



## Kenya defines micro-insurance and index-based insurance in its primary legislation on insurance services

Effective July 2019, Kenya has included in its insurance regulatory law definitions for micro-insurance and index-based insurance.

At the core of the definition of micro-insurance is increasing insurance accessibility by the low-income population and the underserved markets. It extends to delineate that micro-insurance will be managed per generally accepted insurance principles, i.e. funded by premiums.

The definition of index-based insurance, on the other hand, reflects its core purpose where a policyholder is compensated only when one or more indices have been triggered rather than on an assessment of the policyholder's actual loss.

According to the Insurance Regulatory Authority, these amendments will allow for the issuing of regulations on index-based insurance and micro-insurance business.

“Kenya’s participation in the first [Inclusive Insurance Innovation Lab](#) organised by the [Access to Insurance Initiative](#) and [Global Leadership Academy](#) has inspired and equipped us to take action through multi-stakeholder collaboration to ensure vast segments of low-income and secluded population gain access to insurance products.” – Elias Omondi, IRA Kenya

In line with the principle of proportionality, micro-insurance and index-based insurance will be exempted from the existing requirements relating to the settlement of claims. Finally, to ascertain affordability and innovations, the law now allows policy-related documents to be sent electronically.

Follow [this link](#) to view the amendments.