



## **EXPRESSION OF INTEREST (EOI)**

### **IRA/151/2020-2021 - EXPRESSION OF INTEREST FOR PROVISION OF CONSULTANCY SERVICES TO CONDUCT AN ACTUARIAL STUDY ON APPROPRIATE PREMIUM RATES TO BE CHARGED FOR SELECTED CLASSES OF INSURANCE ACTUARIAL STUDY TO DETERMINE APPROPRIATE PREMIUM RATES TO BE CHARGED FOR SELECTED CLASSES OF INSURANCE**

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#### **1. Background**

The Insurance Regulatory Authority is a state corporation established under the Insurance (Amendment) Act of 2006. The Authority's mandate is to regulate, supervise and develop the insurance industry in Kenya.

In line with Section 75 of the Insurance Act, CAP 487, insurance companies are required to file with the Authority schedule or manual of premium rates, to be offered in connection with insurance policies and details of the bases and formulae from which those rates have been calculated. The model adopted is file and use which implies insurers required to file their rates with the Authority but may use the rates without regulatory approval. However, if, after review within a permitted time period the filed rates are found to be unacceptable by the regulator, they must be withdrawn and premiums adjusted to reflect approved rates. The main regulatory objective is to protect the customer by ensuring the insurer maintains appropriate levels of solvency to pay claims. In addition, the other regulatory objectives regarding rates are that the rates charged are commensurate to the risk exposures and to ensure fair competition within the insurance industry.

The Kenyan insurance industry remains the largest within the East African Community region both in terms of gross written premiums as well as insurance penetration. The insurance market remains general business dominated. The general and long term insurance business accounted for 58.6% and 41.4% of total industry premiums respectively in 2019. Premiums written vary between product lines with motor and medical accounting for over 70% of total general insurance business underwritten.

Despite the fact that insurance markets show strong evidence of competition, not every consumer faces low insurance prices or even prices that he/she finds affordable. Customer-oriented premium rating is fetching an increasingly important avenue for the insurance industry to achieve profits in today's competitive market environment. Customer behaviour is changing fast with implications on insurer's premium rating strategies and new technologies that can support insurer's ability to meet Policyholders reasonable expectations (PRE).

Insurers' business models and product ranges remaining generally similar with the consequences that consumers exhibit high levels of price sensitivity under a highly competitive market environment. The various product lines offered differ regarding the risk factors used in premium rating with existing insurance policies sold largely reflecting the market forces of supply and demand. Although there has been a host of new and somewhat radical products, overall, the premium rating environment has remained largely dull especially in the last couple of years as concerns remain about insurance availability and affordability for many consumers.

However, the current rate pricing and risk classification face some significant challenges. Besides a competitive market environment, various risk-rating factors "commonly used are being questioned" Therefore, insurers must find risk-rating factors that can be determined as accurately as possible and also earn social acceptance. Premium rating should be based on the comprehensive knowledge of individual customer's needs and to design from this knowledge product for the respective target group. These aspects together with increasing transparency requirements mean that the intensified application of customer-oriented premium rating can create a competitive advantage. Furthermore, the issue of transparency plays an important role in demand for insurance especially for price sensitive consumers.

## **2. Purpose of the assignment**

This assignment therefore aims to analyse current premium rating practices in the insurance industry in Kenya and the competitiveness of the rates filed at IRA based on risk classification. The analysis should further consider continued technological change and newly emerging customer preferences that drive insurance demand. The assignment should also consider individual consumer needs and their perception of price determination within the insurance industry as part of discussing opportunities and challenges associated with customer-specific premium rating in Kenya. Promoting rate adequacy reflects concerns about under-pricing in the industry hence then need to focus on classes of insurance in which universal insurance coverage is thought to be socially desirable

## **3. Scope of work**

- i. Review the current methods used in general insurance premium rating in the light of changes in the legal and regulatory framework
- ii. Assess current market dynamics on premium rating factors to enable insurers to compete more effectively on price and product
- iii. Review the impact of emerging and new business models on insurance premium rating in Kenya in line with risk based premium underwriting
- iv. Analyse consumers' acceptance of insurers' using various price determining risk factors as well as their willingness to provide personal information for insurers' underwriting
- v. Assess the impact of reinsurance on individual premium rating.
- vi. Explore what impact premium rating practices have on the profitability of insurance companies in Kenya and more specifically new
  - a. simplicity in the rate structure, so that it can be more easily understood by the customer, and sold by the agent;

- b. responsiveness to changing conditions and to actual losses and expenses; and
  - c. encouraging practices among the insured that will minimize losses.
- vii. Without impairing the insurance market, provide guidance on appropriate flexi premium rating and banding for various classes of general insurance business and their impacts on:
  - a. Reserving
  - b. Capital adequacy
  - c. Fair treatment of customers (TCF)
- viii. Suggest potential areas for further research and how to develop skills in insurance premium pricing

#### **4. Eligibility criteria**

The Expression of Interest must be accompanied by the consultants' qualifications, professional capabilities and documentary evidence of having successfully completed assignment/ project of similar nature. Interested firms should provide specific information which will be the basis for shortlisting and further invite to respond to comprehensive terms of reference as indicated below: -

##### **a) Technical/Functional Skills**

**Team Leader:** Postgraduate degree in Economics or Commerce or Statistics or Demography plus over ten years of practical experience in managing/leading the design and development of Research/Surveys/Polls. Other consultants will be expected to have at least 5 years of experience in undertaking research surveys

**Other consultants:** At least a bachelor's degree plus at least 5 years of experience in undertaking research surveys

##### **b) Mandatory requirements**

- i) Submit a copy of certificate of incorporation/business registration.
- ii) Submit a valid tax compliance/ Exemption certificate from Kenya Revenue Authority.
- iii) Provide Company profile of the firm indicating the contact details including physical address, telephone number, email and contact person on behalf of the bidder.
- iv) Confidential business questionnaire.
- v) Copy of CR 12 for Limited companies.
- vi) Copy of certificate of registration with relevant regulatory bodies.
- vii) Self-declaration letter that the consultant is not debarred in the matters of Public Procurement and Asset Disposal Act, 2015.
- viii) Self-declaration that the person or tenderer will not engage in any corrupt or fraudulent practice.
- ix) Access to Government Procurement Opportunities (AGPO) Certificate from National Treasury where applicable

## 5. Clarifications

IRA shall promptly respond to all request for any clarification relating to expression of interest where such request is received before the deadline for submission. Any request for clarification must be sent in writing by electronic mailed to: -

**Manager Procurement,  
Insurance Regulatory Authority,  
Zep-Re Place, Longonot Road, Upper hill,  
P.O. Box 43505-00100  
Nairobi, Kenya  
Email: [procurement@ira.go.ke](mailto:procurement@ira.go.ke)**

## 6. Submission

Completed EOI proposal shall be submitted in ONE (1) "ORIGINAL hard copy and in CD/Flash Disk saved in PDF format clearly labelled your company name and placed in separate sealed envelopes The two envelopes shall be placed in an outer envelope and sealed bear IRA address, Eoi name and number and clearly marked "DO NOT OPEN before day, date and time of EOI closing/Opening date.

**"IRA/151/2020-2021 - EXPRESSION OF INTEREST FOR PROVISION OF CONSULTANCY SERVICES TO CONDUCT AN ACTUARIAL STUDY ON APPROPRIATE PREMIUM RATES TO BE CHARGED FOR SELECTED CLASSES OF INSURANCE ACTUARIAL STUDY TO DETERMINE APPROPRIATE PREMIUM RATES TO BE CHARGED FOR SELECTED CLASSES OF INSURANCE"**

The pre-qualification application must be delivered (by hand or registered mail) to:

**Tender Box at Insurance Regulatory Authority Offices on Ground Floor, Zep - Re Place, Longonot Road, Upperhill, Nairobi** or be addressed to:

**Chief Executive Officer,  
Insurance Regulatory Authority,  
10<sup>th</sup> Floor Zep Re Place, Longonot Road, Upperhill,  
P.O. Box 43505 – 00100 Nairobi, Kenya  
Telephone: +254-20-4996000; 254-719-047000  
Email: [procurement@ira.go.ke](mailto:procurement@ira.go.ke); Website: <http://www.ira.go.ke>**

On or before: **11<sup>th</sup> March, 2021 at 2:00 p.m.** The EOI shall be opened immediately on **11<sup>th</sup> March, 2021 at 2:00 p.m.** and in the presence of tenderers' representatives who choose to attend. in the presence of tenderers' representatives who choose to attend strictly observing MOH protocols on Covid -19 Pandemic.

Only firms shortlisted under this procedure will be invited to submit their Technical and Financial proposals under the Request for Proposals (RFP).

**CHIEF EXECUTIVE OFFICER/COMMISSIONER OF INSURANCE**

## CONFIDENTIAL BUSINESS QUESTIONNAIRE FORM

You are requested to give the particulars indicated in Part 1 and either Part 2(a), 2(b) or 2(c) whichever applies to your type of business.

**NB. Attach Company Registration Business Registration Certificate or Certificate of Incorporation, Valid Tax Compliance certificate from Kenya Revenue Authority (KRA), Access to Government Procurement Opportunities (AGPO) from the National Treasury (for firms owned by Youth, Women & persons with Disability)**

### **Part 1 - General:**

Business Name .....  
(Attach Copy of Registration Certificate/ Certificate Incorporation)  
Location of Business Premises .....  
Plot No. .... Street/Road .....  
Postal Address.....Tel. No. (Landline).....  
Mobile Phone(s):.....  
Website:..... E-mail:.....

Nature of Business .....  
Single Business Permit (from a County Government)

No. .... Expiring Date .....  
(Attach Copy of Permit/ Payment Receipt)

PIN Certificate No.....  
(Attach Copy of PIN Certificate)

Tax Compliance Certificate No..... Expiring Date.....  
(Attach Copy of Valid Tax Compliance from Kenya Revenue Authority)

Maximum value of business which you can handle at any one time:  
K£.....

Name of your bankers ..... Branch .....

### **Part 2 (a) Sole Proprietor:**

Your name in full ..... Age .....  
Nationality ..... Country of origin .....  
Citizenship details .....

### **Part 2 (b) Partnership**

Give details of partners as follows:

	<b>Name</b>	<b>Nationality</b>	<b>Citizenship Details</b>	<b>Shares</b>
1.				
2.				

### **Part 2 (c) Registered Company:**

Private or Public .....

State the nominal and issued capital of the company: -

Nominal K£ .....

Issued K£ .....

Give details of all Directors as follows: -

	<b>Name</b>	<b>Nationality</b>	<b>Citizenship Details</b>	<b>Shares</b>
1.				
2.				
3.				

### **Part 3 – Declaration**

I / We, the undersigned state and declare that the above information is correct and that I / We give IRA authority to seek any other references concerning my / our company and application from whatever sources deemed relevant.

Full name.....

Signature.....

For and on behalf of M/s.....

In the capacity of.....

Dated this .....day of .....2021.

Suppliers' / Company's Official Rubber Stamp

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## **FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF**

Proposed Position: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Name of Staff: \_\_\_\_\_

Profession: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Years with Firm: \_\_\_\_\_ Nationality: \_\_\_\_\_

Membership in Professional Societies: \_\_\_\_\_

Detailed Tasks Assigned: \_\_\_\_\_

### **Key Qualifications:**

*[Give an outline of staff member's experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations].*

### **Education:**

*[Summarize college/ Company and other specialized education of staff member, giving names of schools, dates attended and degree[s] obtained.]*

### **Employment Record:**

*[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments.]*

### **Certification:**

I, the undersigned, certify that these data correctly describe me, my qualifications, and my experience.

\_\_\_\_\_  
*[Signature of staff member]* Date: \_\_\_\_\_

\_\_\_\_\_ *Date;* \_\_\_\_\_  
[*Signature of authorized representative of the firm*]

Full name of staff member: \_\_\_\_\_

Full name of authorized representative: \_\_\_\_\_



**SELF DECLARATION THAT THE PERSON/TENDERER WILL NOT ENGAGE IN ANY CORRUPT OR FRAUDULENT PRACTICE**

I, .....of P. O. Box ..... being a resident of ..... in the Republic of ..... do hereby make a statement as follows: -

1. **THAT** I am the Chief Executive/Managing Director/Principal Officer/Director of ..... (*insert name of the Company*) who is a Bidder in respect of **Tender No. ....** for .....(*insert tender title/description*) for .....(*insert name of the Procuring entity*) and duly authorized and competent to make this statement.

2. **THAT** the aforesaid Bidder, its servants and/or agents /subcontractors will not engage in any corrupt or fraudulent practice and has not been requested to pay any inducement to any member of the Board, Management, Staff and/or employees and/or agents of .....(*insert name of the Procuring entity*) which is the procuring entity.

3. **THAT** the aforesaid Bidder, its servants and/or agents /subcontractors have not offered any inducement to any member of the Board, Management, Staff and/or employees and/or agents of .....(*name of the procuring entity*)

4. **THAT** the aforesaid Bidder will not engage /has not engaged in any corruptive practice with other bidders participating in the subject tender

5. **THAT** what is deponed to hereinabove is true to the best of my knowledge information and belief.

Full name.....

Signature.....

Dated this .....day of .....2021.

Suppliers' / Company's Official Rubber Stamp