

**INSURANCE ACT**  
**CHAPTER 487 LAWS OF KENYA**  
**PUBLIC NOTICE**

**INVITATION OF COMMENTS FROM MEMBERS OF THE PUBLIC AND  
STAKEHOLDERS ON THE PROPOSED AMENDMENT OF THE THIRD  
SCHEDULE TO THE INSURANCE ACT**

The Insurance Regulatory Authority (IRA) is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and to promote the development of the insurance industry.

With the import of promoting development of the insurance industry, IRA continuously engages stakeholders with a view to enhancing provisions of the Insurance Act to make it responsive to the needs of all stakeholders. To this extent, therefore, with a view to providing for and promoting the development of insurance cover on risks related to construction projects, IRA intends to amend the Third Schedule to the Insurance Act in order to include Latent Defects Liability and Structural Defects Liability as new classes of insurance business.

Builders of properties are exposed to liability arising from damages due to structural and latent defects, both of which are typically excluded from coverage under all risks property insurance policies. This exposes third parties including as tenants and other occupiers to post construction risks arising from construction defects (structural and latent defects). Key examples of such risks are injuries, loss of life and loss of business income resulting from the collapse of a defective building. Where adequately insured, the owners of such buildings and injured third parties would be safeguarded against the financial consequences of damage resulting from structural and latent defects.

In accordance with Article 10 of the Constitution, IRA hereby invites Insurance Industry Stakeholders, Policy Holders, Beneficiaries and the General Public to submit comments on the proposed amendments to Part A Section 5 of the Third Schedule to the Insurance Act, which is hereby rendered as follows:

The Third Schedule to the Insurance Act is hereby amended by deleting Section Number 5 of the Table titled 'General Insurance Business-Classes and Sub-Classes' at Part A thereof, and replacing it with the following new Section Number 5: -

	<b>Class of Business</b>	<b>Brief Description of Class</b>	<b>Serial No.</b>	<b>Sub-Class Of Business</b>
<b>5</b>	Liability Insurance	Liability	50	Product Liability
			51	Professional Indemnity
			52	Latent Defects Liability
			53	Structural Defects Liability
			54	Public Liability
			55	Others

The proposed amendment can be accessed and downloaded from the Authority's website ([www.ira.go.ke](http://www.ira.go.ke)), together with a copy of the Part A of the Third Schedule, which is proposed to be amended.

Comments and other feedback can be communicated to IRA through email [actreview@ira.go.ke](mailto:actreview@ira.go.ke). Comments and feedback on the proposed amendments must be received on or before 20<sup>th</sup> May 2021 using the standard template for submission of comments and feedback, which can be downloaded from [www.ira.go.ke](http://www.ira.go.ke).

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**NAIROBI**