

LEGAL NOTICE NO. 82

THE INSURANCE ACT

(Cap. 487)

IN EXERCISE of the powers conferred by section 3A (1) (g) of the Insurance Act, the Insurance Regulatory Authority issues the following guidelines—

THE INSURANCE (VALUATION OF TECHNICAL PROVISIONS FOR LIFE INSURANCE BUSINESS) (AMENDMENT) GUIDELINES, 2019

1. These guidelines may be cited as the Insurance (Valuation of Technical Provisions for Life Insurance Business) (Amendment) Guidelines, 2019. Citation.

2. Appendix 2 of the Insurance (Valuation of Technical Provisions for Life Insurance Business) Guidelines, 2017 is amended by deleting the expression “20%” appearing in the row relating to interest rates and substituting therefor the expression “10%”. Amendment of L.N. No. 38 of 2017.

Dated the 6th June, 2019.

ABDIRAHI H. ABDI,
*Chairman of the Board of Directors,
Insurance Regulatory Authority.*

GODFREY K. KIPTUM,
*Commissioner of Insurance and Chief Executive Officer
of the Insurance Regulatory Authority.*

LEGAL NOTICE NO. 83

THE INSURANCE ACT

(Cap. 487)

IN EXERCISE of the powers conferred by section 3A (1) (g) of the Insurance Act, the Insurance Regulatory Authority issues the following guidelines—

THE INSURANCE (CAPITAL ADEQUACY) (AMENDMENT) GUIDELINES, 2019

1. These guidelines may be cited as the Insurance (Capital Adequacy) (Amendment) Guidelines, 2019. Citation.

2. Paragraph (a) of Appendix 1 of the Insurance (Capital Adequacy) Guidelines, 2017, hereinafter referred to as the “principal Guidelines”, is amended by deleting the expression “10%” appearing in the row relating to interest rates and substituting therefor the expression “18%”. Amendment of L.N. No. 39 of 2017.

3. The principal Guidelines are amended by deleting Appendices 2 and 4 and substituting therefor the following new Appendices— Amendment of L.N. No. 39 of 2017.

APPENDIX 2

- (a) Insurance risk factors – General insurance companies and life insurance companies transacting group life and group credit business;

<i>Classes of business</i>	<i>Premium reserve – Risk charge</i>	<i>Claims reserve – Risk charge</i>
Aviation	39%	29%
Engineering	8%	4%
Fire industrial	9%	6%
Fire domestic	3%	2%
Liability	9%	9%
Marine	7%	8%
Motor vehicle private – property damage	5%	5%
Motor vehicle private – liability	12%	12%
Motor vehicle commercial – property damage	3%	3%
Motor vehicle commercial – liability	13%	13%
Motor vehicle commercial – PSV – property damage	3%	3%
Motor vehicle commercial – PSV – liability	14%	14%
Personal accident	6%	9%
Theft	4%	4%
Workmen's compensation	18%	19%
Miscellaneous	8%	6%
Medical	15%	13%
Group life	10%	8%
Group credit	12%	10%

- (b) Insurance risk factors – reinsurance companies

<i>Classes of business</i>	<i>Premium reserve – risk charge</i>	<i>Claims reserve – risk charge</i>
Aviation	42%	26%
Engineering	9%	6%
Fire industrial	10%	6%
Fire domestic	5%	3%
Liability	13%	12%
Marine	12%	10%
Motor vehicle private – property damage	8%	7%
Motor vehicle private – liability	16%	15%
Motor vehicle commercial – property damage	6%	5%
Motor vehicle commercial	17%	16%

<i>Classes of business</i>	<i>Premium reserve – Risk charge</i>	<i>Claims reserve – Risk charge</i>
– liability		
Motor vehicle commercial – PSV – property damage	5%	5%
Motor vehicle commercial – PSV – liability	17%	16%
Personal accident	10%	12%
Theft	7%	6%
Workmen’s compensation	20%	22%
Miscellaneous	8%	8%
Medical	15%	13%
Group life	10%	8%
Group credit	12%	10%

APPENDIX 4

Market risk – Insurance and reinsurance companies capital charges

<i>Equity risk</i>		<i>Risk charge</i>		
Listed ordinary shares on the Nairobi Securities Exchange		30%		
Listed ordinary shares in other regional securities exchanges		30%		
Listed preference shares on the Nairobi Securities Exchange		35%		
Listed preference shares on other regional securities exchanges		40%		
Unlisted shares or private equity		40%		
<i>Property risks</i>				
Land and self-occupied properties		40%		
Investment property		30%		
Real Estate Investment Trust		30%		
<i>Interest rate risk</i>				
<i>Scenario</i>	<i>Asset value</i>	<i>Liability value</i>	<i>surplus</i>	
Base interest rate				
Increasing interest rate				
Decreasing interest rate				
Interest rate risk capital				
<i>Currency risk</i>				
<i>Type of currency</i>	<i>Net on balance sheet position</i>	<i>Net forward position</i>	<i>Net long position</i>	<i>Net short position</i>
Total position				
Exposure				
Currency				8%

<i>Classes of business</i>		<i>Premium reserve – Risk charge</i>	<i>Claims reserve – Risk charge</i>	
<i>risk charge</i>				
<i>Currency risk capital charge</i>				

Dated the 6th June, 2019.

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