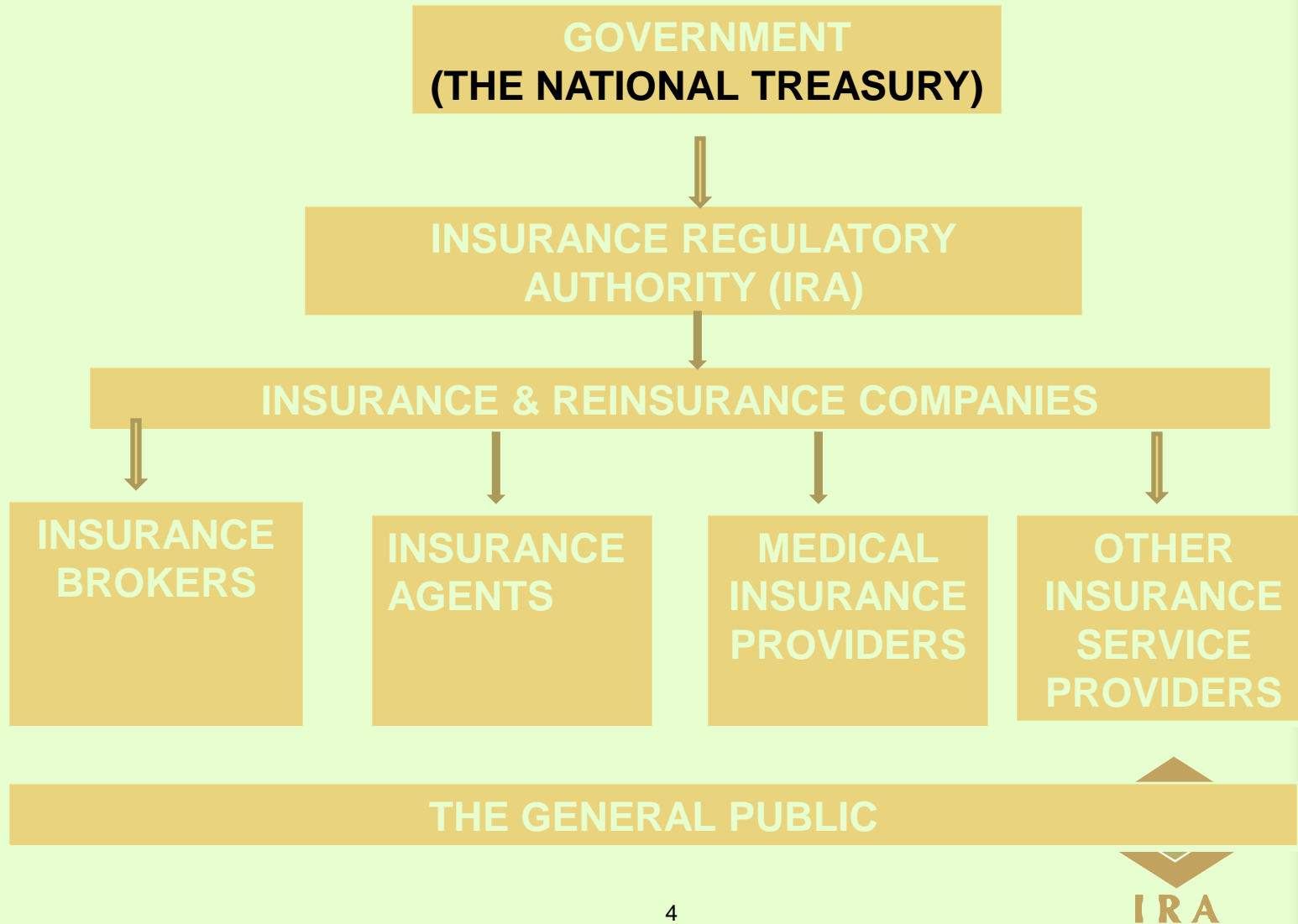


Who is IRA?

- ❑ IRA is a semi autonomous Government agency
- ❑ Formed in 1st May 2006 through the Insurance Amendments Act.
- ❑ Charged with regulating, supervising and developing the insurance industry in Kenya.



Regulatory Structure



General Functions of IRA

- Regulate and supervise the insurance industry;
- Formulate and enforce standards;
- Licence all players;
- Protect the interests of policy holders and beneficiaries;
- Promote the development of the insurance industry;



Why supervise the Insurance Industry?

- ❑ Insurance is a business of trust and can be abused;
- ❑ Insurance is a promise, a promise which must be kept;
- ❑ Different Interests which must be managed well:
 - Policyholders expecting claims to be paid from the insurance fund
 - Investors/Shareholders expecting dividends from the same fund.

Benefits of Supervision

- Stable insurance industry
- Better the image of the industry
- Increased public confidence
- Create competitive industry, reduced premium
- Well distributed insurance services to increase access
- Increased savings
- Create environment for investments
Create jobs



Steps Taken By IRA to ensure stability

- Policy holders Compensation fund
- Insurance Fraud Investigation Unit
- Standardizing Insurance policies (all policies standardized by today)
- Many guidelines on conduct of insurance business have been issued (Anti-Money Laundering, claims, Intermediaries)



Insurance Fraud Investigation Unit

- ❑ IFIU was established in November 2011.
- ❑ IFIU is a specialized unit of Directorate of Criminal Investigation
- ❑ Mandate of investigating insurance related offences.
- ❑ Established to enhance IRA's capacity to tackle insurance fraud



Insurance Fraud Investigation Unit (IFIU)

- Receive reports of suspected insurance fraud.
- Investigate the reports
- Prepare for investigation and administration.
- Arrest and prosecute suspects in court.



Effects of Fraud on buyers of Insurance

- ❑ Increases cost of insurance services
- ❑ Restricts quality of services offered
- ❑ Affects insurer's profitability and stability
- ❑ Lowers public confidence in insurance
- ❑ Taints the reputation of the insurance
- ❑ Leads to collapse of insurers



Standardizing Insurance policies

- ❑ Current insurance policies very complex
- ❑ The language used in small prints
- ❑ IRA has taken steps to standardize policies
- ❑ All policies currently standardized
- ❑ Reason is to enable users to read and understand
- ❑ Make it easy for you to comply with policy requirements



Issuing Guidelines

- One of the guidelines issued is on claims
- People fear buying insurance because they don't know how to claim
- IRA has issued claims guidelines to insurance companies to follow when administering claims
- Once insurers admit liability and issue you with a Discharge Voucher, they must pay within 90 days.
- If they fail to pay then complain to IRA



Why Target Farmers?

- Tea, Coffee and pyrethrum rank among Kenya's top export crops
- The three are the leading forex earners
- Help maintain a strong bal. of payments position
- Major source of employment directly and indirectly
- Help Kenya achieve Vision 2030 broad goals
- Nyeri County is one of the leading tea growing regions in Kenya
- Farmers are exposed to very many risks
- Farmers can use insurance to overcome some of the risks

Conclusion

- Kenya is focused on achieving Vision 2030 goals (Newly industrialized state)
- These goals can not be achieved without the contribution of agriculture
- Farmers face a lot of risks that reduce their farm productivity
- Some of these risks can be controlled using insurance (drought/flood/fire/accident/disease)
- We are here to tell you what IRA has done to improve insurance services in Kenya
- To encourage you to buy more insurance



**LET US NOT SUFFER BECAUSE OF
LACK OF KNOWLEDGE**

Insurance is real



THANK YOU

Qs & As

