

CONF/IRA/00/001/03

26th July 2019

CIRCULAR NO.IC & RE 13/2019

TO: INSURANCE AND REINSURANCE COMPANIES

RENEWAL OF REINSURANCE CONTRACTS FOR THE YEAR 2020

In line with the provisions of section 29 of the Insurance Act, all insurers are required to submit reinsurance proposals for the year 2020 latest by 30th September, 2019.

The proposals should be forwarded together with the reinsurance statistics for the last five years in the format provided in Forms I, II and III. In addition, you are required to complete and return the checklist on reinsurance (Form IV) in the required format. Incomplete forms will not be accepted.

Besides the above details, information on inward acceptances from outside Kenya (excluding Africa Re and PTA Re) is also required. The details required should be in respect of inward treaties being renewed and any new treaties for the year 2020 to be provided in Form VI.

For non-proportional treaties, the Minimum Deposit Premium (MDP) as a percentage rate of premium should not exceed 90% and where premium rate is on sliding scale it should not exceed 100% on minimum rate.

You are required to consider the reputation, financial stability and international rating of foreign reinsurers provided by international rating agencies. The recommended minimum Financial Strength Rating for foreign reinsurers is BBB by S&P or equivalent by any other international rating agency. In this respect you are required to submit the following;

1. Copy of the rating certificate.
2. Copy of the certificate of registration (licence) from their respective regulators.

Ensure also that all reinsurance treaties in respect of Long Term insurance business written in Kenya are locally placed as per our circular dated 21st July 2008 and provided in Form V.

It is important to note that failure to pay reinsurance premiums has an effect of voiding the reinsurance contracts. In this regard, you are required to provide proof of settlement of reinsurance balances up to 2nd quarter of the year 2019 while submitting your completed contracts for the year 2020. You are also required to provide information on the outstanding reinsurance balances in Form VII.

The final reinsurance cover notes should be filed with the Authority latest by **31st December, 2019** and should be accompanied by an appointed actuary certificate on the adequacy and contractual certainty of the reinsurance arrangements.

The information requested above should be submitted to our **Records Management Office** on **2nd Floor, Zep Re Place, Longonot Road, Upper Hill**.



GODFREY K. KIPTUM
COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER

Encl.

Forms I (**Proposals for RI programme**), II (**Proportional RI Statistics**), III (**Non- Proportional RI Statistics**), IV (**Checklist on Reinsurance**), V (**Long Term Reassurance**), VI (**Inward Acceptance**), VII (**Outstanding Balances**) can be downloaded from our website at www.ira.go.ke.