

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 10<sup>th</sup> May, 2017

The House met at 2.30 p.m.

*[The Speaker (Hon. Muturi) in the Chair]*

PRAYERS

QUORUM

**Hon. Speaker:** Ring the Quorum Bell.

*(The Quorum Bell was rung)*

I have been told that we quorate. Thank you for the work done by the two Whips, Hon. Wamalwa and Hon. Washiali. I hope the electorate also appreciates that apart from working for them in the constituencies, you also work for the House. Sometimes we notice that the electorate does not quite appreciate what you do here. We may proceed.

### PAPERS LAID

**Hon. A.B. Duale:** Hon. Speaker, I beg to lay the following Papers on the Table of the House:

The Annual Report and Financial Statements for the National Biosafety Authority.  
Regulations relating to the National Budget 2017/2018 and the Finance Bill, 2017 as follows:

- (a) The Provisional Collection of Taxes and Duties Order, 2017;
- (b) The Retirement Benefits (Individual Retirement Benefits Schemes) (Amendment) Regulations, 2017;
- (c) The Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2017;
- (d) The Insurance (Amendment) Regulations, 2017;
- (e) The Excise Duty (Remission of Excise Duty) Regulations, 2017;
- (f) The Excise Duty (Excisable Goods Management System) Regulations, 2017;
- (g) The Value Added Tax Regulations, 2017;
- (h) The Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017;

The Reports of the Auditor-General on the Financial Statements in respect of the following institutions for the year ended 30<sup>th</sup> June 2016 and the certificates therein:

- (i) Chemilil Sugar Company Limited;
- (ii) Commission on Administrative Justice;

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- (iii) Kenya Scouts Association;
- (iv) The Retirement Benefits Authority;
- (v) The Insurance Regulatory Authority;
- (vi) The Official Receiver;
- (vii) The Kenya Pipeline Company Limited;
- (viii) The Nursing Council of Kenya;
- (ix) The Kenya Urban Roads Authority;
- (x) The Engineers Board of Kenya;
- (xi) The Kenya Accreditation Service;
- (xii) The Micro and Small Enterprises Authority;
- (xiii) The Kenya Institute of Mass Communication;
- (xiv) The Higher Education Loans Board;
- (xv) The Coast Water Services Board;
- (xvi) The Parliamentary Car Loan Scheme Fund;
- (xvii) The Jomo Kenyatta University of Agriculture and Technology Enterprises Limited;
- (xviii) The Office of the Controller of Budget;
- (xix) The Equalisation Fund;
- (xx) The Registrar of Political Parties Fund; and,
- (xxi) The Kenya Electricity Transmission Company.

Thank you, Hon. Speaker.

## BILLS

### *First Reading*

#### THE STATUTE LAW (MISCELLANEOUS AMENDMENTS) BILL

### *Second Reading*

#### THE FINANCE BILL

*(Hon. A.B. Duale on 9.5.2017)*

*(Resumption of Debate interrupted on 9.5.2017)*

**Hon. Speaker:** The Mover of the Bill to reply.

**Hon. A.B. Duale:** Thank you, Hon. Speaker. I beg to reply and thank the Members for their wise contribution. I am sure a lot of comments were made on the Finance Bill, which deals with taxation measures. They will be considered when we get to the Committee of the whole House. As I said yesterday, we need to balance between the economic accomplishment that we have achieved in the past few years, which is an economic growth rate of 5.9 per cent, and the challenges that we are facing, including inadequate food supply as a result of the drought that our country and the region has faced. I would like to request Members to prepare their amendments

and take them to the Office of the Clerk in readiness for the next stage, so that we can deal with this very important Bill.

With those remarks, I beg to reply.

**Hon. Speaker:** Hon. Members, I confirm that the House has the requisite quorum. Therefore, I will proceed to put the Question.

*(Question put and agreed)*

*(The Bill was read a Second Time and committed to a Committee of the whole House tomorrow)*

#### THE INSURANCE (AMENDMENT) BILL

**Hon. Speaker:** The Mover is the Leader of the Majority Party.

**Hon. A.B. Duale:** Hon. Speaker, I beg to move that the Insurance (Amendment) Bill 2017 be now read a Second Time.

I hope Members of Parliament have gone through this Bill. I will give a brief for each of the proposed clauses in the Bill. This is just an amendment to the existing principal Act; the Insurance Act.

Clause 2 of the Bill proposes to amend the Insurance Act by introducing new definitions of the terms “insurance groups”, which is a registered insurer and its subsidiary or an insurer’s holding company, whether operating or non-operating, and its subsidiary. It is dealing with more of the terminology and introducing a new term. This is mainly to give the insurance sector control over the insurer. Their activities are limited to holding of certain investments in their subsidiaries. It is dealing with how an insurance company and its subsidiary holding relate to one another, and how they raise funds to support the activities of that subsidiary from the insurance company. What does this amendment do? It will facilitate the supervision of the insurance groups by the regulatory authority.

Clause 2 further deletes the definition of the term “admitted assets” to harmonise it with the insurance amendment of 2016, which substituted the usage of that term with a new one called “capital charge” in line with the new risk-based capital.

Clause 3 of the Bill proposes to amend the Insurance Act in order to remove the requirement of the annual renewal of registration by insurers. This amendment is meant to introduce a perpetual licence for insurance. It removes this annual licence of insurance.

Clause 4 of the Bill proposes to amend the Insurance Act in order to remove the requirement of renewal of registration by the insurance. This amendment is meant to introduce perpetual licence of insurance.

Clause 5 of the Bill proposes to amend the Insurance Act by repealing Section 24 of the current principal Act which provided for transition to insurers that were carrying on insurance business at the time the insurance Act came into force to allow for a progressive implementation. Clause 5 is mainly dealing with the transition period in as far as the progressive implementation of this Act is concerned. This amendment is dealing with Sections 22 and 23 of the current principal Act. It is mainly meant to clean up the Act by removing what we call spent sections.

Clause 6 of the Bill proposes to amend the Insurance Act to remove the requirement of the annual renewal of registration. Previously, we dealt with the licences, but now we are dealing with the registration. Same as before, it is meant to introduce perpetual licence for insurance.

Clause 7 of the Bill proposes to amend the principal Act to repeal Section 28 of the current Act in order to remove the requirement of the minimum assets in Kenya, which is currently assessed through the application of the capital charges in determination of what is the capital adequacy of an insurance company. The law is trying to deal with all this. It is to make sure that we create very stable and sound insurance companies that can protect the insurance rights of our citizens. So, Clause 7 of the Bill that is repealing is meant to align this Act with the requirement of the risk-based capital.

If you look at Clause 8 of the Bill, it proposes an amendment to the Insurance Act to introduce a new Subsection 2A which provides that a licence issued under this section shall remain in force until cancelled under the Act. What does that mean? This amendment is meant to allow licences issued by the Insurance Regulatory Authority to remain in force until cancelled and to remove the requirement of annual licensing of insurance. That is because you do not create bottleneck bureaucracy that you go back to the regulator every year to get those licences. So, until and unless the Insurance Regulatory Authority finds that you have violated serious tenets of the insurance industry, they cannot cancel your licence once your licence is issued under this section. Nobody can cancel it.

Clause 9 of the Bill proposes an amendment under the Insurance Act to substitute the requirements under admitted assets and replace it with that of total assets. So, there is a difference between admitted assets and total assets. This amendment will enable the insurers to apply total assets in their determination when they want to do a determination of their capital adequacy as opposed to admitted assets. This requirement is also in line with risk-based capital.

Hon. Speaker, Clause 10 of the Bill proposes an amendment under the Insurance Act to substitute the requirement of admitted assets and replace it with that of total assets. I think I have already said that.

Clause 12 proposes an amendment to the Insurance Act to introduce a requirement of submission of group accounts to the Insurance Regulatory Authority by the insurance groups. They are now under obligation to provide their group accounts of the directors and the shareholders to the Insurance Regulatory Authority. This amendment is basically meant to facilitate the supervision of the insurance industry of insurance groups by the Authority under the wider groups' supervision.

Clause 14 proposes an amendment to the Insurance Act to remove the requirement for admitted assets in the determination of what we call Statutory Fund. This amendment will allow the insurance to apply total assets in determining the value of their Statutory Fund. Currently, they do not use admitted assets, but what they call total assets.

Clause 15 of the Bill proposes an amendment to the Insurance Act to enhance criminal penalty for an intermediary who transacts an insurance business without a licence by creating what we call custodial sentence of one month. If you engage in an insurance business as an intermediary without a licence, that is a criminal act and there is a penalty or a custodial sentence of one month. So, this amendment is basically to assist the law enforcers to secure an attendance in court of suspects where necessary as they may be held in custody awaiting arraignment in court. Clause 15 is meant to empower the law enforcement agencies.

Clause 16 of the Bill proposes an amendment to the Insurance Act to allow the Cabinet Secretary (CS) to make regulations or guidelines on the supervision of insurance groups in relation to mitigation of group risk. I think this is common. I am sure this 11<sup>th</sup> Parliament has seen a number of regulations. As per the Statutory Instruments Act, it is the function of the CS to introduce or make regulations or guidelines that will enhance the supervision role of insurance groups.

The second last clause is Clause 17 of the Bill which proposes to amend the Insurance Act by introducing a new subsection to exclude the insurance from the application of provisions of annual renewal of registration. This amendment to the principal Act is basically to amend the application on how to apply and use the new perpetual registration of insurance.

Finally, Clause 18 of the Bill and it is a small one, proposes to amend the Insurance Act by removing the provisions on reinsurance premium levy which have been deleted in this Act. What does this amendment on Clause 18 do? It harmonises the Act with the provisions of the Insurance (Amendment) Act (No.1 of 2014) where the requirement for payment of reinsurance premium levies was removed. That was done in the Insurance (Amendment) Act (No.1 of 2014).

Basically, this is a small Bill. It is part of the Bills that come together with the Budget Estimates that the CS reads every year. So, this insurance amendment Bill is related to the Budget that we passed. It is one of the pieces of legislation that cannot wait for the 12<sup>th</sup> Parliament because it has serious ramifications. It has serious implications on the Budget Estimates that this House passed, namely, the Budget Estimates for both revenue and expenditure for the 2017/2018 Financial Year. The Departmental Committee on Finance, Planning and Trade is currently holed up in a meeting with stakeholders, of course, the originator of this Bill, and the CS for the National Treasury. Once they table their report and the views from the stakeholders, we will enrich this Bill and introduce it for Third Reading maybe at the end of next week.

I beg to move and ask Hon. Washiali, the Member of Parliament for Mumias East and the Deputy Whip of the Minority Party, to second.

**Hon. Speaker:** Hon. Washiali?

**Hon. Washiali:** Thank you, Hon. Speaker, for giving me the opportunity to second this Bill. I would like to start by thanking the Mover of this Bill, Hon. Duale, for moving it in a detailed form.

Mine will be general observations because this Bill is to amend the principal Act. Like any other Bill, if we are amending, what it means is that we are improving the principal Act. Just like any other amendment Bill, I would like to confirm here that this is towards improving the original Bill covering insurance companies.

Insurance companies cover are very crucial. They play a very crucial role in our day to day life. Therefore, it is important for us to keep on revisiting these Bills so that they can play the role they are playing in our activities as Kenyans. We have quite a number of companies that offer medical cover. We have other companies that give life coverage. There are those that give motor vehicle insurance covers and others offer loan insurance covers. Therefore, you can see that we will expose Kenyans if we do not have these regulations.

We have new companies that are giving insurance cover on crops. Crop insurance is so critical right now. This is a completely new insurance that was introduced in this Republic for the first time in the last two years. We are encouraging the Ministry of Agriculture, Livestock

and Fisheries to proceed and cover as many farmers as possible. Today, if we would be having crop insurance, maybe the problems we are facing of shortage of foodstuff, would have been taken care of. This is meant to take care of weather patterns and other effects of weather.

With erratic rainfall patterns, insurance companies would come in and cushion farmers from completely losing their produce. Under the Ministry of Agriculture, Livestock and Fisheries, we have introduced an animal insurance cover. We saw what happened last year when a dry spell lasted for a very long time. Quite a number of farmers were compensated because of the effects of the dry spell. I am sure the farmers who lost their animals because of the bad weather must have been happy because they were insured.

I do not want to take very long because this is a very short Bill. I thank the Mover, the Leader of the Majority Party, and also the Government for having brought this Bill and having thought about improving the Insurance Act, so that it can play a better role than it has played before. I wish to second. Thank you, Hon. Speaker.

**Hon. Speaker:** Member for Imenti North, just listen. Continue chatting with the Member for Kisumu Town

*(Question proposed)*

Member for Imenti North, do you want to contribute to this Bill or you are not following? Let us have the Member for Kiminini.

**Hon. Wakhungu:** Thank you, Hon. Speaker. I rise to support this Bill although I have some concerns. We know very well that insurance plays a very critical role in our lives. We insure ourselves for travel, medical and assets. Now we have insurance on crops, which are the livelihoods of Kenyans. We can only be assured of the future through insurance. This industry is very critical. We know very well that it is regulated by the Insurance Regulatory Authority (IRA). Unfortunately, this is a sector which needs close monitoring. One of the critical amendments that I have seen in this Bill is the issue of the removal of the annual licence. I am very concerned about this because you realise that one of the critical measures that IRA can take against any insurance which had performed contrary to the law, particularly when it comes to compensation, is to withdraw the renewal of the annual licence. However, if you propose that we are not going to have this annual renewal, we have a risk where after rogue insurance companies have realised there is no requirement for annual renewal, they might not play ball as per the requirements of the insurance sector. So, because of this amendment, it is important that IRA must do some close supervision and monitoring so that in case of any bad behaviour by rogue insurance companies, this is detected.

We have traditionally seen many insurance companies going down. We saw Bima going down. However, we thank God that of late we have not seen much of insurance firms collapsing. That tells you that IRA has been doing a good work. As I mentioned, one of the measures is on the annual renewal licence.

*(Hon. A.B. Duale consulted)*

I wish the Mover was listening so that he could reply later, but I think he is busy. Maybe he will look at it later.

**Hon. Speaker:** You say that the Mover is not listening.

**Hon. Wakhungu:** Yes, because when we present our issues, he should be listening so that when it comes to replying, he can reply to our concerns. It is critical.

**Hon. Speaker:** Proceed.

**Hon. Wakhungu:** Thank you. I am very happy that---

**Hon. Speaker:** Hon. Wamalwa, now you have a wider viewership and listenership. You are live on *You Tube*. So, it is good to be aware of that and be alive.

**Hon. Wakhungu:** Thank you. Clause 14 is about the issue of the Cabinet Secretary coming up with regulations. This is a wonderful idea because the regulations will help in terms of operationalisation of the Act. It is a good thing and when the CS comes up with the regulations, we know very well that they will pass through Parliament for purposes of checks and balances. The regulations are good because they will help in that operationalisation.

I thank IRA. They have done well, but that constant monitoring and reporting is very key. I know IRA is listening wherever they are. We need to assure the investors of stability in the industry. When we have a stable insurance industry, it is going to ensure economic stability. I was very happy when the Leader of the Majority Party mentioned the issue of the minimum assets. At least it will ensure stability in the industry. We have seen many insurance firms doing this business, but when you look at their asset base, you find that stability is lacking. It becomes difficult when it comes to compensation to the common *mwananchi* who insures his life and assets.

Another thing that I will urge insurance firms to do in terms of the products that they offer in the market is to try to segment the products. Majority of Kenyans today, particularly the low-income earners, cannot access insurance products just because insurance companies have only produced products that are tailored to suit the rich or the upper and middle classes. The common *mwananchi* and the poor person on the ground is the person who has the highest risk and is more vulnerable, as Hon. Washiali mentioned earlier. For example, we have been experiencing drought and pastoralists have been suffering. Their cattle have died. Insurance firms should come up with products that are tailored to suit the low-income earners. As we go for political campaigns, it is important for us to have insurance products that are tailored towards this political process.

Otherwise, I do not have much to say because this was a short and brief Bill. I just want to commend the Committee and request my colleagues to support it.

I support the Bill.

**Hon. Speaker:** Member for Cherangany.

**Hon. Korir:** Thank you, Hon. Speaker, for giving me an opportunity to contribute to this amendment Bill. First of all, let me thank Kenyans for the peaceful nominations that we held. This Bill is very important because we are living at a time where a lot of brokers have come in to try to steal from the common *mwananchi*. It is good to have a clause that amends and criminalises brokerage without a licence. We need to encourage every Kenyan to take insurance because insurance is something that you save now for your future life, especially life insurance. People die. Today, we were debating the National Police Service (Amendment) Bill in terms of how we can help save the situation of police officers who are injured or die in the line of duty. The only way to help their next of kin is to introduce a life insurance for every civil servant, so that they can live better lives even after the death of their breadwinners.

It is a very good thing to bring an amendment on the Statutory Fund, which is mostly for life insurance. It uses the total assets to determine the Statutory Fund. It gives you a real thing to know how much somebody is worth. I am thankful for the opportunity. I think this Bill will bring sanity to the insurance sector so that the people who think they can steal from the common *mwananchi* can know that they will face the law.

My fellow Member of Parliament from Trans Nzoia has talked about the insurance of livestock and crops. That is what we need to avert what is happening with the drought situation and also during the rainy season. We are living in a country where people die when there is drought and when it rains. We need to come up with a solution so that we can find a way to save people's lives.

Finally, I will be coming back here as an independent candidate and I will be the chairman of independent candidates in this House. We should prepare for more independent candidates in this House who will be the majority. I will be the Leader of the Majority of this House in the next Parliament.

**Hon. Speaker:** Of course they need insurance. You are discussing insurance. Hon. Member for Makueni, proceed.

**Hon. Maanzo:** Thank you, Hon. Speaker for giving me this opportunity to contribute to this very important Amendment Bill concerning insurance. Recently, we came up with a new Act on insurance operations in this country. In fact, the Insurance Regulatory Authority (IRA) has done quite a good job in controlling the way insurance companies operate in this country. The history of insurance began with something akin to gambling about 500 years ago, especially when ships went into foreign lands and there was a guess as to whether they would come back or not. It has now grown to be a very big industry where even its requirements are that certain aspects of our lives today are insured. There are motor vehicle insurance companies to life insurance companies, education insurance and now it has gone to crop and animal insurance which, in my opinion, unless we have amendments to this Act, it cannot be done well. What has happened during this drought and the compensation of farmers is really a disaster. It never covered counties equitably since it was just in some parts. It tended to be discriminatory. It is good when we have a law which leans towards the Constitution, so that it does not become a nullity. It is also good to monitor that industry closely. It is a place where there is a lot of fraud. We have seen several insurance companies going under liquidation or statutory management. When that happens, they rush to get court orders and block so many cases against them. Many Kenyans then suffer because of lack of compensation. They will not get compensation owed to deceased persons or people who have been injured in motor vehicle accidents. In the whole of this regime, it is prudent - and the Leader of the Majority Party has done well to introduce amendments - so that there is accountability in the industry and that Kenyans who are now massively involved in it from the bourgeoisies to the common Kenyans in the villages will not be affected. It is important so that it does not become a class issue and that only a certain level of Kenyans are benefiting from it. Most important is to reduce fraud and to ensure that common Kenyans are not caught unawares.

It has even improved now to a level where there is group insurance for health where villagers can come together and be insured through their own self-help groups. It has also gone to funeral insurance. People are now insuring their own funerals. This has expanded and has borrowed from the experiences of western and developed countries where cultures are different.



For that matter, we need a law closer home which can deal with aspects of our own people in their circumstances so that the licensing is important. The moment you do not have a proper licence, many insurance companies will mushroom. In addition, the issue of capital is important. That is because the insurance companies which have sunk so far have caused a lot of pain to Kenyans. In fact, one time, I was acting for an insurance company which went under statutory management and lost quite a lot of money in terms of legal fees. I believe many other Kenyans lost in terms of awaiting compensations. Funny enough, none of those statutory managements have managed to bring back a company on its feet and have liquidity to serve people who have lost. There are many Kenyans who have lost in that regard. It is good to enhance their penalties for operating without registration, operating fraudulently or without proper capital. They should be placed under constant check and monitoring. That is very important. I believe this is for the benefit of Kenyans. I would like to support it and urge Members of Parliament to support these amendments. We will be thinking of more amendments at the Third Reading so that we can even make it better after this debate. I hope that ideas will come out better and we will have these regulations on insurance going on well.

Finally, IRA, among the other financial institutions in this country, has a Bill seeking to put them together so that they have one big regulation. That is the Financial Services Bill. The only exceptions which we have debated quite often are the SACCOs. They could be on their own because they do not quite fit into this regime, though most of them also get insured. Even banks are getting insurance. Insurance companies are quite close to many Kenyans who interact with them on a daily basis. I agree with the Leader of the Majority Party in this regard that we need a better law. I also agree with the Minority Whip that we need to support. I support and I thank you, Hon. Speaker, for giving me this opportunity.

**Hon. Speaker:** Member for Balambala. Is there something wrong with your card?

**Hon. Aden:** It is okay now. Thank you, Hon. Speaker, for giving me this opportunity to speak on this very important Amendment Bill. I wish to support this Bill. This is the amendment to the Insurance Act which we gave a lot of input and worked on in this Parliament. Indeed, the sections that are now being addressed in this particular Act are of critical importance to the operation of the insurance industry and for the common good of Kenyans who use those services. Indeed, I support these amendments and I think many details have been given by my colleagues because it is a very brief Bill. What I want to add is that the insurance industry as a sector needs to do a little bit more than what it is doing now. Unfortunately, as many Kenyans now turn to understand the importance of insurance, the industry still appears to be working and living in the psychology of the old times where requests are either not processed or excuses are found for those particular demands which now exposes many Kenyans to various risks. This particular Bill and the regulations thereof proposed, which I believe we will be able to do before this House finally adjourns, will be important to set things straight from a legal point of view so that Kenyans are now covered by law with regard to the professional operation of the insurance industry as a whole. I just wanted to add those few points and I pretty much appreciate the quality of input in this particular Bill. I support.

Hon. Speaker, thank you for giving me the opportunity.

**Hon. Speaker:** Member for Laikipia East.

**Hon. Kimaru:** Thank you, Hon. Speaker. I stand to support this Bill that intends to regulate the insurance industry. Just like any other industry, there is great need to control the

operations in that very important industry. Insurance is one of the key pillars in commerce. Without insurance, it is difficult to carry out trade. Insurance has gone further to play a big part in assuring the welfare of families. We have life insurance which guarantees continuity even after the breadwinners of families are gone.

It is, therefore, very important to regulate this industry. If insurance is not properly regulated, if there are no safeguards in insurance, we will see rogue insurance companies thriving like they used to before. Once you have those rogue insurance companies doing business on a daily basis, the person who suffers is the common *mwananchi*, who will lose a lot of money, who will insure his business and, at the end of the day, no such insurance is in place. That affects the economy. That affects the livelihoods of individual citizens. Therefore, I stand in full support of this Bill that tries to streamline the insurance industry to make sure that commerce goes on as it should, the economy thrives, members of the public do not lose their money when they put their money in insurance and when claims come forth, they are not honoured.

Today, insurance has entered into other fields like property. We never used to insure houses and other property like household goods. But with the benefit of insurance, there is that great need to even do more in insuring property. Livestock is another thing that we are seeing being insured. If the industry is run properly, the confidence of Kenyans in this industry will be greater and people will embrace insurance more. People will even embrace health insurance, which is very important. We cannot underscore the gains that are seen through insurances like NHIF. Today, many people are able to access expensive health services through NHIF. Unless people have confidence in insurance itself, unless insurance is properly regulated, we will not have people embracing insurance.

I do not know whether this is possible in the near future, we might also need to have insurance for politicians although their trade is one of the riskiest. We see that insurance tends to mitigate against such risks. It becomes more interesting and tricky with the kind of treachery that politics goes with. I do not know whether any insurer will be willing to insure such risks or unforeseen events. As things stand now, due to the many uncertainties in politics and Jubilee Party nominations - because I was not able to mitigate against such risks - I will be standing as an independent candidate. Maybe, therein, I will have my insurance. The crafters of the Constitution were clever in leaving that small window. Maybe, after all doors are closed, we could use that window after nominations and other processes were not properly done. That was our insurance. So, when I stand here to support insurance, it is because of such great things that happen.

I stand to support. Thank you very much.

**Hon. Speaker:** The Member for Turkana Central.

**Hon. Nakara:** Thank you, Hon. Speaker, for giving me an opportunity. At the outset, I support this Bill. As my colleagues have said, it has come to our attention that IRA has done good. I have seen on television that Authority educating people concerning insurance in this country. The problem we have in this country is that although many people have insured with many companies, they are not educated on how they can claim their dues. They have not been educated on where to pick their dues. Having that Authority is a way through which many people can access their dues from many insurance companies.

One of the things that made me support this Bill is that the capital of starting an insurance company has been raised. That requirement can control many people who want to flock this

business so that they can reap from *wananchi*. It has made people to think twice. Sometimes back, there were many insurance companies in this country and they were there just to freeze money from *wananchi*. They were briefcase insurance companies. By raising capital requirement to start an insurance company, it has given some order in starting an insurance company in this country.

On the issue of monitoring, we need IRA to monitor those insurance companies to the level of the county. There are some insurance companies in the county levels which are getting funds from the people without a clear picture and without licences. This Bill says that the licences of those companies can be revoked by the Authority. So, we need to encourage it to go to the county level so as to help the people know their rights with insurance companies.

Finally, on the issue of livestock insurance, there is a company that was launched by the President in our county two months ago. That company needs to go back to the county during this time because we have lost many livestock. It has happened especially during this season of rains in Turkana. We need that insurance company to go to Turkana County and compensate the people who have lost many livestock. When the President was there, he launched it. But since then, we have never seen them on the ground. We need that Authority to encourage insurance companies to go to the county level so that the people can access their services at the grassroots level.

Finally, we want the Jubilee Government to make sure that they make follow-ups whenever they make any promises to *wananchi*. The promise of insuring all livestock in Kenya was done in our country. Up to now, we have not seen any pastoralists being compensated for their livestock that has died during this rainy season.

With those few remark, Hon. Speaker, I support the Bill. Thank you.

**Hon. Speaker:** The Member for Butula.

**Hon. Onyura:** Thank you, Hon. Speaker. I rise to also support this Bill. As already pointed out, it is a fairly straightforward and short Bill. I realize and appreciate the fact that these proposals have been brought as a follow-up to the Budget that was read here some time back, to be able to align and update where necessary, for purposes of easier implementation.

Hon. Speaker, we all know that insurance plays an important role in the economy of any country. Therefore, these are provisions that will enhance the smooth running, efficiency and effectiveness of insurance services in this country. We support that although, generally speaking, the area of insurance is not an area that is very well understood by majority of Kenyans; other than, perhaps, the motor vehicle insurance. This is common and, perhaps, it is known much more because it is compulsory. Other areas of insurance are rather not well known. It is therefore an area that calls for a lot of education and I appreciate that.

I have noted that the Insurance Regulatory Authority has been making very good attempts to educate us through the media not only on its role, but also on the operations of the insurance. I would like to encourage that, that be continued and even more, be made wider even within our education institutions, so that our population can be able to understand a bit more comprehensively what the role of insurance is and how we can participate.

Hon. Speaker, it is also good to see that this amendment provides for proper emphasis on proper registration and acquisition of licences. It has also enhanced penalty for any insurance company that operates without a licence. That is part of regularizing and making sure that we have genuine and recognized operators in this industry. As part of that education, insurance

rarely succeeds based on faith and trust. I know there have been cases where, as they say, the devil is in the detail - the small letters. People take insurance covers having been taken through a very rosy picture by salespeople and brokers only to be disappointed when there is a problem and they put in their claims. I am also aware that, indeed, some insurance companies, due to certain loopholes, have also suffered losses arising from fake claims, cheating and collusion. I hope that wherever this is detected, such loopholes can be closed.

I have also noted that there is a section that calls for high accountability from the directors and management of such insurance companies, as well as shareholders. When you look at the medical insurance which is another key sector, I would wish to see that our insurance companies address this so that it can be rolled out to the wide public as much as possible and particularly here, I think NHIF can play a very good role in widening its services and, perhaps, going towards universal healthcare. Also, I think the proposal or the move to insure livestock and other agricultural operations is a good way to go because there are many times when our farmers put in a lot of investment but, due to major vagaries of nature, they incur large losses. I am sure if they are assisted to tap into such insurance covers, this will very much help mitigate the losses suffered by such farmers. Also, somebody may have said it in quest. I look forward to some insurance coming up one of these days to insure losses against elections and the unpredictability in politics.

Thank you for giving me the opportunity to support the Bill.

**Hon. Speaker:** Member for Kwanza, the Floor is yours.

**Hon. F.K. Wanyonyi:** Thank you very much. I was greeting my friend, Hon. Eng. Gumbo and wish him well to what just happened.

Hon. Speaker, I want to support this amendment. First, Section 31 of this proposal is quite explicit and I think if this is implemented, that thing will be good. The fact that the licensing board, at least, will not license any insurance company unless it is satisfied that the capital and the assets are adequate is one thing that is good in this amendment. It will deter cases where if such insurance companies happen to insure some clients, there will be massive losses. The insurance companies will have reserves at the Central Bank. This is something which I think is quite good because we have had cases where an insurance company goes under because there are so many claims on the part of the company and it is not able to meet the obligations. I quite agree that the board must be satisfied that the people actually working in that particular insurance - save, of course, the brokers and the agents--- But the staff must have qualifications for those insurance companies to be able to be given their licences. This is very important because we have cases where an investor comes and is given a licence and those who are working there are not properly qualified. This amendment again is coming very clearly; that somebody who is the main player in that particular company or principal officer must be technically or professionally qualified to be able to run that particular insurance. Otherwise, we have had cases where staff are not qualified and the investor does not have qualified staff. Therefore, this amendment is coming up with technically qualified staff. Apart from that, the management must also be holding either a professional qualification or accounting as explained here. This will give confidence to whoever wants to take a claim from that particular company. We have cases where insurance companies are actually “briefcase” companies. They just move from one place to the other employing “briefcase” people. But now this particular Act says there must be premises where

somebody can be able to verify that, actually, that particular insurance company is in existence. Again, that is very clear.

One thing that is very impressive on this is the fact that you can take an insurance policy and you can get a licence on the same. You can get a loan or mortgage so long as it is not more 10 per cent of the sum insured. I think that is a good gesture. Therefore, I think this is going to bring some order. There will be people who will target insurance policies to do business. You could also have an overdraft and a loan. So, this amendment is timely. We should support and pass it within the shortest time possible. It is a straightforward one. Thank you for giving me the opportunity.

**Hon. Speaker:** Let us have the Member for Bomet County.

**Hon. (Ms.) Ngetich:** Thank you, Hon. Speaker for giving me this opportunity to support the Insurance (Amendment) Bill, 2017. This Bill is intended to firm up the services given by insurance companies. Since insurance is about compensation, it is a good thing that these amendments have been brought forth. If we pass this Bill, insurance firms will be required to have a stipulated amount of money as capital. This is because many insurance firms look for excuses not to pay persons, but when you dig deep you realize that it is because they lack resources.

Secondly, for any insurance firm to be registered this will depend on its performance, otherwise their licences would not be renewed. The firms must have the requisite minimum capital that has been stipulated. I support this Bill because many people suffer when they get accidents. There are many insurance products that are offered, but mainly for accidents.

We are now experiencing shortage of maize. It is partly because of a crop disease that affected maize in most parts of the Rift Valley. Many farmers lost their crops. I think it would be good to provide insurance in that line of agriculture. That way, when farmers lose their crops they would get compensated. This will definitely motivate farmers to continue farming.

I would like to say something about the National Hospital Insurance Fund (NHIF). This morning we debated the issue of compensation of police officers who get injured or even killed in the line of duty. I know that police officers are presently insured by AON Minet and the NHIF. The ordinary persons are insured vide a scheme where they pay Kshsh500 per month to the NHIF. The problem is that despite this payment being upgraded to Kshs500, services have never been broadened. The NHIF is still not able to offer critical medical services such as dental services. One can only get the CT-Scan services once in their entire medical cover. Dialysis is limited to twice only and yet a kidney patient would require at least four sessions on a dialysis machine.

Regulating the insurance service is something that is key. Under Clause 31 there is a proposed amendment that no person shall be registered unless they are living in Kenya and they have the required assets. The world has become a global village. Members of Parliament travel abroad quite often. It is important that we access these services even when we are out of the country. I am happy about the amendments that specifically touch on the functions of the board concerning the insurance. We pass many laws here. The Ministry also makes policies and comes up with regulations. However, without an authority to monitor implementation, the services talked about remain on paper so people do not get the right services. So, I support this Bill and urge that it be implemented to the letter because insurance services are normally very expensive.

I was an employee of the Teachers Service Commission (TSC) for a period of 27 years and I never used my NHIF. I have always wondered what happens to that money when you do not use it. I propose that in future we must have in place regulations that motivate those who contribute to the Fund. If, for example, you do not utilize the amount you have contributed in a year then some percentage could be returned to you or you could nominate somebody to benefit from the contribution. It could be orphans from a children's home or the aged who cannot access medical insurance.

I also take this opportunity to say that while campaigning, I realized that the aged who do not get the social assistance cash transfer suffer a lot. The Government cannot pay for all of them. In advanced years one is prone to many diseases such as diabetes. The old people I am talking about cannot afford medical care because they do not have any form of medical insurance. In future, this House should enact legislation that would allow such people to get covered by the NHIF. I know that some companies offer life insurance policies to their employees even after they retire.

I also realized that while it is on paper that persons living with disability should get the NHIF cover, this is not implemented. The authority proposed here has the power to oversee the regulations by insurance companies. It should check whether the insurance firms, indeed, offer the required services.

We just concluded our party primaries. I think that is why we are not so many of us present in the Chamber. Some are busy sorting out their issues with their respective party tribunals. I accepted the verdict of the people. I would like to wish all those who got nominated well even as we wait for the general election on 8<sup>th</sup> August. I want to call upon everybody to preach peace during this particular period as we prepare for the elections and to remember those who are suffering from hunger. I also want to take this opportunity to request the Cabinet Secretary (CS) for Agriculture, Livestock and Cooperatives if there is any maize in the reserves, instead of people dying, he should issue guidelines to have it released to the National Cereals and Produce Board (NCPB) depots to save those who are dying for hunger. This maize can be replenished later by buying more or importing because I know in some parts of the country the harvesting season is near.

Thank you, Hon. Speaker for this opportunity.

**Hon. Speaker:** Well, I do not see any other Member desirous of contributing to this Bill. I think the others are satisfied with the contributions or just came to listen and enjoy. I now call upon the Mover to reply. Hon. Washiali, are you replying on behalf of the Leader of the Majority Party?

**Hon. Washiali:** Thank you, Hon. Speaker for the opportunity. On behalf of the Mover of the Insurance (Amendment) Bill (National Assembly Bill No.17 of 2017), I wish to express my gratitude to the Members who have contributed to it. You will realise that this Amendment Bill has received overwhelming support from all the Members who contributed. On behalf of the Mover we have taken note of the Member's concerns. We will also have an opportunity to look at the HANSARD to see their concerns and address them. I can recall there was a Member who was worried about the timelines.

I take this opportunity to also request the House Business Committee (HBC) that when the Bill comes for the Third Reading they fast track it so that we can complete it before this

Session ends. I thank the Members again and promise that any amendments or requests they have raised will be considered during the Third Reading.

I wish to reply.

**Hon. Speaker:** Well. It appears that obviously we cannot put the Question and, therefore, we will move to the next Order.

*(Putting of the Question deferred)*

*Second Readings*

THE NAIROBI INTERNATIONAL FINANCIAL CENTRE BILL

**Hon. Speaker:** The Leader of the Majority Party, he is shown to be the Mover. He is absent and not desiring to be present.

Next Order!

THE PRESIDENT'S AWARD BILL

**Hon. Speaker:** The Leader of the Majority Party is absent and once again it is dropped.  
Next Order!

THE LEGAL METROLOGY BILL

**Hon. Speaker:** Again, the Leader of the Majority Party not being present the business is dropped.

Next!

**Hon. Washiali:** On a point of order.

**Hon. Speaker:** Hon. Washiali, what is your point of order?

**Hon. Washiali:** Hon. Speaker, I just wanted to mention that the Leader of the Majority Party was meant to move these Bills but there is an urgent issue which he intended to tackle. I would wish to report that this is not intentional and in the next sitting he will move these Bills.

**Hon. Speaker:** I am aware of what Hon. Ben Washiali is saying. The Leader of the Majority Party and Leader of the Minority Party from the National Assembly and the Senate are attending a briefing session with the presiding officers for the East African Legislative Assembly (EALA) nominations which will happen as announced here yesterday, tomorrow between 8.30 a.m. and 4.00p.m. I am aware that leaders from both Houses are attending that briefing session. I appreciate that he is not absent deliberately.

## THE ELECTIONS LAW (AMENDMENT) BILL

**Hon. Speaker:** This is by the Chairperson, Departmental Committee on Justice and Legal Affairs, Hon. Samuel Chepkong'a. He was here earlier. I imagine that the issues of nominations are over. Well, it looks like the Chair is absent. That was the last Order of the day.

**ADJOURNMENT**

**Hon. Speaker:** Hon. Members! The time being 3.57 p.m. the House stands adjourned until tomorrow, Thursday, 11<sup>th</sup> May 2017 at 2.30p.m.

The House rose at 3.57 p.m.