

THE ROLE OF IRA

**Presentation made to SMEs -
Nyeri County**

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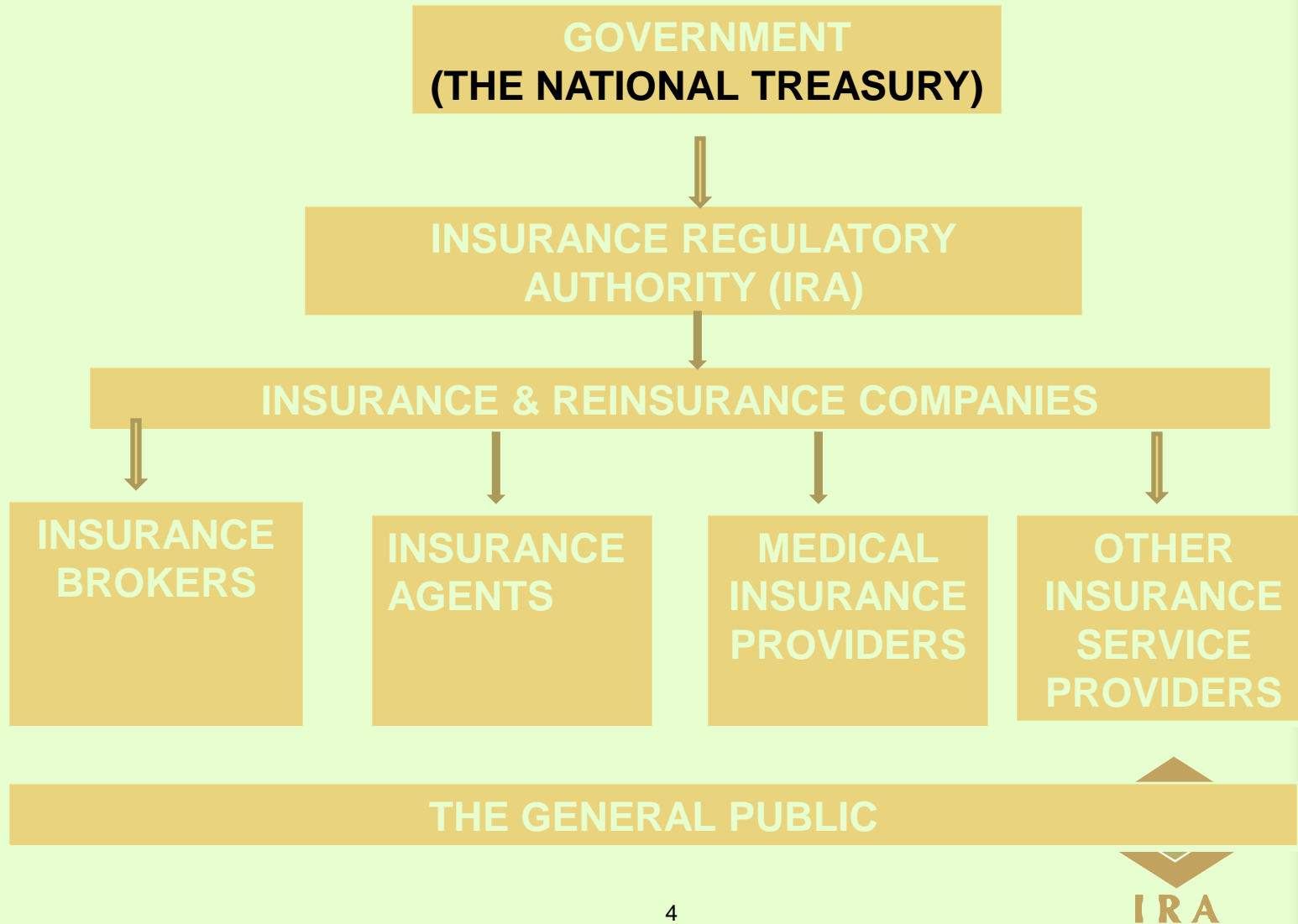
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Who is IRA?

- ❑ 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
 - ❑ Buying decision
 - ❑ Increased accessibility
- ❑ 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 Claims Guidelines

- 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 Business Community?

- Big shift in the focus of our economy from formal to informal over the last thirty years
- Traditional sector bound to continue playing lesser and lesser role as informal sector grow
- Help in creating new opportunities and alleviating poverty
- Creating a number of direct & indirect jobs
- Are becoming a major tax payer (VAT & Excise)
- Helping Kenya address balance of payments
- Help Kenya achieve Vision 2030 broad goals of becoming a newly industrialized economy by 2030



Why Target Business Community?

- Avenues for job creation, especially among the youth and women
- Dispel the myth that formal sector is the only source of livelihood
- Teaches us that the one way to create wealth is to add value to goods/services

Conclusion

- Insurance plays a very big role in smoothing losses incurred by the biz community
- Can help us improve our livelihood like it has done in other countries outside Africa
- IRA has noted people's concerns about insurance and is addressing them
- You now have a friend in the name of IRA whom you can approach for solutions
- Our services to members of the public are generally free of charge



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

Insurance is real



THANK YOU

Qs & As

