

INSURANCE SERVICE PROVIDER'S WORKSHOP

**THE ROLE OF INSURANCE SERVICE
PROVIDERS IN THE INSURANCE SECTOR IN
KENYA**

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Introduction

□ The insurance Regulatory Authority (IRA) is the prudential regulator of the insurance industry in Kenya. Formerly the Department of insurance, IRA became autonomous on 1st May 2007 through an Act of Parliament.



Role of Service Providers

❑ Service Providers who include loss Adjusters, Motor Assessors, Risk Managers, Insurance investigators, Insurance surveyors and Claim Settling Agents are important partners in provision of services to the insurance industry. They are held in high esteem by the regulator as crucial partners given the role they play in the development of the insurance sector in Kenya.

❑ Service providers role in the settlement of insurance claims is very critical. Reports by service providers determine whether the insurer pays or not and the amount the insurer offers the claimant in settlement.



Role of Service providers

❑ Service providers should be independent and not favor either the claimant or the Insurance Company. Trust is vested on Service providers and therefore must be people of integrity, high moral standards and professional.

❑ Service Providers play an important role by mitigating and adjusting losses in the insurance Industry as well as detecting fraud. This prevents losses of million of shillings.



Requirements of a Service Provider

- ❑ Training continuously is necessary to keep up with the changing times. Service Providers should continue seeking professional development to improve on their professional capacity. IRA is willing to give the necessary support when it comes to training service providers through workshops and seminars.
- ❑ Service providers should operate in a professional manner. In the past there have been cases of reports involving malpractices. It is important to adhere to the code of conduct and not look for quick gains.



Requirements of a Service Provider

- ❑ Service Providers need to be abreast with technological changes in the market in order to stay relevant in their work. Transactions are being done electronically. One has to embrace technology in order to survive in today's world.
- ❑ With the signing of the East African Common Market protocol Service providers should plan to expand their operations in the region as this has provide more opportunities for business. The Regulators of the East African countries have agreed to share information on the



RECENT AMENDMENTS TO THE INSURANCE ACT AS CONTAINED IN THE NATIONAL BUDGET

General Powers to Issue Guidelines and Power of Information sharing

- ❑ The Insurance Regulatory Authority has been given powers to Issue supervisory guidelines and prudential standards.
- ❑ Share information with other regulatory authorities.

New Classes of Insurance Business

- ❑ There will now be thirteen (13) classes of business and medical insurance now ceases to be part of the Personal Accident Insurance class of business. Medical insurance business is now class 12.
- ❑ Application for licensing and submission of returns to take the new format.

Insurance Agents

- ❑ By amendment to Section 153(5) of the Insurance Act substitute the word 'Kenya' wherever it appears with the words 'the East African Community'. This allows citizens of East African Community member countries to be registered as insurance agents in Kenya.
- ❑ Services providers should take advantage of the opening up of the region to offer their services within the East African Community.

Payment to Insurance Regulatory Authority

- ❑ The principal regulations are amended at Regulation 49 removing the requirement for payments in respect of fees payable by members of the insurance industry to be made by 'crossed banker's draft'. IRA shall prescribed other modes of payment for the registration fees and the service providers will be informed accordingly.

Payment to Insurance Regulatory Authority

- ❑ This allows the Authority to receive fees payable by members as prescribed and in the most convenient manner.
- ❑ Legal Notice No. 85 of 2010
- ❑ Effective 10th June 2010

The Proceeds of Crime and Anti-Money Laundering Act, No. 9 of 2009

- ❑ The minister appoints 28th June, 2010 as the date on which the Act shall come into operation.
- ❑ The Authority shall put in place mechanisms to ensure that the Insurance Industry complies with the provisions of the Act.

THANK YOU

