



KENYA REINSURANCE CORPORATION LTD

ADDENDUM 1

The Kenya Reinsurance Corporation Ltd has found it necessary to issue addenda to further clarify various aspects of the tender for Engagement of a Consultant to review Kenya Re's Internal Capital Adequacy Assessment Framework as stated below the tender was advertised in East Africa on 4th July 2022, *Mygov* and on the Kenya Re website www.kenyare.co.ke on 7th July 2020.

NO.	RFP Scope	QUESTIONS	CLARIFICATION
1	The RFP document indicates that the technical and financial proposals are to be completed in indelible ink	Please confirm this means the proposals are to be handwritten on the forms shared?	No, it does not mean the proposal should be handwritten it means that your proposal should be clear, readable and cannot be erased or washed away.
2		Can the technical and financial proposal forms be included in a broader format of a proposal to be submitted or only the completed forms provided are to be submitted?	It's important to fill the given format as a summary to your proposal but subsequent pages should have detailed proposal example page 15 on FIRM'S REFERENCES this should be supported by recommendation letters, sign contracts, purchase orders or letters of completion, on page 18 FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED

			PROFESSIONAL STAFF this is a summary which should be supported with CVs and testimonials.
3		Confirm that Bankers cheques to serve as bid security are to be drawn in the name of "KENYA REINSURANCE CORPORATION LIMITED	YES
4	Integrate the Capital Adequacy Framework to other existing internal models in the Corporation to avoid duplication of effort and harmonize outputs	<p>We understand that you currently operate 4 independent models for capital adequacy and liquidity –</p> <ul style="list-style-type: none"> • Economic Capital • Regulatory Capital • Earning at Risk • Cashflow at Risk <p>Are there any other ICM towards which integration is sought?</p>	The model should be integrated with Asset-Liability Matching (ALM) model and (where possible) the Prophet actuarial solution.
5	Develop and apply a methodology that the Corporation can use to allocate/reallocate capital to business lines and/or business units	The corporation currently allocates capital using both Solvency II risk-based approach and business organization approach, latter being the primary approach. Is Kenya Re seeking enhancement to current approach or expects to move to a new methodology all together?	The consultant is expected to review the current capital allocation approach and suggest enhancement of the same or even a new methodology all together.
6	Align the internal capital model to cater for the provisions of IFRS 17, especially on future capital projections.	IFRS 17 is an accounting standard regime more inclined towards Liability calculations and not solvency requirement, is there anything specific that the corporation is looking for to align with solvency forecast?	Valuation of liabilities is a key component that the ICM uses in computing future capital requirements. IFRS 17 will be factored in simulating exposure to future earnings
7	Validate the assumptions and parameters of the internal	We assume that Kenya Re is looking for a refurbished model catering to future capital	The current ICM is skewed more towards addressing capital requirements for direct

	capital model to ensure its adequately quantifies risks and the relevant economic capital. The model setting should include multi-period setting runs since the Corporation underwrites longtail classes	requirement calculations in the latter half of the mentioned point?	underwriters and uses a VaR with a 12 months' time limit. What we are looking for a model that can cater for longer timelines to cater for our business needs considering majority of our risks extend beyond 12 months. That is where the aspect of multi-periodicity comes in.
8		Is physical presence especially of key project/team members mandatory during the delivery of the engagement/project? In the current Covid-19 environment some resources are still out of the country and may not be back in the country by the end of the year due to restrictions on international travel. Would this affect such a bidder or service provider should they be successful in the project or they can be allowed to deliver partly from outside the country?	You will be allowed to deliver partly from outside the country. This will change if the situation improves.
9		Related to the above, (NO. 8) can the bid security such as bankers cheque be issued through a Director/Partner of a bidding company, still for the benefit of Kenya Re, in case physical presence of required signatories/Directors/Partners of a such a firm is hampered by the current Covid-19 environment and restrictions on international travel?	Refer to Page 2 of 4 of the bid document. The tender Security should be in any of the following forms; Banker's cheques, a bank guarantee, an insurance company guarantee from Public Procurement Regulatory Authority (PPRA) approved Insurance firms, Letter of credit, or Guarantee by a deposit taking microfinance institution/Sacco

			society/Youth Development Fund/Women Enterprise Fund.
10		Should a bidder not be successful, are the bid securities refundable and what would be the turn-around-times for the refunds?	Yes, 30 days after expiry of validity period. The unsuccessful bidder writes to the Corporation for the bid security to be refunded and this is done immediately.

The addendum has been sent to all bidders who have so far downloaded the respective tender documents. Any bidder who has not received their relevant addendum may download the same from the Kenya Re website www.kenyare.co.ke. All other conditions and requirements in the respective principal tender documents remain the same.

Prospective bidders may download the principal tender document from the Kenya Re website www.kenyare.co.ke free of charge.

Tenders in sealed envelopes bearing the correct **tender number** should be deposited in the Tender Box located on the 16th floor of Reinsurance Plaza Aga Khan Walk Nairobi or be sent to:-

Managing Director
Kenya Reinsurance Corporation, Ltd
Reinsurance Plaza, Nairobi
Aga Khan Walk
P.O. Box 30271 - 00100
NAIROBI

To be received by **29th July 2020 at 10.00 a.m.** Technical tenders will be opened the same day and time in the Corporation's Boardroom in the presence of bidders or their representatives who choose to attend.