



# INSURANCE REGULATORY AUTHORITY

CONF/IRA/00/001/03

16<sup>th</sup> July, 2015

CIRCULAR NO. MIP/09/2015

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## CIRCULAR TO ALL MEDICAL INSURANCE PROVIDERS:

### RENEWAL OF REGISTRATION AS A MEDICAL INSURANCE PROVIDER FOR THE YEAR 2016

As you are aware the Insurance Regulatory Authority has been endeavoring to provide quick, efficient and cost effective service delivery to its customers. The Authority has developed an electronic regulatory system (ERS) through which insurance brokers and medical insurance providers (MIPs) have been submitting monthly premium levy returns (where applicable) and annual returns. An additional feature has been integrated and brokers and MIPs can now be able to submit their application for renewal of registration through the ERS.

The system that was previously used to apply for licenses for MIPs will no longer be used. Consequently, applications for renewal of registration for the year ending 31<sup>st</sup> December, 2016 will be made through the ERS.

In terms of Section 188 (2) of the Insurance Act, CAP 487, you are required to apply for renewal of registration for the year 2016, latest by **30<sup>th</sup> September, 2015**.

- i) With regard to the information on paid-up share capital of the MIP, please note to give the name, citizenship, and the number of shares owned by each shareholder. In case a shareholder is a corporate body, similar particulars should be given in respect of the shareholders of that company.
- ii) The renewal fee of Kes.10,000 shall be payable. In case the application is submitted after the deadline for renewal or rejected on the basis of incompleteness and resubmitted after the deadline, a penalty of Kes.10,000 shall become payable in addition to the renewal fee. All payments shall be in either of the following modes:-



(a) Bank deposit or direct transfers to:-

A/c Name: Insurance Regulatory Authority  
Account No: 0100306688400  
Bank: National Bank of Kenya  
Branch: Harambee Avenue  
Branch Code: 12003

The deposit slip shall be submitted together with the application.

(b) Mpesa

The following procedure shall be followed for the payment of the registration fee/Penalty using MPESA

- **Go to M-PESA on your phone**
- **Select Pay Bill Option**
- **Enter Business no. 830300**
- **Enter the MIP registration number e.g. IRA/12/123/01**
- **Enter the Amount e.g. 10,000.00**
- **Enter your M-PESA PIN and send**
- **You will receive M-PESA payment confirmation details.**  
**The transaction number and date of transaction should be submitted along with the application for renewal.**

(iii) Issuing of a duplicate certificate or endorsements shall be subject to payment of Kes.500 as provided for under Section 189(2) and Regulation 46 of the Insurance Act.

(iv) The statement of Business in Form No.151-1 is required to be submitted along with the application Form in terms of regulation 36. However, since the statement is required to show the position for the whole year as at **31<sup>st</sup>December, 2015**, the same may be submitted latest by **28<sup>th</sup>February, 2016** duly signed by the Principal Officer.

The statement of outstanding premiums due by a broker Form No. 153-2 requires to be submitted as at 31<sup>st</sup> December, 2014 and 30<sup>th</sup> June, 2015 duly signed by an auditor and the Principal Officer

(v) Section 153(1) and regulation 39 of the Insurance Act requires a Medical insurance provider to provide a security in the form of a bank guarantee as prescribed in Form 153-1 in the nineteen schedule or in the form of a

two year government bond from the Central Bank of Kenya held in favour of Insurance Regulatory Authority, and the minimum amount of the guarantee shall be three million Kenya Shillings (Kes.3,000,000). A copy of the duly completed guarantee form should be delivered to the Authority for safe custody.

- (vi) For the purposes of Section 151(1)(a) of the Act, the professional indemnity policy to be taken out by a Medical Insurance Provider shall be as prescribed in the seventeenth schedule. The indemnity limit for any occurrence shall be at least ten million Kenya shillings (Kes.10,000,000).
- (vii) Medical Insurance Providers who manage funds are required to submit audit certificates as at 31<sup>st</sup> July, 2015 confirming that separate accounts are kept for clients' funds and a list of clients whose accounts they managed for year 2015.
- (viii) A list of products that a Medical Insurance Provider is offering must be submitted along with the terms and conditions of the arrangements with their underwriters.
- (ix) Statements from major hospitals showing outstanding payments as at 31<sup>st</sup> August, 2015 are required to be attached to the application together with application form.
- (x) Where a Medical Insurance Provider is unable to place cover locally, they should seek approval under section 20 of the Insurance Act to place cover overseas. In those circumstances, evidence of lack of local capacity must be provided alongside the request.
- (xi) Authorization letters issued to Medical Insurance Providers to place business overseas with International medical Underwriters expires on 31<sup>st</sup> December, 2015. Requests for further approvals to place cover overseas for the year 2016 should be submitted along with the application in form of a letter.
- (xii) Medical Insurance Providers who place business overseas are required to attach certificates by their auditors as at **31<sup>st</sup> July, 2015** confirming the volume of business transacted with each overseas underwriter.
- (xiii) It is the responsibility of the Medical Insurance Providers to ensure that insurance premium levy and training levy in terms of sections 197A and 197B of the Insurance Act is collected from the overseas underwriters on business placed with them. Medical Insurance Providers should submit a monthly return on all business placed overseas together with levies payable. Any overseas underwriter, who has failed to pay the above levies by the application date, shall not be authorized to transact

business in Kenya for the year 2016 and necessary steps shall be taken to recover the same.

- (xiv) Please note that section 191(2) of the Act prohibits any person registered under the Act as an insurer, reinsurer or broker from carrying on any business other than the business in respect of which he is registered.
- (xv) Please note that in case you also transact insurance business as an Insurance Broker, the operations for the two entities should be kept separate. The requirements for registration should be submitted separately for each category.
- (xvi) You should maintain a client bank account kept separate from the office operations account. The client account shall be audited annually by an auditor and an auditor's certificate submitted along with the application for renewal.

The application for renewal registration should be made online before the deadline of **30<sup>th</sup> September, 2015** to avoid the payment of a penalty.



**SAMMY M. MAKOVE**  
**CHIEF EXECUTIVE OFFICER & COMMISSIONER OF INSURANCE**