

# RENEWALS

THE OFFICIAL MAGAZINE OF KENYA REINSURANCE CORPORATION LIMITED.



## Main Story: KENYA RE AWARDED BEST RETAKAFUL WINDOW IN AFRICA

**PAGE 6**  
GLOBAL REINSURANCE  
SYSTEM

**PAGE 15**  
THE COST OF  
TRUST

**PAGE 21**  
KENYA RE AWARDED THE  
BEST RETAKAFUL WINDOW  
IN AFRICA



*Wisdom is*  
**TEAMWORK**

“If you want to go fast, go alone. If you want to go far, go together” – African proverb



# WORD FROM THE MANAGING DIRECTOR

*Mr. Jadhiah Mwarania, OGW*

The 3rd quarter of the year is coming to a close and this is the best time to review our performances and evaluate whether or not we are in line with the objectives set for the year. It is advisable for organizations to set financial objectives and plan on how to meet them at the beginning of every year. Challenges come along the way; however, the strategies put in place determine how best to overcome them.

This quarter has been quite busy for us and we are happy to mention the activities we engaged in. We recently announced our half-year results during our Half Year Investor Briefing held on the 24th of August at the Intercontinental Hotel in Nairobi. We recorded a 14% rise in investment income while our retained earnings increased by 5%. On the other hand, the shareholders' funds saw a 3% growth. The Corporation achieved a profit before tax of Ksh 1.756 billion as at 30th June 2018 compared to 2.294 billion as at 30th June 2017, which is 23% lower. Profit after tax stood at Ksh 1.230 billion compared to Ksh 1.622 billion, which is 24% lower. The Corporation saw a 16% drop in gross premiums written from Ksh 7.504 billion as at 30th June 2017 to Ksh 6.332 billion as at June 30 2018.

The decrease in our profit was attributed to domestication and setting up of national reinsurers, industry single-digit growth and the scaling down on medical class of business, just to mention a few. We have, however, put in place a few turnaround strategies to endure a more fruitful second half of 2018. These strategies include focusing on new product development in response to the reinsurance market needs, perusing new opportunities in existing markets and increasing our risk appetite, just to mention a few.

Additionally, the Corporation hosted the 2nd Retakaful Conference at the Radisson Blu Hotel, Nairobi on the 3rd and 4th of July 2018. Mr Christopher Oisebe, Director - Fiscal & Sectoral Affairs, graced the event on behalf of Hon. Henry Rotich, CS National Treasury & Planning. The event was privileged to have over 80 delegates drawn from different countries like the UAE, Jordan, Sudan,

Egypt, Kuwait, Sri Lanka, Pakistan, Nigeria, Uganda and Kenya with various MDs and CEOs represented.

This year's conference, whose theme was 'The Way Forward For Takaful and Retakaful: Spotlight On Growth', highlighted the benefits of Takaful insurance versus the conventional model of insurance.

The Corporation also had the pleasure of hosting the Life and Non-Life Reinsurance conference between the 3rd and 6th of September at the Sarova Stanley Hotel with over 100 participants from Kenya and beyond in attendance.

Our plans for the Niko Fiti CSR project are still underway and are progressing smoothly. We are partnering with Kenya Institute of Special Education (KISE) to adopt a block in their new state-of-the-art National Assessment Centre that will cater to persons living with physical disabilities. We anticipate that our participation in the project will have a far-reaching, positive impact not only in our country but the whole of Africa. This is because the assessment centre seeks to serve PWDs from beyond Kenya. The fact that the block will be in existence for many years makes it the legacy project of the Corporation.

At Kenya Re, we endeavour to offer our customers the best and to support the community the best way we can. Our performances are guided by key performance drivers such as increased focus on the Retakaful business segment, strengthened cedant & intermediary relationships, market identification and segmentation, diversification of business portfolio in chosen markets, effective & timely response to changing customer needs as well as prudent underwriting and business acceptance.

We look forward to a fruitful close of the year 2018.

*Mr. Jadhiah Mwarania, OGW*  
*Managing Director*



**By Sylvia Karimi**  
**Ag. Corporate Affairs Manager**

As we get closer to the end of the 3rd quarter of the year, it's safe to say that it's been a fairly busy year for the Corporation. I welcome you to this quarter's edition of Re News. It is my hope that the content we have prepared for you helps you get a better understanding of what the Corporation has been working towards.

The first half of the 2018 financial year was very challenging for Corporation and this contributed to a decline in gross written premiums. However, we have put some turnaround strategies in place to ensure that we end the year on a good note. Turnaround strategies are good measures for overcoming the problem of industrial bug. It is a strategy to convert a loss making industrial unit to a profitable one. In order to successfully implement turn around strategies, proper planning and support of various groups such as employees, customers and shareholders must be put into place to successfully complete the strategy.

These strategies are set to address issues to do with reinsurance underwriting, investing activities, property management as well as debt collection.

## WORD FROM THE EDITOR

**“ IT'S SAFE TO SAY IT'S  
BEEN A FAIRLY BUSY YEAR  
FOR THE CORPORATION.”**

Some of the turnaround strategies that we believe will improve our performance include; pursuing new reinsurance markets such as Northern Africa, Middle East and Asia perusing new opportunities in existing markets and increasing our risk appetite, to mention but a few.

The Corporation also held its 2nd Retakaful Conference as well as the Life and Non-Life Seminars in Nairobi. These events were held to provide insights on the Takaful framework in Africa and how Retakaful plays a role in increasing Takaful market share as well as offer technical training and a wealth of expertise to the insurers in the region.

We look forward to the upcoming activities as we get closer to the end of 2018 and we hope that we shall come together to ensure we achieve what we have set out to succeed in. We appreciate the continuous support we have received from our esteemed clients, employees and partners to make the Corporation realize its goals.

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*By Andrew Ongicha*

# INVESTOR BRIEFING

## **KENYA RE RECORDS 14% INCREASE IN INVESTMENT INCOME AT HALF YEAR INVESTOR BRIEFING**

The Corporation's investment income grew by 14% from Ksh 1.716 billion in June 2017 to Ksh 1.940 billion in June 2018. The Corporation also reported profit before tax of Ksh 1.756 billion as at 30th June 2018 compared to 2.294 billion as at 30th June 2017, which is 23% lower. Profit after tax was Ksh 1.230 billion compared to Ksh 1.622 billion, which is 24% lower. The Corporation saw a 16% drop in gross premiums written from 7.504 billion as at 30th June 2017 to Ksh. 6.332 billion as at June 30 2018. The Corporation presented the mid-fiscal 2018 financial results on 24th August at the Intercontinental Hotel, Nairobi. Present during the event was the Corporation's Chairman Mr David Kemei and Managing Director Mr Jadhiah Mwarania.

The Corporation attributed these results to an increase of new industry entrants in Kenya that has increased competition and caused a drop in premium growth rates in the market. Foreign exchange losses in jurisdictions that underwrite business affected the Corporation, resulting in increased operating expenses. Slow payment of due premiums by insurance markets resulted in outstanding debts that directly affected us as a reinsurer.

The Corporation aims to pursue new reinsurance markets such as Northern Africa, the Middle East and Asia while increasing its risk appetite in a bid to attain fruitful results in the remaining half of the year. The Reinsurer aims to focus on new product development in order to be more responsive to the market's needs. Kenya Re is taking steps to set up additional offices in efforts to beat domestication and remain ahead of the competition.

The Corporation is increasing investments to help realize real-time capital gains from equity and fixed income instruments that will lean towards government securities in order to achieve a more fruitful second half year.

Kenya Re prides itself in offering world-class reinsurance services and believes it is well positioned to counteract any business challenges while continuing to focus on its capital management priorities and to respond to market opportunities.

Speaking during the briefing, Kenya Re Chairman, Mr David K. Kemei said that the Corporation has experienced its own share of challenges in 2018. He, however, expressed that the future looks fruitful for the Corporation through the implementation of its five-year strategic plan.

"In response to these challenges, the Corporation has put in place various measures that will see it respond to the market's needs with a focus on product development, increase our operations by opening new offices to deal with competition while closely following up on all outstanding returns. These activities are all in line with our five-year strategic plan (2016 -2020) that has been put in place to propel the Corporation on a sustained trajectory growth," said Mr Kemei.

The Managing Director Mr Jadhiah Mwarania said that 2018 showed indicative growth improvement headroom for the Corporation and has been able to record a notable profit in investment income, the Corporation's asset base and shareholders' funds. He later presented the half-year results.

"Investment income grew by 14% from Ksh. 1.716 billion in June 2017 to Ksh 1.940 billion in June 2018. Our asset base grew by 2% to stand at Ksh 43.614 compared to Ksh 42.741 billion over the same period in 2017. Shareholders' funds went up from Ksh 27.20 billion in December 2017 to Ksh 28.14 billion in June 2018, a reflection of 3% growth," Mr Mwarania expressed.



By *Brian Tarus*

# GLOBAL REINSURANCE SYSTEM

## KENYA RE SUCCESSFULLY IMPLEMENTS A NEW GLOBAL REINSURANCE SYSTEM

One of the key corporate performance objectives outlined in the Corporation's 2017 – 2021 strategic plan is to improve the Corporation's business processes by maintaining systems and processes that address dynamic business needs and stakeholder interests. Some of the Key Result Areas (KRAs) under this strategic objective include improvement of turnaround times and alignment of technology to business objectives.

In line with this strategic objective, the Corporation embarked on a journey to implement a new Global Reinsurance System for both Non-Life and Life business in the Nairobi Head Office as well as the regional offices in Cote d'Ivoire and Zambia. The project implementation kicked off on 5th September 2016 with a pre-study phase aimed at making the vendor understand the Corporation's business processes and requirements.

Functional Acceptance Testing aimed at ensuring that the system's functionality was a match with the Corporation's requirements then followed. Migration of data from the legacy system, REMAS, to the new system through a meticulous process that involved a team of data migration experts from DXC Technology as well as Champions representing various departments in Kenya Re. This was capped with a final User Acceptance Testing that would give the project team assurance that indeed the system was performing as required. Training for all users was conducted by the vendor team, DXC and the Champions.

The system went live on 1st March 2018 as projected and was followed with a period of support from the vendor on site for a period of six months after the go-live date and officially closes on 31st August 2018.

### The Project Management Office (PMO)

The Project Management Office defines the structure of the project team responsible for project implementation. The Corporation's IT Steering Committee was the top decision-making organ responsible for making critical decisions and providing approvals for the project's budget. The Corporation's MD was the Project Sponsor. Other key members were a Project Manager who headed the project, an Assistant Project Manager who handled both the Life and Non-life implementation and a Change Manager who managed the impact of change brought about by the new system on users.

The team consisted of Champions drawn from the various user departments. The IT team also offered infrastructural support during the implementation.

Benefits of the new system to Kenya Re and its clients:

- Increased efficiency in Kenya Re's business processes;
- Improved turnaround times in processing claims;
- Adherence to best practices in underwriting and claims processing;
- Improved risk management;
- Improved monitoring and evaluation of the performance of different business lines;
- Better business intelligence through advanced reporting, dashboards and data visualizations;
- Provision of better support to our clients.

### SAP Business Objects Reporting Tool (B.O)

SAP Business Objects (B.O) is a powerful reporting and Business Intelligence (B.I) tool that came bundled with the new system implemented by Kenya Re. This is in recognition of the fact that in the modern business environment, data is a strategic asset that players in the insurance industry must leverage on to gain insights into various aspects of their business in order to enhance tactical, agile and data-driven decision-making. Through real-time business intelligence, Kenya Re will continue to pursue and build its capacity to be a global partner in securing the future.

B.O reporting in the Corporation is spearheaded by the B.O committee appointed by the Managing Director. The mandate of the committee is to design and develop new reports, dashboards and data visualizations; maintain the existing reports and to continuously support users.

Successful implementation of the new system is indeed a great milestone in the Corporation's growth.

# REINSURANCE

## NON-LIFE REINSURANCE SEMINAR

**KENYA RE HOSTS NON-LIFE REINSURANCE SEMINAR**



*By Jane Nyambeki*

The Corporation held a Non-Life Reinsurance seminar that attracted over 60 participants from over 20 insurance companies from Kenya and beyond, notable guests were from Al Baraka Insurance Company from Khartoum, Sudan. The seminar was held at the Sarova Stanley Hotel in Nairobi and took place on the 5th and 6th September. Kenya Re MD Mr Jadhiah Mwarania graced the ceremony. He thanked the local insurance companies for supporting Kenya Re over the years, not only through their business but also by trusting the Corporation with the training of their staff on different issues affecting the industry.

Mr Mwarania also spoke about non-proportional reinsurance. "In a non-proportional type of coverage, the reinsurer will only get involved if the insurance company's losses exceed a specified amount, which is referred to as priority or retention limit. Hence, the reinsurer does not have a proportional share in the premiums and losses of the insurance provider. The priority or retention limit may be based on a single type of risk or an entire business category," said Mr Mwarania.

The training covered different aspects of the reinsurance industry key among them being reinsurance terms, types and structures of re-insurance, non-proportional and proportional reinsurance accounting. Bonds underwriting and reinsurance are other areas that were covered during

the two-day training. The training sessions were interactive and allowed the participants to ask questions as well as give real-life situations where the taught knowledge could apply.

There is a growing need for reinsurance especially in the non-life category due to the increase in different insurance needs that the customers continue to demand. The training was focused on updating the seminar attendants on the different reinsurance trends in the non-life category. The evolution of the reinsurance industry from a risk management tool to a value-added component of the insurance process, by providing primary insurers with access to expertise across multiple concentrations as well as aggregated industry data is also another element that the training focused on.

At the end of the training, each attendee received a certificate handed to them by the Corporation's General Manager Property and Administration Mr Michael Mbeshi. The participants also cited that they would like to participate in more of such trainings especially focusing on industry trends.

The Corporation also held a colourful cocktail event for the participants at the end of the seminar as a way of showing appreciation.

# INSURANCE



By Virginia Siebela

## KENYA RE HOSTS TECHNICAL LIFE INSURANCE SEMINAR

The Corporation hosted a Life Technical Insurance seminar at the Sarova Stanley Hotel, Nairobi on the 3rd and 4th of September. The seminar was attended by over 40 participants from 20 different insurance players from Kenya. Some of the companies represented during the training were Sanlam, Gemina Insurance, East Africa Insurers among many others. The MD Mr Jadhiah Mwarania thanked the participants and urged them to acquire all the knowledge that they can in order to grow the industry and take it to the next level.

The Corporation is committed to offering world-class reinsurance services and this is only possible if the insurance companies are well vast with the reinsurance offering. This can only be achieved by constantly educating the cedants on the trends in the reinsurance industry both locally and globally.

The seminar was very interactive where the participants asked questions using real-life scenarios that they have experienced in their different companies. They were also pleased by the facilitator's use of real-life examples especially from global insurance companies and how the same can be replicated in Kenya. The areas covered in the training were the definition and origin of reinsurance, reinsurance benefits, basic forms of reinsurance, proportional and non-proportional reinsurance treaties, reinsurance treaty wordings and profit commission

computation. The participants indicated the need of more of such trainings with a focus on global reinsurance trends in the non-life category.

The Corporation hopes to have similar, trainings covering different areas that are key to the markets reinsurance needs in a bid to grow the practical knowledge base of the people working in the industry.

At the end of the seminar the attendees were awarded certificates by Mr Mwarania for their participation and were treated to a cocktail session on behalf of the Corporation thereafter.



A section of participants of the Life Technical Insurance seminar keenly follow the proceedings of the program.



By Bilal Laving

# RETAKAFUL CONFERENCE

THE 2<sup>ND</sup> KENYA RE RETAKAFUL CONFERENCE, 2018

Kenya Re held the 2nd Takaful & Retakaful Conference at Radisson Blu Hotel, Nairobi on the 3rd and 4th of July 2018. The two-day conference is organized annually for both local and international clients.

The theme of the conference was 'The way forward for Takaful and Retakaful: Spotlight on Growth'. Mr Christopher Oisebe, Director - Fiscal & Sectoral Affairs, graced the event on behalf of Hon. Henry Rotich, CS National Treasury & Planning at the official opening of the conference. Members of the Kenya Re Board of Directors and the Kenya Re Retakaful Sharia Supervisory Board members also attended the event.

We were privileged to have over 80 delegates drawn from different countries like the UAE, Jordan, Sudan, Egypt, Kuwait, Sri Lanka, Pakistan, Nigeria, Uganda and Kenya, with various MDs and CEOs represented.

## **A section of delegates were speakers from Takaful markets being;**

- I. Sudan Market with speakers from – Sheikan Insurance & Reinsurance Company, National Reinsurance, Al Salama Insurance Company, The Blue Nile and Almutakhsissa Insurance Company.
- II. Egyptian Market with speakers from – Wethaq Takaful, Egyptian Takaful, Willis Tower Watson Reinsurance companies and World Wide Re.
- III. Jordan Market with a speaker from the SEO APEX Insurance Brokers.
- IV. Kuwait Market with a speaker from Dar Al Salam Insurance Company.
- V. Sri Lanka Market with speakers from Amana Takaful Insurance Company.
- VI. Pakistan Market with a speaker from Alhuda Centre.
- VII. Nigeria Market with speakers from Noor Takaful Company.

VIII. Kenyan Market with speakers from Takaful Insurance of Africa, Gulf African Bank & Aqeel Consulting.

The event aimed at providing insights into the Takaful framework in Africa and how Retakaful plays a role in increasing the Takaful market share. It also addressed the difference between conventional insurance and Takaful and how it can be marketed to non-Muslims.

The papers presented and the discussions were intense and very fruitful. The 2nd Kenya Re Takaful and Retakaful Conference offered a comprehensive programme complete with interactive sessions, exhibitions and private functions offering a unique and in-depth look into the Takaful & Re-Takaful industry and the way forward. At the end of the first day, Takaful insurance of Africa invited all the participants for a dinner.

On the second day, the Ag. MD awarded all the participants with certificates of attendance as well as presentations made by speakers compiled in a USB Flash.

The event was concluded by comments from some of the international clients to give their feedback on the conference. They expressed appreciation to the Shariah Coordinator and his team for the hospitality accorded to them and for organizing a successful event. The General Manager - Reinsurance gave a vote of thanks. Mr Michael Mbeshi, Ag. MD gave the conference's closing remarks.

On the third day, there was an excursion to the Nairobi National Park for all international clients accompanied by the Kenya Re Retakaful organizing committee comprising of Bilal Laving, Martin Mati, Peter Angwenyi, Susan Kandie, Jeniffer Sigei, Mark Osoro, Sylvia Karimi, Andrew Ongicha, Moses Cherutich, Thomas Mumina, Fraciah Wanjiku and Lilian Gatonga.

*Wisdom is*  
**COVERING  
EACH OTHER**

This is a Shariah compliant solution that provides reinsurance to Takaful insurance companies. The policy holders pool resources to help each other in times of need.





By Amy Limbani

# KENYA RE ZAMBIA MARKET COCKTAIL

The Kenya Re Zambia team hosted their local market clients to the inaugural Market Cocktail event on 12th July 2018 at the Radisson Blu Hotel, Lusaka. Her Excellency Sophy Kombe, Kenyan High Commissioner to Zambia and Malawi and Permanent Representative to COMESA graced the occasion. The Keynote Speaker was the Ag. Managing Director Mr Michael Mbeshi who updated the guests on the Corporation's operations. He highlighted the 12% growth in the Gross Premiums for 2017 as well as a commitment to high-quality service and prompt responses. Reference was made to the decision to place the regional office in Zambia, which is strategically located in Southern Africa.

The event was attended by most of the Zambian insurance market with 19 companies represented, nine of who had their Managing Director present. It was a great occasion for networking and causally introducing plans for expansion and collaborations.

Here, the former Acting Managing Director Mr Michael Mbeshi highlighted the continued growth of Kenya Reinsurance Corporation in the face of increasing competition. The Regional Manager Mr Seleman Tembo also joined the Acting MD in addressing the media. He stressed that despite challenges, the regional office has now been established, looking to grow premiums and, therefore, presence in the region.



L-R: Mr Seleman Tembo (Regional Manager, Southern Africa), Mrs Sophy Kombe (Kenyan High Commissioner to Zambia and Malawi and Permanent Representative to COMESA), Mr. Michael Mbeshi (Former Ag. Managing Director) and Mr Mumut Sialo (Manager, Southern Africa).

This event was preceded by a Media Breakfast on Tuesday, 10th July at the same venue. This was another interactive session with the Zambian media who included the national television broadcaster ZNBC as well as several newspapers and radio stations.





*By Amy Limbani*

# ZAMBIA MEDIA BREAKFAST

The Corporation held a successful media breakfast on 10th July 2018 at the Radisson Blu Hotel in Lusaka Zambia. The event was held to update the Zambian media on the progress of the subsidiary since its launch in November 2016.

Speaking at the event, the regional manager Mr. Seleman Tembo said, "One of the challenges is the adoption in a new market, the first year in business was heavily a brand awareness year as we had to get the buy in of local policy makers and brief all stakeholders in the region of the Kenya Re vision. I can proudly say that the evident progress made by Kenya Re- Zambia is quite commendable and we shall continue to grow and align all of our objectives to the Kenya Re vision.



*Members of the press*



*Zambia regional accountant Mr. Francis Kunda was all smiles at the event.*

The Corporation's former Ag. MD Mr. Michael Mbeshi said that "The Corporation's asset base grew by 11% from ksh 38.494 billion in 2016 to ksh 42.732 billion as at 31st December 2017. In addition, shareholders' funds increased by 13% from ksh 24.133 billion in 2016 to Ksh 27.205 billion as at 31st December 2017.

The event was attended by the Zambia media fraternity and staff from the regional office led by the regional manager Mr. Seleman Tembo.



*Former Ag. MD Michael Mbeshi and Corporation Secretary Mr. Charles Kariuki at the event*

# HANDLE CRITICISM



By Lilian Kanari

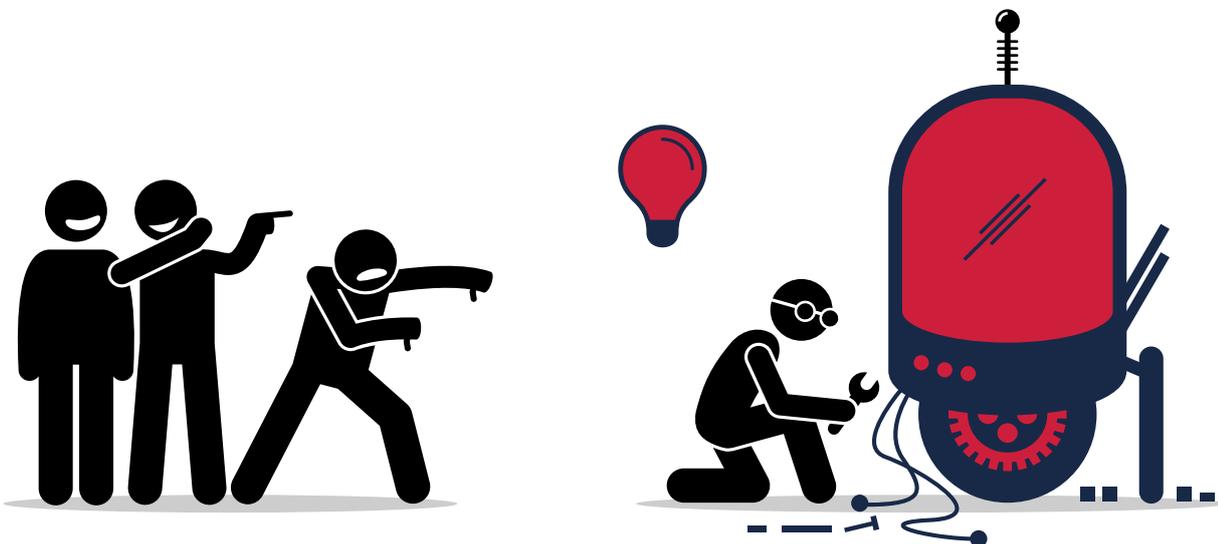
## HANDLING CRITICS

Let's face it! We are judged by whatever we do all the time. It does not matter if we choose to build a business or work a corporate job, choose to gym 5 times a week or sit on the couch or choose to travel the world or live in one town all our lives. What matters is how you deal with criticism to your advantage. There are two types of criticism: Constructive criticism and Destructive criticism. Constructive criticism aims at pointing out at your mistakes to enable you to improve on your areas of weakness. Destructive criticism however aims at lowering the victim's self-esteem by use of hurtful words that develop a wall between the relationships of the two parties. Criticism requires skilful selection of words which ensures you treat the other person with respect.

Society is always ready to criticize others for their shortcomings. Take an example of a young graduate who has just been employed and after a short time, quits the well-paying job to start a business, bearing in mind the scarcity of jobs, only for his business to fail, barely 6

months after starting it! It is at this point that everyone will have an opinion either negative or positive. As hard as it sounds, choose to ignore the negative comments, neither should you take them personally because after all you make your own decisions!

Emotional intelligence helps us view negative criticism as a small matter especially when we are out to be successful. We should avoid it because it weakens our self-worth. In as much as we all want to feel right and dislike being criticized, let us embrace constructive criticism because it makes us become better people. Instead of ignoring the feedback or putting up a fight, keep an open mind and see what you can learn. The way you handle feedback is a direct path to how your people will respect and receive you moving forward. Most importantly, make the choices that are right for you. People will criticize you either way.



Kenya Re  
**Oil and Gas**

# *Wisdom Is* **ENERGY**

We provide reinsurance capacity and technical expertise to both local and international oil & gas markets. This includes understanding the unique demands of the oil and gas industry and working collaboratively with key stakeholders, to provide strategic reinsurance risk management solutions in the sector.

# TRUST



## THE COST OF TRUST

By Davis M Onsakia

The title of this article should ideally be: 'the cost of lack of trust' but then looking at either way, it makes sense: that there is a cost to pay in trusting someone or not trusting him/her.

I know of a water vendor who keeps firing his employees so frequently, that when you meet a new one, he informs you that they are walking, probably down the exit route.

Due to these frequent changes, the 70 plus-year-old man keeps bending his strained back fixing broken pipes in ditches! He makes his hands dirty to eke out a living and yet he has a workforce whom he pays monthly. Does he really have to do this? Nope, but he has to since he has fired the more knowledgeable employees and everybody in his team seems to be in some never-ending induction cycle.

You ask why the frequent firings? His explanation: some employees collude with some customers to 'steal his water'. Note that it is 'some' of his employees and 'some' of his clients - not all. Can't he tame or deal with the bad apples in his basket rather than drowning everybody in the basket, face down?

The end result is that the 'Mzee' keeps getting new recruits whom he takes quite some time to show the location of pipes plus rudimentary use of tools of trade. The tragedy is that the team gets matching orders before learning much. Hence, the cycle continues. Or rather, the circus of hiring and firing.

People ask, can't he empower his human capital, motivate them to work and probably supervise without doing their work and paying them?

You can extrapolate this to the corporate world where the boss trusts no one. The end result is that he does everything if s/he knows what's supposed to be done. The outcome? Burnt out, ineffective (nobody knows everything anyway) and grumpy employees, very dissatisfied and demotivated staff and in general less creative and innovative human beings.

The end result: increased medical costs, a family back home which might be in shambles because the father or mother is not there for them and a myriad of other challenges whose effect might be felt for many years to come.

Conversely, look at it from the other angle where your boss takes your word as the Bible or Koran truth. Trusts you 100%, does not question your output and basically signs that memo without reading because you have explained what you have written there.

For this case, you need to swap positions: you need to be earning his money and him/her earning your perks. Many cases of this nature abound and since swapping might not happen, you just have to cool your heels and pray. If any has a better idea, you can share with yours truly so that I can share with other people of good will.

For Mzee's case, I'm not very sure that his approach is sustainable with that management style. It is far too short-sighted and his highly dependent on him and his well-being (not guaranteed to last for long bearing his age).

The question that begs an answer is: then what is needed - to trust or not to trust? My personal take is that you need to balance between trusting a mature and professional adult to do the right thing with some frequent checks on the progress made and giving timely feedback in a non-confrontational manner. Trust until when you can verify that the person is not trustworthy.

Empower, delegate, trust and move on to expand your business and create a sustainable business model that will outlive you - that the business will be a going concern long after you have exited the stage of life. My hope too.

# PICTORIAL



The board and senior management held a brainstorming board retreat session at the Sarova Woodlands Hotel in Nakuru from 8th -11th August 2018.



Participants of the Life Technical Reinsurance Seminar pose for a group photo session during the training at the Sarova Stanley hotel on 3rd and 4th September 2018



Participants from the Rwandan Insurance market pose during the Life Technical Reinsurance Training held in Kigali, Rwanda from 20th - 21st September 2018.



Kenya Re GM Property Mr. Michael Mbeshi (l) and a guest during the 2nd Retakaful conference held on 3rd and 4th July at the Radisson Blu hotel



Kenya Re MD Mr. Jadhav Mwarania (c), Kestrel Capital East Africa's Kishan Popat (l) and Chirag Shah (r) peruse the financials during the half year investor briefing event held on 24th August 2018 at the Intercontinental Hotel.



Mrs Sophy Kombe (Kenyan High Commissioner to Zambia and Malawi and Permanent Representative to COMESA.) and Mr. Michael Mbeshi (Former Ag. Managing Director).



Kenya Re Sharia Board member Dr. Mwanakombo Mohamed (r), GM Reinsurance Mrs. Beth Nyaga (2nd r) in a jovial mood with guests during the 2nd Retakaful Conference held at the Radisson Blu Hotel on 3rd and 4th July 2018.



Participants of the 2nd Kenya Re Retakaful Conference held at the Radisson Blu Hotel on 3rd and 4th July 2018 pose during the break session.



Staff members from left Everlyne Kamau, Moses Kipchirchir and Jackline Karimi during the health & safety training held in the month of July at the Kenya School of Government



Kenya Re Sharia Coordinator Mr. Bilal Lavin (l) receives an award for the Best Retakaful Window in Africa on behalf of the Corporation during the 12th International Takaful Summit on 10th and 11th July 2018 in London.



Marketing department's Mrs. Susan Kandie (2nd left) together with a section of the participants of the Non-Life Reinsurance Seminar that was held from 24th to 26th September 2018 in Dar Es Salaam, Tanzania.



Risk Champions pose for a photo during a break of the User Acceptance Test training for the Governance Risk Compliance application held at the Kenya School of Monetary Studies from 30th July – 3rd August 2018



# THINKING ABOUT CORRUPTION

By Carolyne Kithinji & Virginia Waithaka - Integrity Assurance Officers



Think about fetching water in a woven basket or watering your potted plant but the pot has a hole at the bottom. Is that water beneficial to your plants? Of course not. That is our world today. Despite our vast knowledge, our system has developed a hole. That hole is corruption. Unfortunately, that hole has been ignored for so long that it keeps on widening. Every other day in Kenya, we are bombarded with news of mega corruption scandals.

And it's not just in Kenya; corruption is like cancer, anyone can fall prey. The issue has set up base in both the developing and well-developed countries. It has been proven to be one of the greatest global issues even ahead of extreme poverty, unemployment and the rising cost of living. It is also linked to being the principal cause of poverty around the globe.

As defined by the Oxford dictionary, corruption is the dishonest or fraudulent conduct by those in power, typically involving bribery. When people talk about corruption, they associate the term with political activities, state government businesses and all other industries. In most government offices, counters dealing with the public have the highest corruption rates, as work simply won't get done if nobody pays for it. This is even though the service is declared as free-of-charge or the area tagged by the infamous statement 'This is a corruption-free zone'. The Kenya Police Service is ranked as the most corrupt institution in the country and bribery is reported to be the only way to access the police and expedite services. Corrupt police officers are rarely arrested/prosecuted for corruption crimes.

In all its forms: bribery, graft, extortion, kickback, cronyism and embezzlement, corruption has detrimental societal effects as it undermines democracy and the good name of reputable political institutions. For instance, Kenya's competitiveness in the international economic field is largely hindered by high corruption levels, which has

penetrated every sector of the economy. A weak judicial system and frequent demands for bribes by public officials lead to increased business costs for foreign investors. Widespread tax evasion hinders Kenya's long-term economic growth and public procurement fraud is rampant. People have grown an insatiable appetite for money and will do anything to accumulate more wealth, therefore, leaving the country on its knees with poor infrastructure, increased costs of goods and services, increased poverty, stalled projects, unemployment, insecurity and social unrests as well as negative international image.

Is there hope of curing this cancer? Yes, of course. Many more individuals, like you and me, can make a difference in the fight against corruption. Do you believe it? Sadly, the anti-corruption movement's greatest obstacles are hopelessness and cynicism. Once an individual doubts whether their efforts can really make a difference, that battle is close to lost.

The good news is that according to the Global Corruption Barometer (2017), statistics prove that a majority of people are ready and willing to assist in fighting this vice. In fact, more than half the population around the world feel empowered to do so, with the largest category of these being young people aged 24 and under, which is the category of people with the most at stake. However, we must strive to get the other half on board if we are to win the war against corruption. To do this, it is important that they feel empowered.

The first step in the process of empowerment is education and information. Citizens with good knowledge of corruption activities around them or within their society are more likely to effectively develop strategies to fight it. Limited knowledge makes it easier to be taken advantage of and, therefore, become a common target of a corrupt practice. Take bribery, for example, it thrives out of ignorance of the person giving the bribe.



# STOP CORRUPTION

It is vital that we take advantage of the 2016 Access to Information Act, which dictates that every citizen has the right of access to information that is in the possession of the State and any public official, agency or institution where information is required for the exercise or protection of any right or fundamental freedom.

This could act as a very powerful tool for accountability, enabling the general public to be aware of the often covert activities of the government. However, most of the population remains ignorant of this and other laws' existence. Because of this, it is relatively easy for corrupt officials and government agencies to keep evidence of wrongdoing hidden from public knowledge or take advantage of one's ignorance to make illegal demands.

With information at hand, it is relatively easy to speak out against corruption and refuse to take part in it and modern approaches have shown promise in their effectiveness while doing this. Digital technologies such as social networking, blogging and digital whistle-blowing (think WikiLeaks) are some of the examples. They have unique advantages including anonymity, allows for more strengthened campaign organization and capacity e.g. the recent demo over mega financial scandals like the NYS, YEDF and NCPB scandals.

These were planned by Kenyans on social media who were frustrated by the perception that 'normalization of corruption' was an accepted way of life and that the beneficiaries of corruption were celebrated and elevated in our society. These platforms can also be helpful to use under restrictive regimes where physical meetings are difficult to hold, case in point is the Twitter campaign #FREEBOBIWINE.

Civil resistance has been another approach that civilians can use to speak up against the vice and there are many non-violent tactics that can be used to apply pressure

to the higher-ups especially on institutions and public administration to stop graft. These include marches, petitions, sit-ins and civil disobedience. There are also numerous whistle-blowing channels and the law has provided for witness protection for those providing vital information on such crimes.

In this fight, what you should always strive to remember is that corruption really all starts with the small bribe you pay to get out of a situation or to get a government service provided to you, yet we all view corruption as 'big', trickling from the top-down through the systems. Smaller forms of corruption support grand corruption and focus on the grassroots approach to fight corruption is key since ordinary citizens are the ones who have direct experience of corruption and will bear the brunt of it.

## Special feature:

Kenya Re is at the forefront in the fight against corruption. The Corporation hosted a Malawian delegation from the Competition and Fair Trading Commission (CFTC) on Tuesday, 14th August 2018. The five senior government officials were led by Director of Enforcement and Compliance of CFTC Malawi and they were accompanied by an officer from the Anti-Corruption Bureau of Malawi and three officers from EACC. The delegation was here for a benchmarking exercise for their institutional Integrity Committee/Corruption Prevention Committee (CPC) which, according to EACC, was to measure up to the best practices and standards with their regional counterparts.

EACC lauded efforts of Kenya Re's Corruption Prevention Committee which they said they had identified as one of the best in the mainstreaming of corruption prevention through CPCs.

# GOVERNANCE, RISK AND COMPLIANCE TRAINING



By *Hellen Okanga*

Governance, Risk & Compliance (GRC) are related facets that help an organisation reliably achieve its objectives, address uncertainty and act with integrity. According to [russianpatents.com](http://russianpatents.com), it can also be defined as a discipline that aims to synchronise information and activity across governance and compliance. GRC effectively impacts on people, technology, processes and information.

Benefits of GRC to the Corporation include leveraging on technology; transforming the risk and compliance department by engaging in a proactive approach through the development of timely, reliable and accurate reports; integrate the ERM approach due to accessibility to risk information by all stakeholders and boosting the risk ownership by involving the risk and compliance output. This will enhance the quality of internal audit work by the adoption of a better, risk-based approach in their operations.

The Risk & Compliance department organised a super user training on the proposed Governance, Risk & Compliance (GRC) system. The event happened on the 4th and 8th June 2018 at the Kenya School of Monetary Studies (KSMS). The attendees comprised of proposed super users for the GRC system from various departments including Risk & Compliance, Internal Audit and ICT as well as risk champions from the subsidiary offices

The Corporation engaged M/s Chase Cooper from the UK in January 2018 to install 'Accelerate' Governance Risk & Compliance (GRC) system. Installation of the system is expected to automate risk management operations as well as enhance embedding of a suitable risk culture across the Corporation.

Key milestones attained to date include installation of the application in o the Corporation's servers, upload of the Corporation's risk management data into the system as well as training of super users. We are currently in the User Acceptance Testing phase which commenced with a training for risk champions at the Kenya School of Monetary Studies (KSMS) from 30th July 2018 to 3rd August 2018. The Risk & Compliance department is working round the clock to go-live by 30th September 2018.

Be on the lookout for further project updates!





By Virginia Siebela



## KENYA RE AWARDED THE BEST RETAKAFUL WINDOW IN AFRICA

The 12th International Takaful Summit (ITS) took place on the 10th and 11th July 2018 at the Millennium Gloucester Hotel Kensington, London. The summit's theme was 'Strategies for Unlocking the Potential Takaful'. Since its inception in 2017, the ITS has grown tremendously, owing to the prominent support from leading financial institutions and government bodies. This, in turn, has prompted the growth of the international Takaful industry and demand for sharia-compliant financial products. The event, on average, attracts over 350 – 400 international delegates and is invite only. Unlike other events, the summit is free-of-charge as it is fully subsidized by the hosting organizations and supporting sponsors.

Kenya Re is proud to have been awarded the Best Retakaful Window in Africa during The International Takaful Awards, which was held at the Gala Awards Dinner on the evening of 10th July 2018. This was received with a lot of excitement, as it was the Corporation's first time participating in the event. Mr Bilal Abdulaziz, the Sharia Coordinator, received the award on behalf of the Corporation. The aim of the award is to recognize the achievements of companies and individuals that have made significant contributions and shown leadership in the fields of Takaful and Retakaful. Kenya Re was among the sponsors of the event.

### *Winning the Best Retakaful Window in Africa is as a result of:*

- Grown premiums of 983% since 2014.
- Rise from seven Takaful companies in 2014 to currently more than 50 companies in regions such as Sudan, Egypt, Libya, and Saudi Arabia. Kuwait, Maldives, Sri Lanka, Bangladesh and many others.
- The window has board members who are profound sharia scholars. Professor Mohamed Salim Badamana chairs the board.
- Segregation of Retakaful from conventional operations. Retakaful has its own systems, operates on its finance separately, has separate bank accounts in Islamic banks and investments are done on sharia-based principles.
- The Sharia Coordinator Mr Bilal Abdulaziz Laving who is an expert in Islamic finance and Takaful.

Currently, Kenya Re Takaful is concentrating on expanding operations to new markets such as Qatar, Oman and Pakistan. Kenya Retakaful is dedicated to consecutively holding this award for years to come.





By Samuel Ruugia

# HEALTH AND FITNESS GREATEST GYM MISCONCEPTION.



Human beings, being rational beings, by default chose to take part in win-win situations. Yes there are no voluntary servants, your politician should have taught you this concept by now. People serve in religion for an

eternal reward, they don't serve for free. Basically start by understanding there is nothing for free under the sun. You will be better off this way. In order to have you must give. That's why those individuals who come in with the question, **"What am I giving?"** rather than **"What I am getting?"** quickly surge ahead of the pack. It took me a while to learn this concept. When people realize you are out to help them, mostly they do the same for you besides the more people you help the more effective you become and the higher the reward. A higher level of human evolution here is the individual who thrills after the satisfaction that comes with helping others. This is the greater reward. When the other reward comes they experience double satisfaction.

There are a few physical and mental laws that will teach you what your guardian may have not. Action = reaction- for every action you put there is an equal and opposite reaction. There are a few mental laws that will also enlighten you on what is happening around you.

The law of correspondence. Whatever happens around you, is a true reflection of what happens inside of you. Yes it is not the devil eating your finances, or blowing you out of proportion or bringing diseases and misfortune to you, something from inside is attracting and creating our external world. No one is an exception to this. To surprise you most religions or faiths are based on mental laws while science is based on physical laws. For doubting Thomas,

if you are a Christian there are several verses, just to cite an example Proverbs 4:23(Good News Translation (GNT) "Be careful how you think; your life is shaped by your thoughts." You will find other examples in other religions and believes about how your internal world creates your external world. Whatever you see around you, is your creation from inside.

As a man thinketh so is he. Whatever you constantly dwell upon becomes your reality. All these laws come down to one thing. You have no one to mainly blame or thank for your current status except yourself. Take responsibility and create that life that you need. You are either a caution or an aspiration to others.

Nothing can crush a positive attitude, however no medicine or charm can cure a negative attitude. To achieve that level of completeness as a human being one has to take care of 3 main human constituting components;

- a) The Spirit- Believe in something superior, source of energy, guidance and internal balance. Different people have different references for this higher source.
- b) The Mind-A memory bank for the knowledge about you and your surroundings. This knowledge need to be constantly updated to help you make rational decisions that develop you and make your world more comfortable. Ignorance is equally devastating.
- c) The Body-This is the vehicle that carries you around from one place to another and distributes your internal energy for maximum performance.

In this article we focus on the 3rd part "The body". This is your vehicle and just like any other mechanical machine it requires regular maintenance for optimum performance. One of the greatest misconceptions about taking care of our bodies is that "Let me indulge I will sort it out at the gym".

Unfortunately the rules of engagement have been clarified. In order to achieve that ultimate body fitness, nutrition and behavior choice contributes 80% of body fitness and gym

contributes only 20%. So next time you want to indulge in unhealthy behavior and foods remember you are causing a damage of 80% and trying to fix it with 20%. That's why the discipline required at the gym is way too high for most of the tom, dicks and harrys. It is like climbing a ridge while it is raining. Marines usually say "If it ain't raining, it ain't training".

Most of us are forced by doctors to manage nutrition and hit the gym or observe a consistent exercise regime, for others it could be too late and the famous saying that "If you don't take your food as your medicine, you will take medicine as your food" becomes a reality. At that point you will require the heart and discipline of the military Special Forces to bring back your body to normalcy if it ever does.

Our bodies constantly communicate and we take it for granted. Physiotherapy is seen as a waste of time and as a leisure activity. Minor pains here and there in our bodies are treated by taking pain-killers to suppress the pain. These minor pains are like our vehicles dashboard indicators. They are telling us something is not right underneath. Using painkillers is like your vehicle tank indicator indicating that vehicle tank is almost empty but instead of refueling your car you look for a mechanic to clip off the indicator light. Put down the pain killers, visit a physiotherapist and observe proper nutrition and exercise regime and note the difference.

For those of us who have not been forced by their bodies into taking medicine as food or into the gym by the doctors, you have a good opportunity to make a decision. Choose between regular exercise, proper nutrition on one hand or lifetime medicine and high doctor's fees on the other.

To give you a head start do the following (for the first 8 weeks);

- a) Jog/walk (depending on age) at a comfortable speed every day (at least 3 days a week) for about 20 min. on a standard field do 5 laps. On a treadmill choose a speed that is not too fast or too comfortable and do 25 mins.
- b) After jogging do 3 sets of 10 press ups(upper-body), 3 sets of 15 V-ups, plank for 60 seconds(mid sections) and for lower body 4 sets of 15 sit-ups.

- c) Use stairs to office at least once in a day, there is no blackout at the stairs- they are always working even when the lifts are not working.
- d) In the office Work at intervals of 1hr 30 min. take a break from your desk visit the washrooms or find a safe place to stretch abit and take deep breaths.
- e) Reduce intake of carbohydrates (Ughali, rice, potatoes, breads all white flour products etc) increase intake of proteins (beans, lentils, fish, chicken, beef, peas etc) and fruits and vegetables. NB note foods and drinks that give you acidity and avoid them. Acidity depletes and exposes your body to an attack by all manner of pathogens.
- f) Minimize noise around you (toxic people, news, negativity, always complaining etc), be conscious of your breathing and take purposeful deep breaths. Take enough water to also oxygenate your body for maximum energy generation. Breathing from your diaphragm cleanses your lymphatic system that acts as your body's sewer system.
- g) Adopt a positive mental attitude, no matter the circumstances there is always a good lesson or a way out. Keep on believing, keep on searching don't give up.
- h) Be patient, be calm, and take good rest; because you shout it doesn't mean that you will be heard. In the art of war the most revered warrior is the quite relaxed warrior. Most of the time we judge because we don't have the background. Adopt a learning spirit rather than a teaching one.

The above eight points, I call them the irreducible minimums for preparing yourself for a better life in and out of the gym. Observing the above points for two months will give you a character and discipline to take up any workout and behavioral change regime that you set your mind on. The power to create and destroy is in your hands. Life is a gift with the right choices you can make your gift enjoyable. The reverse is true, with poor choices you will make your life a living hell. I hope we all choose happiness. "Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable—if anything is excellent or praiseworthy—think about such things."



By Virginia Siebela

## THE OCCUPATIONAL SAFETY AND HEALTH ACT TRAINING

Safety starts with training. Education and training are important tools for informing workers about workplace hazards and controls so that they can work safely and be more productive. At Kenya Re, safety is our number one priority as it is a cheap and effective insurance policy. The Corporation organized a four-day safety training workshop for the staff in the months of July and August 2018 at the Kenya School of Government, Nairobi. Mr Patrick Munene, a Lead Consultant at Pollphine Consultants, facilitated the training.



The topics covered in lectures and discussions included safety and health management systems, workplace hazards and controls, ergonomics, fire risk reduction, fire safety theory, emergency preparedness and evacuation and legislation of Occupational Safety and Health Act (OSHA) & Work Injury Benefits Act (WIBA).

The participants were informed on:

- The need to register a workplace with the Directorate of Occupational Safety and Health Services (DOSHS);

- How to get registered;
- How much it costs to register a premise as a workplace;
- Where the DOSHS services are located;
- What is WIBA;
- Who administers the Act;
- Where the Act applies;
- Who is paid compensation, in case of death;
- How to report accidents.

The last two days of training were practical lessons on first aid management, patient safety, best practices, basic life support and resuscitation. The participants learnt by 'role playing' as victims of choking, fractures and shock.

As they say, 'a spill, a slip, a hospital trip!' Let us all endeavour to effectively manage safety across our organizations. Remember, safety rules are your best tools.



Staff being taken through the practical program

# *Health* **COMES FIRST**



Based on our unique and integrated focus on risk carrying and risk management in the health sector, we deliver individual and corporate sustainable solutions to our clients not only in Kenya, but Africa and the world.



# LAPTOP CARE

By **Damaris Maina**

Each of us has the responsibility of taking care of our laptops so as to get the most life out of it and ensure it is always optimally functioning.

Put into practice this list of Do's and Don'ts that will help teach you what you need to do in order to properly care for your laptop so that it continues to run quickly and efficiently.

### **Do's**

- Keep the computer in a clean and dust free room. Place the laptop on a flat, clean surface.
- Always have clean, dry hands when using your laptop.
- Keep food away from your laptop. Crumbs will cause keyboard keys to be sticky and are usually hard-to-clean.
- Handle the screen delicately. Hold and lift the computer by its base, not by its LCD display (the screen).
- Keep the battery cool.
- Clean the screen when it needs it, with a soft, dry cotton cloth.
- Keep liquids away from your laptop. If you must, use a bottle with a tight lid.
- Leave your laptop lid closed at the end of your day to ensure that both your screen and keyboard stay clean and free from dust.
- Lock your laptop when leaving for a meeting or for the day.

### **Don'ts**

- Place heavy materials, such as books, on top of your laptop.
- Use your laptop as a storing area, for pens and stationery. They are easily forgotten and can damage the screen when closing the lid.
- Use your laptop on the bed. The fan tends to suck up the dust and debris in the bed, ultimately blocking the fan.
- Have open liquids nearby when using your computer. Spills can cause serious damage to your computer.
- Leave your laptop in the car for too long, as cars tend to overheat, which is not good for the Lithium-ion in your battery.
- Point at the screen with sharp items like pens. If you need to illustrate, use the mouse pointer.





By Brennan Mukinyi

# SOCIAL MEDIA MISDEMEANOUR

The information age (1971-present) has been the most phenomenal period in all human history. Characterized with technology, this age has witnessed wonders that were unimaginable thirty years ago. It's crystal clear that internet is exponentially gaining crusaders who wish it to be classified as a basic need. Life is no longer simple without technology. The most recent technological advancements in the world of internet would include social media, end product of different tech geniuses. In common parlance Social media is any platform that allows social interactions including twitter, Facebook, Myspace, WhatsApp etcetera. This media platforms have totally transformed the way people think, work and the way they socialize. The questions would be, is this transformation evolutionary, revolutionary or regressionary. While every being, business, corporate and institution should embrace the miracles of social media with hail, an equal measure of caution should be exercised. We will be acutely shortsighted technologically to overlook the drawbacks associated with this platforms. This article illuminates the misdemeanors of social media.

Top on list would be cybercrime. It's said that no one is immune to Trojan horses, ransomwares and other viruses. Research has revealed that social media is the most susceptible to this cybercriminals. Users on this media click and open links and attachments daily, however one can't be certain if this links are coded with malware or otherwise. A click on an infected link would result to bringing the entire network under siege. A few years back it was reported that a fifth of UKs National Health Service were brought down by a malware that freezes all the computers and issues a demand for a ransom. Microsoft disclosed that the virus dubbed 'Wannacry' was based on some code cushioned in a link. The attack led interruption of operation due to cancellation of thousands of appointments in the health sector around the world.

Another gross evil of social media is fake news. Nearly anyone with internet can write and tell a story and feed their audiences in their own perspective. No one can understate the influential power of social media

and thanks to this people receive news instantly and in real time. However criminals and quacks have taken advantage of this powerful tool for their selfish reasons. In the year 2013 the USA stock market suffered a loss of more than \$ 130 million not because of any monetary or fiscal policy but because of fake news. Hackers had gained access to a reputable media house press and posted a fake story that a bomb had been detonated in the White House! In Kenya, there has been a gradual rise of fake news especially the news 'killing' prominent people. This deliberate misinformation with intent to mislead has not only caused financial losses but also pain and suffering to the innocent victims.

The most lethal effect is the weaponisation of social media. This is most common in politics. There are allegations and investigations currently ongoing in the US that Russia used social media to influence the outcome of the USA presidential elections. Moreover, many cases of cyber bullying have been reported and victims suffer depression and even unwarranted death. There also have cases where by terror groups have used social media to intimidate, harass and even recruit. They post grotesque videos of beheadings, for example, and while the supporters are thrilled by the barbaric executions, the potential victims suffer overwhelming fear.

In respect of social wellbeing, social media may be slowly turning people to robots. How much time have you spent on social media? Today? Now? Probability is high that you are logged into at least one social media site recently. Can you comfortably stay away from social media for a week? Do you converse with a person sitting next to you in a matatu or you spent all your time while on road on WhatsApp? Do you spent constructive time with your family or the entire family is busy on iPad, Android, Microsoft and Linux?

As we embrace technology, we need to reflect on how best incorporate it in our daily life's without suffering or causing others to suffer the repercussions of its shortcomings.

Have a Social Day.

# INSURING



By Joel Irungu

We're in that season where we can't avoid discussing tax. There is great unease brought on by government-imposed taxation to feed the country's borrowing appetite: to develop the country with the view of scoring political goals and fulfilling promises made on the campaign trail.

The issue is, tax is about money, people, resources, business and law. This means tax uncertainty is a major point of concern as it affects all lives and interactions.

There is a sense in which tax compliance is a permanent problem. As with the enforcement of any law that imposes burdens on individuals for the collective good, there will always be incentives for freeriding. What this means in the tax context is that taxpayers, individuals and corporates will always have an incentive to minimize their own tax liabilities while continuing to take full advantage of the benefits of government expenditures.

A corollary of this fact is that in the absence of government-imposed penalties for non-compliance, our practice of funding government expenditures through tax revenues would be highly problematic.



It is easy to understand how such uncertainties might deter a risk-averse taxpayer from engaging in welfare-enhancing, wealth-creating transactions, which would obviously be a bad thing, especially if the uncertainty in question could feasibly be eliminated or reduced. One might surmise that the natural solution to the problem of tax law uncertainty would be for the government but this has created an opportunity.

Insurance companies offer tax risk insurance policies – also called Tax Indemnity Insurance Policies (TIIPs) or transactional tax risk insurance - that provide taxpayers with coverage against the risk that the service will reject a taxpayer's characterization of a particular transaction. These policies usually provide full indemnification for all tax-related losses, including back taxes, interest and penalties.

For insurance markets to operate, there need only be a significant amount of money at stake coupled with a significant amount of uncertainty. Thus, although tax risk insurance is a recent development and is still only a niche market compared with the enormous market for commercial general liability insurance or professional malpractice insurance and although it has not yet spread to other nontax areas of regulatory uncertainty, it is not surprising to hear that there are reports that the tax indemnity insurance market is growing rapidly.

It is only a matter of time before insurers begin considering nontax applications of regulatory uncertainty insurance. With the introduction of this new insurance market, if one of the parties is risk-averse with respect to a tax law contingency involved in the deal, instead of just shifting

# TAXATION

the tax law uncertainty from buyer to seller or vice versa, that legal uncertainty can be moved from the contracting parties to a third-party insurance company whose business is assessing and distributing risks and who can, therefore, do so relatively efficiently.

Tax indemnity insurance or transactional tax risk insurance that provides coverage against the risk that the Internal Revenue Service (IRS) will disallow a taxpayer-insured's tax treatment of a particular transaction. The question is whether this type of insurance coverage increases incentives for illegitimate tax avoidance or, alternatively, provides needed certainty to taxpayers - certainty that the Service is not able or willing to provide. Should tax insurance be banned? Encouraged? Ignored?

To what extent should the government, instead of commercial insurance companies, provide such legal uncertainty insurance directly, either by increasing the use of private rulings or by selling the equivalent of tax indemnity insurance policies? On the question of commercially provided tax indemnity insurance, the article concludes that the appropriate regulatory response is probably: (a) to allow the purchase of policies (and perhaps in some situations to subsidize their purchase)

but (b) to compel taxpayers who purchase such policies to disclose this fact to the Service.

Such a response allows the use of tax risk insurance as a supplement to private letter rulings while at the same time minimizing the possibility that the insurance will be sold to cover pure "detection risk."

Is tax insurance good or bad? It turns out that the best answer is that it depends. Under certain assumptions, a surprisingly strong case can be made for allowing - even encouraging - tax insurance, which as a form of insurance has much in common with run-of-the-mill liability or legal risk insurance.

There is no denying, however, the danger inherent in this type of insurance. It is possible that the sort of tax indemnity insurance for run-of-the-mill corporate transactions, which we see now, could evolve into something else, something more like insurance against abusive tax positions or overly aggressive interpretations of the tax laws.

Therefore, the interesting questions are how likely is that possibility, what can be done to prevent it, and whether, on balance, tax risk insurance ought to be considered a socially beneficial - or at least benevolent - development, or whether it should be discouraged or banned altogether.





# BE A HOME OWNER TODAY

## OUR HOME OWNERSHIP SCHEME

At Kenya Re, we understand that owning a home requires a significant investment. So, we have considered financing members of the public to acquire homes of their choice through our Commercial Mortgage Scheme.

Talk to us today and we will help you turn your home ownership dreams into reality.

The Kenya Reinsurance Corporation Limited was established in 1971 to transact reinsurance business. This provided funds for investment in both Commercial and Residential properties to the public on the Corporation's housing projects. You can purchase an existing, developed residential property at an affordable interest rate of 14% per annum. All you need is to fulfil the following:

## ELIGIBILITY

- All Kenyan citizens, permanent residents or expatriates are eligible.
- Maximum age at the end of the mortgage term must be 60 or retirement age, whichever is earlier.
- Salaried customers, directors of reputable companies or well-established SMEs with demonstrable and verifiable monthly income for the past 12 months.
- Professionals and consultants who earn a regular monthly income and are purchasing a residential property for owner occupation.

## REQUIREMENTS

- The property should be fully serviced, ready for occupation and with valid title document.
- The house loan should be from Ksh. 3 Million to a maximum of Ksh. 20 Million.
- Maximum repayment period of 20 years.
- Financing up to a maximum of 90% of the value of the property.
- The property should be within a municipality.

## DOCUMENTS REQUIRED

- Certified copy of ID / passport.
- Copy of KRA PIN certificate.
- Certified letter from employer stating terms of employment (it should include your pay / position / duration of service / retirement age).
- Certified copies of last six pay slips.
- Sale agreement.
- Documentary evidence of any other income.
- Certified copies of bank statements for 12 months and audited three years annual accounts for self-employed applicants.
- Copy of title deed.

## ON ACCEPTANCE OF THE OFFER YOU WILL PAY

- 10% deposit of the property value to the vendor/ Kenya Re.
- Commitment fee of 1% of the loan approved.
- Valuation fees payable to the valuer directly.
- Legal fees payable to the advocates.
- Stamp duty of 4% of selling price payable to the government.

## COST SUMMARY

Deposit	10% deposit of the property value
Commitment fee	1% of loan approved
Valuation fees	Depends on property value
Legal fees	Depends on loan amount
Property Insurance	Based on value of the property
Mortgage Life Policy	Based on outstanding loan amount
Stamp duty	4% of the property value

## For more information contact:

Anne Wangeci  
Investments Department  
airungu@kenyare.co.ke  
0703-083337.

# WE'RE LISTENING. WE'RE HERE. WE CARE

Kenya Re is committed to delivering the highest levels of service quality to its customers. We intend to provide services through best practice and in line with our customers' needs, as we continually seek improvements.



## WHAT IS A COMPLAINT?

- A complaint is defined as “any expression of dissatisfaction by a customer or potential customer about service delivery by the company or its agents, and/or about company or industry policy.”
- At Kenya Re, we see complaints as a valuable way of meeting and responding to your expectations. We realize that in breaking down the barriers to meet your needs we value listening to feedback and complaints from you.

## HOW WILL WE HANDLE YOUR COMPLAINT?

We will:

- Acknowledge your complaint, in writing or via email, within 24 hours of us receiving it.
- Enquire into your complaint and consult any relevant persons who should help resolve it fairly and within a reasonable time frame.
- Treat you and your information with confidence and respect, in line with our guidelines.
- Keep you and any other persons involved informed about the progress of the complaint, how we will try to resolve it and, as is appropriate, what we will do to prevent it from happening again.
- Take action to resolve the complaint as best as possible to your satisfaction and, where possible, recommend any changes needed to ensure the cause is fixed.
- Let you know in writing the outcome of your complaint and, as is relevant, the reasons behind this outcome.

## WHAT SHOULD YOU TELL US?

- Your name, address and the best way to contact you.
- The details that will help us understand the reason/s for your complaint.
- Copies of any documents relevant to your complaint.
- If you have already have discussed your complaint with us, the details of those persons in Kenya Re that you dealt with.
- What you feel would constitute a satisfactory resolution of your complaint. For example, are you seeking information which you feel is being withheld, are you seeking an apology, etc.

## YOU NEED TO KNOW THAT

- You may make a complaint verbally and/or in writing. e.g. email, and/or calling.
- We may ask for your help in the course of handling your complaint.

You can make a complaint to Kenya Reinsurance Corporation by contacting or writing to:

**Assistant Communications Officer | Kenya Reinsurance Corporation**

**P.O Box 30271- 00100 | Nairobi, Kenya**

**Call: (+254) 0703083212**

**Email: [complaints@kenyare.co.ke](mailto:complaints@kenyare.co.ke) | [ongicha@kenyare.co.ke](mailto:ongicha@kenyare.co.ke)**



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