

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 18th October, 2016

The House met at 2.30 p.m.

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

PRAYERS

Hon. Speaker: The Member for Seme, you can take your seat. I notice that there are some Members who have placed requests and I do not know to contribute to what. I am just about to convey a Message. I do not know whether they want to contribute to it but, I suppose, it is in the spirit of the early bird catching the worm.

MESSAGE

APPOINTMENT OF NACADA CHAIRMAN

Hon. Speaker: Hon. Members, this is Message No.8 from the President. Pursuant to the provisions of Standing Order No.42, I wish to convey to the House that I have received a Message from His Excellency the President dated 12th October 2016, regarding the appointment of the Chairman, National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA). The Message states and I quote:-

“Pursuant to Section 6(1)(a) of the NACADA Act Cap. 121B, the President has nominated Lt. Col. (Rtd) Julius Ayub Githiri for appointment as Chairman of NACADA.”

Hon. Members, Section 6(1)(a) of the NACADA Act requires that in making an appointment for the position of chairperson of the Board of the Authority, the appointing Authority shall, upon nominating a person for appointment, seek the approval of the National Assembly. Consequently, a proper notification in line with the above provision has been received.

Hon. Members, Section (8) of the Public Appointments (Parliamentary Approval) Act of 2011 provides that the relevant committee should table its report for debate and decision within 14 days from when the notification of nomination is conveyed to the House. The Act also requires that the public be given seven days notification for submission of views regarding the suitability or otherwise of the nominee for appointment into an office requiring approval of Parliament.

In this regard, and in accordance with the provisions of Article 259(5)(a) of the Constitution as read together with Section 5 of the said Act, the counting of the seven days shall start running on the day following the day on which the notice appears in the dailies.

Hon. Members, pursuant to the provisions of Standing Order No.42(3)(c), I now refer the Message, including the curriculum vitae of the nominee, to the Departmental Committee on

Justice and Legal Affairs to undertake the necessary approval hearings. I wish to guide as follows:-

- (i) The Committee should notify the nominee and the general public of the time and place for holding the approval hearings expeditiously; and,
- (ii) The Committee should thereafter commence the necessary approval hearings and table its Report so that the House may consider it on or before Tuesday, 1st November 2016.

Thank you, Hon. Members.

Hon. Speaker: There are no Petitions, not even those from the Atheists Society.

Proceed.

PAPERS LAID

Hon. Speaker: The Leader of the Majority Party.

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

The Reports of the Auditor-General on the Financial Statements in respect of the following institutions for the year ended 30th June, 2015, and the certificates therein:-

- (i) Ethics and Anti-Corruption Commission;
- (ii) Kenya Dairy Board;
- (iii) Kenya Veterinary Board;
- (iv) Kenya Veterinary Vaccines Production Institute;
- (v) Revenue - Head-000000156 - Fishing Rights;
- (vi) National Biosafety Authority;
- (vii) Kenya Animal Genetic Resources Centre;
- (viii) State Department of Agriculture;
- (ix) State Department of Fisheries;
- (x) State Department of Livestock;
- (xi) Strategic Grain Reserve Fund - State Department of Agriculture;
- (xii) Demonstration Farms Fund - State Department of Agriculture;
- (xiii) Veterinary Services Development Fund - State Department of Livestock; and,
- (xiv) Agricultural Information Resource Centre - State Department of Agriculture.

Thank you, Hon. Speaker.

Hon. Speaker: Chairperson, Departmental Committee on Justice and Legal Affairs, Hon. Chepkong'a.

Hon. Chepkong'a: Hon. Speaker, I beg to lay the following Paper on the Table of the House:-

The Report of the Departmental Committee on Justice and Legal Affairs on the Approval for appointment of Hon. Justice David Kenani Maraga as the Chief Justice of the Republic of Kenya.

Thank you.

Hon. Speaker: The Chairperson or the Vice-Chairperson of the Departmental Committee on Finance, Planning and Trade.

Hon. Gaichuhie: Hon. Speaker, I beg to lay the following Paper on the Table of the House today, Tuesday, 18th October, 2016:-

The Report of the Departmental Committee on Finance, Planning and Trade on the vetting of nominees as members of the Board of Directors of the Central Bank of Kenya (CBK).

Hon. Speaker: Next Order.

NOTICES OF MOTIONS

APPROVAL OF JUSTICE MARAGA AS CHIEF JUSTICE OF KENYA

Hon. Chepkong'a: Hon. Speaker, I beg to give notice of the following Motion:-

THAT, pursuant to Article 166(1)(a) of the Constitution of Kenya, the Public Appointments (Parliamentary approval) Act, 2011 and Standing Order No.216(5)(f), this House adopts the Report of the Departmental Committee on Justice and Legal Affairs laid on the Table of the House on Tuesday, 18th October, 2016 and approves the appointment of Hon. Justice David Kenani Maraga as the Chief Justice (CJ) of the Republic of Kenya.

Hon. Speaker: Hon. Gaichuhie.

APPOINTMENT TO CBK BOARD OF DIRECTORS

Hon. Gaichuhie: Hon. Speaker, I beg to give notice of the following Motion:-

THAT, pursuant to Section 11(2) of the Central Bank of Kenya Act, Section 8(1) of the Public Appointments (Parliamentary Approval) Act, 2011 and Standing Order No.45(1), this House adopts the Report of the Departmental Committee on Finance, Planning and Trade on the vetting of nominees to the Board of Directors of the Central Bank of Kenya and approves the appointment of the following members to the Central Bank of Kenya Board of Directors:-

- (1) Mr. Ravi J. Ruparel,
- (2) Ms. Nelius W. Kariuki,
- (3) Mr. Samson K. Cherutich,
- (4) Ms. Charity Seleina Kisotu, and,
- (5) Ms. Rachel Bessie Dzombo.

Hon. Speaker: Hon. Members, before we proceed, allow me to recognise the presence, in the Public Gallery, of pupils and students from the following institutions:-

Gathanji Primary School, Gatanga Constituency in Murang'a County; Gathuthu Primary School, Gatanga Constituency in Murang'a County and Egerton University, Njoro Constituency of Nakuru County.

You are welcome to observe the proceedings in the House.

(Applause)

Next Order.

PROCEDURAL MOTION

APPROVAL OF HOUSE SITTING AT 6.45 P.M.

Hon. Speaker: The Leader of the Majority Party.

Hon. A.B. Duale: Hon. Speaker, I beg to move the following Procedural Motion:-

THAT, pursuant to the provisions of Standing Order No.30(3)(b), this House resolves to hold a Sitting today Tuesday, 18th October 2016, for not more than three hours commencing at 6.45 p.m. or such earlier time being not more than 15 minutes after the rise of the House.

Hon. Speaker, for the benefit of Members, it is worth noting that I have moved the Motion in an amended form and not the one on the Order Paper. The import of this is to afford the House a window of opportunity to sit earlier than 6.45 p.m. if the House decides or rises before 6.30 p.m.

For various reasons and in accordance with the Standing Orders, the business of the House may be concluded before the usual time. I am, therefore, seeking the approval for the House to sit, at least, 15 minutes after the end of this afternoon sitting.

We are going to have two sittings this afternoon going into the evening---

(Loud consultations)

Hon. Speaker: Order. Member for Kitui, Member for Nakuru and Member for Othaya, what the Leader of the Majority Party is saying is so important. We want everybody to participate. I am sure none of you has listened to what is being said. It is so crucial because the Motion reads 6.30 p.m. and 6.45 p.m. but, the Leader of the Majority Party is moving the Motion in an amended form and a very important message that the House, sometimes, does adjourn earlier than 6.30 p.m. Some of you who are not paying attention, I am sure, are the ones who may cause the House to adjourn earlier than 6.30 p.m. So, please, pay attention to this.

It is so important because should the House rise, like it happened on Thursday last week, at 4.30 p.m. because, as usual, you were less than 50 who were paying attention or who were desirous of participating in the business, the Sitting will have ended.

So, the Motion is being amended to provide that, in the event that that happens, 15 minutes soon thereafter, the House then will do a second Sitting. I am sure it may sound easy but, you know, for various reasons, the House can adjourn earlier than 6.30 p.m. I am just beseeching. I know you have just met today, after the weekend but, you will have an occasion, between now and whatever other time the House may rise, to congratulate each other for whatever reasons or consult one another.

Hon. A.B. Duale: Thank you, Hon. Speaker. At least today, you moved and you did it very well in explaining why the Motion is amended. The reason we have another Sitting is because the able Chairman of the Departmental Committee on Justice and Legal Affairs has tabled the Report of the vetting of the nominee for the position of Chief Justice, Hon. Justice David Maraga. There are many issues which are tied to the appointment of that individual. In the event that the House approves his name, we will ask the President to formally appoint him tomorrow and he takes the oath of office so that the matter of the Independent Electoral and Boundaries Commission (IEBC) reforms and the selection panel can be fast-tracked.

So, that is the genesis. We still have tomorrow and the day after because we had moved a Motion for extension to seven days last week. The genesis of these two Sittings is to give Members an opportunity, between now and the next Sitting, to go to the Table Office and pick a

copy of the Report of the Departmental Committee on Justice and Legal Affairs on what they have said on the nominee. Read it and when we come for the second Sitting, you will contribute to the Motion based on what you have read and from an informed position.

So, the matter is very simple. I am seeing only one leader from the other side; the other leadership is not around. Hon. Wanyonyi, you have a long way to become part of the leadership in the House. You know you are not a leader. You have a long way. So, you cannot just appoint yourself. From where I sit, I think you have to wait for two more Sittings.

With your permission, Hon. Speaker, can I ask Hon. Chris Wamalwa, who is the Deputy Whip of the Minority Party, to second?

Hon. Speaker: Hon. Wamalwa.

Hon. Wakhungu: Thank you, Hon. Speaker. I rise to second this Procedural Motion. Indeed, it is very critical because there are critical matters that need to be transacted by this House. As we know, we need to have elections by August. For elections to be in place, we know very well that the Chief Justice has to be there particularly to swear in the people in the selection panel.

We rise to support what the Leader of the Majority Party has said. My humble request is for Members to be around at that time, so that we do not lack quorum. As we move to the Table Office to get the Report, I call upon the officers to provide copies so that we can do our part on the appointment of the Chief Justice. Indeed, we need the Chief Justice like yesterday.

Thank you, Hon. Speaker. I second.

(Several Hon. Members walked out of the Chamber)

Hon. Speaker: Hon. Members walking out, I am sure, you are not desirous---

(Hon. Kobado crossed the Floor without bowing to the Chair)

Hon. Kobado, it is never done that way! Just go back and do what you are supposed to do and then you can take the seat you want.

(Question proposed)

Hon. Members: Put the Question!

Hon. Speaker: Hon. Members, let me hear what the Member for Kitui Central wants to say.

Hon. Mulu: Thank you, Hon. Speaker. I want to raise an issue of concern. Last week, we approved the extension of the period for consideration of this matter by another seven days. With all due respect to the Leader of the Majority Party, the Report has just been presented to this House. We are already in session up to 6.30 p.m., and we are being asked to debate the same Report from 6.45 p.m.

It would have been in order if we were allowed, at least, to read the Report overnight. Tomorrow, we can move a Motion to change the day from Private Members' day to discuss the Report. This is a matter of national concern. Some Members have raised issues to do with the appointment of the Chief Justice. I plead that the House be allowed to read the Report overnight and tomorrow morning, we debate it.

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Katoo ole Metito.

Hon. Katoo: Thank you, Hon. Speaker. I stand to support this Procedural Motion. First of all, I wish to inform the Member for Kitui Central, Hon. Makali Mulu that, today is the deadline we have as a House to make a decision upon this nominee. Therefore, if the House will not have made a decision by midnight today, the nominee stands not approved by this House. It would be good for us, as a House, to not wait just to be a rubber-stamp, but to get time to discuss the Report. Therefore, the date of tomorrow will not serve.

My contribution---

Hon. Speaker: Hon. Katoo, it is good also to carry the memory of last week. Hon. Makali Mulu has a point: Yes, the House approved for extension of time by a further seven days. Nevertheless, the points advanced by the Leader of the Majority Party relating to other institutions, which you as a House have given timelines to do this or the other, is a matter that we cannot just say is not to be considered.

Hon. Members, remember it is your business to make a decision one way or another.

You may proceed.

Hon. Katoo: Thank you, Hon. Speaker. I stand guided. My main contribution to this debate is that the Motion as amended is very important.

Last week, this House adjourned quite earlier than before 6.30 p.m., and for obvious reasons. In the last one week, you kept reminding us that the fever of 8th August 2017 is streaming in already. Going up to 6.30 p.m. and coming back at 6.45 p.m. may be difficult. We will need a quorum of 50 Members for us to make a decision on the proposed Motion at that Sitting.

I would urge that at some stage, possibly at around Order No. 10, you use your powers or Standing Order 96 or 97, or any other relevant Standing Orders, to allow us adjourn as is in the amended Motion so that we can have that Sitting before 6.30 p.m. That will be the time we can get the numbers to conclude this proposed Motion.

I also want to urge Members that whatever the time this Motion comes up for debate, let us try to have the requisite numbers so that we can finish that business. As the Mover has put it, it will not be debated for more than three hours.

I beg to support.

Hon. Speaker: Let us hear from the Member for Seme.

Hon. (Dr.) Nyikal: Thank you, Hon. Speaker. I want to support the position taken by Hon. Makali Mulu. There can be no bigger issue for this House to discuss. Members need to apprise themselves of the contents of the Report. As it is now, if we pass this Motion, ideally, what we are giving ourselves is 15 minutes to get the Report and read it.

I want to draw the attention of this House to what happened when we were considering the nomination of the retired Deputy Chief Justice (DCJ). I raised the issue that in the Report, there was an indication that we were likely to have a problem with succession. There was even an indication in the Report that the person we wanted to approve as DCJ did not have proper legal philosophy. As if Members did not read the Report, we proceeded to pass it. What happened? We now do not have a CJ or a DCJ.

My proposal would be between today and tomorrow morning, I do not see much difference in the timelines we have even for the IEBC, so that we can have time overnight to read this Report. At the very worst, we can adjourn the House now and get the Report, read it and reconvene at 6.45 p.m. We cannot sit here as Members of this House and take just 15 minutes to look at the Report on the CJ and pass it. We could as well have left it to the

relevant Committee of the House to deal with it. It is important to warrant consideration; either we adjourn now and get time to read or we push the Motion to tomorrow morning.

Hon. Speaker, I would call for your direction on this matter. It is important.

Hon. Speaker: Nevertheless, because it is not the first time, it may very well be the case that, as you can see, there are very many empty seats. Those Members are reading the Report.

(Laughter)

They are busy reading the Report and so, they are going to inform the House.

Hon. Chepkong'a.

Hon. Chepkong'a: Thank you, Hon. Speaker. It is important for Members to know that on Thursday last week, you gave me permission to table my Report before the rise of the House. I was ready to do so, except that some Members, including Hon. Makali Mulu and the Member for Seme, absented themselves from the House and, therefore, the House adjourned for lack of quorum. I was ready to table the Report at 5.00 O'clock.

We cannot allow them to come back and say that they have not read the Report. As we speak, copies of the Report are available in Table Office. If someone wants to read, it is available. It is important to listen to what the Leader of the Majority Party has said. We passed the Independent Electoral and Boundaries Commission (Amendment) Bill on an express highway. People were driving at over 120Km/h, when the limit was supposed to be 100 km/h. People absconded their duties to be law makers and passed it without amendments. Now there is a requirement that the selection panel must be in place. It should have been in place last week, except for the absence of the Chief Justice. The same people who were saying "no amendments", are the same ones who are now saying we hold the Chief Justice as we hold the selection panel. Since I am rising on a point of order, would I be in order, under Standing Order No. 9, to request you to put the Question, so that we can expedite this process in light of the desire of the majority of Members?

I thank you, Hon. Speaker.

(Hon. Anyango walked into the Chamber)

Hon. Speaker: Hon. Member for Rongo, take a seat there.

(Hon. Karani stood up in his place)

Member for Laikipia West.

Hon. Members, fortunately, Article 122(1) of the Constitution is very clear. I have no vote.

(Question put and agreed to)

Hon. Members, having made the decision you have taken on that Procedural Motion, and for the convenience of the House, should the House sit at 6.45 p.m. for a period of not less than three hours, I have decided that there will be no House Business Committee (HBC) meeting because I take it that after that, there will be a rigorous session and most Members of the HBC might find it difficult to debate. Since Thursday is a public holiday, the business which was discussed and

agreed to be for this Thursday, will be the business to be debated on Tuesday next week. Therefore, the House will have business up to Tuesday. Let us proceed with Order No.9

(Several Hon. Members walked into the Chamber)

Hon. Members, if you find walking too tedious, you can take the nearest seat.

BILLS

Second Reading

THE COMPETITION (AMENDMENT) BILL

(Hon. A.B. Duale on 13.10.2016)

(Debate concluded on 13.10.2016)

Hon. Speaker: Hon. Members, debate on this Motion was concluded. What remains for me to do is to put the Question.

(Question put and agreed to)

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

Hon. Speaker: Hon. Members, I just want to clarify before the Leader of the Majority Party moves the Bill that the Message from the President relating to the appointment of Chairperson of the National Authority for Campaign Against Alcohol and Drug Abuse is referred to the Departmental Committee on Administration and National Security, and not to the Departmental Committee on Justice and Legal Affairs.

The Leader of the Majority Party.

Hon. A.B. Duale: Thank you, Hon. Speaker, for making that correction. I was wondering whether Hon. Chepkong'a is now becoming the Chair of *chang'aa* and these other matters which belong to Hon. Kamama.

Second Reading

THE INSURANCE (AMENDMENT) BILL

Hon. A. B. Duale: Hon. Speaker, I beg to move that the Insurance (Amendment) Bill, 2016 be now Read a Second Time.

It is my hope that Hon. Members have taken time to read this Bill. I would like to give brief highlights of the proposed amendments. At the back of the Bill, it shows sections in the principal Act which are being amended by this law.

Hon. Speaker, this Bill proposes to amend the Insurance Act to introduce a new phenomenon called *Takaful* insurance, which is an insurance based on group participation guaranteeing each of the member---

(Loud consultations)

Hon. Speaker, there is too much noise.

Hon. Speaker: Hon. Member for Keiyo South, today you are in an unusually jolly mood. Hon. Member for Kitutu Chache, you are required to be silent in the Chamber. This is the Insurance Bill. When I see Members walking out and last week the Leader of the Majority could not move this Bill, I wonder whether Members understand what insurance law is. It is very important. Let us pay some little attention even if we must consult. Those who are reading other Reports like the Member for Seme, I encourage you to go and read it at the back. You will enjoy.

Hon. A.B. Duale: Thank you, Hon. Speaker. This Bill proposes to amend the Insurance Act and to introduce a new phenomenon called *Takaful* insurance. This is an insurance based on group participation, a group that guarantees each of their members against any defined law or damage. The *Takaful* insurance which is being introduced deals with facilitation on the issuance of regulations to cover the *Takaful* Insurance. This will enable the law to recognize *Takaful* insurance business and facilitate the financial inclusion of that type of business to our citizens and, more so, to people who profess the Islamic faith like me. The current conventional insurance, in one way or the other, will have a certain element of interest. Interest rate is a serious crime to people who profess Islamic faith. For the last five to seven years, *Takaful*, an Islamic form of insurance, was introduced in the market and tested. The Government now wants to introduce an amendment to legalise that type of insurance. This is a big stride. At the same time, it allows Kenyans who believe in other faiths to benefit from such product.

Secondly and more importantly, the scope of investment as per the current Insurance Act is only limited to ordinary shares. This Bill seeks to expand the scope of investment by introducing new products or other forms of capital such as subordinated loans, share premiums, reserves or any other forms of capital as may be decided by the Insurance Regulatory Authority (IRA). Why do we want to increase the scope of investment? Why do we want to introduce more capital gains outside the ordinary shares that are provided for in the Insurance Act?

This will encourage additional investment in the insurance sector without diluting the current stakeholders' shareholding. As we introduce new capital investment, it should not affect the current stakeholders but ensure a very efficient compliant system. It also increases the capital requirements under the Insurance Act. If Members look at the Bill in totality, they will appreciate that it is dealing with the issue of capital requirement for different stages of an insurance company in terms of size.

Hon. Speaker, under the Insurance Act, the method of determination of a solvency of any insurance company is based on the margin of solvency, which compares the admitted assets and liabilities. If you want to determine whether an insurance company has become insolvent, you just look at the margin. Currently, in law, you compare the margin with the admitted assets and liabilities of that company.

This Bill tries to harmonise the principle of capital figures in a company as introduced in the Finance Act, 2015. This, again, will help the insurance sector to fully adopt a more comprehensive risk-based capital models.

The method of valuing the liability of an insurance company is well discussed in this Bill. How do you value the liability of an insurance company? Do you use the net premium valuation method, which is now found in law, or do you look at other parameters when undertaking a premium valuation? Currently, the only method provided in the Act for valuing the liabilities of an insurance company is the net premium valuation method.

This Bill wants to introduce the use of other valuation methods as maybe prescribed by the Authority. The Bill is opening up this area to ensure that an insurance company can use other valuation methods to determine its assets, liabilities, credit rating and market share. Why do we give power to the Authority? Because the Authority will help in ensuring that we have a market consistency approach in terms of valuing the liabilities of insurance companies as required under the risk-based capital model.

Under the current Act, payment of a claim and acceptance or denial of liability is required to be made within 90 days after notification of a claim by a claimant. This Bill proposes to reduce that period to 30 days. This is very important. When many Kenyans make claims to insurance companies, it takes ages for those claims to be settled. The law provides that claims should be settled within 90 days. For the benefit of poor Kenyans living in the rural areas, this Bill seeks to reduce this period to 30 days. If we pass this Bill as it is, an insurance company will be under obligation by law to pay a claimant within 30 days, which is very good. This will facilitate expeditious payment of claims by insurance companies and ensure that customers do not endure delays before receiving their compensation. Kenyans wait for years and years.

With due respect to my legal colleagues who are from the legal profession, let me say that sometimes a claimant's money is sent to his lawyer, who ends up pocketing it. Such claimants become victims of wayward insurance companies and rogue law firms. God is great because I do not own a law firm. I am not a lawyer and neither do I intend to be one. Some of them are not good.

Hon. Speaker, this is a straightforward amendment seeking to address three or four issues of great importance to the insurance industry. It introduces an Islamic insurance product, which is important for Kenyan Muslims. It also seeks to reduce the period for settlement of claims from 90 days to 30 days. It is also important to the industry because it is widening the scope and methodology of deciding insolvency.

Having said all this, I beg to move and ask Hon. Kajuju, who is an insurance law expert, to second. Hon. Cheboi would have confirmed that she passed that paper if he was present. I am sure that Hon. Kajuju passed because she is a very intelligent Member and a good former Vice-Chair to the Chair.

I request her to second the Bill.

Hon. Speaker: Proceed Hon. Kajuju.

Hon. (Ms.) Kajuju: Thank you, Hon. Speaker. I rise to second the amendment Bill. I would also like to tell the Leader of the Majority Party that all lawyers are good. In case a lawyer has an issue, we have a disciplinary process which he or she undergoes once a complaint has been filed against him or her.

This Bill is very important, especially to Kenyans who are desperate to have insurance covers that would cater for them in the event of unfortunate incidents occurring. The first issue is to expand the areas upon which coverage of insurance shall be. That is why we have various provisions seeking to expand the insurance sector.

One of the most important aspects of this amendment Bill is the introduction of the *Takaful* insurance business. The Constitution we passed in 2010 speaks about the principle of inclusivity.

This means each and every area - be it of the practice or service industry - must be included in terms of the provisions that are there. *Takaful* insurance will take care of the area that was left out in the current insurance law as it stands. Basically, this is the industry that covers the Islamic concept and represents solidarity and mutual assistance on group participation. It guarantees members against any defined loss or damage.

Hon. Speaker, the beauty of *Takaful* insurance is that it will ensure that all members who are covered under it do not suffer personal damage. This is because the risk would be distributed to all the members. It is like guaranteeing each other in the event of such an eventuality.

The Bill seeks to give the Cabinet Secretary powers to make regulations that will determine the licencing and supervision of *Takaful* insurance business. This, therefore, means that the regulations will ensure that the licensed persons are proper people who have the capacity or *locus standi* to ensure that they manage this business. This does not only stop at licensing because it also ensures that there is constant supervision of the persons who have been licensed to ensure that they carry out their mandate as per the established law.

These amendments are also important because they set a level playing field to all persons who take an insurance cover and, therefore, all the actors within the insurance industry are covered.

Hon. Speaker, it is also important to look at Clause 5 of the Bill. It talks about the 100 per cent capital adequacy ratio that is supposed to be kept by persons who have insurance companies. This is something that is important especially to persons who have suffered injuries as a result of accidents and those who have lost their loved ones in fatal accidents.

As practitioners, we had issues with accident claims. Insurance companies would cover motor vehicles on the road, but no sooner had accidents occurred than the insurance companies - if they are major accidents - declined to cover them or compensate the victims of such accidents. I am aware of very many insurance companies that have gone into liquidation and they have been put under statutory management for as long as I can remember.

I have in mind cases of United Insurance Company, Blue Shield Insurance Company, Invesco and many others. As they go into liquidation, the victims who are supposed to be compensated as a result of accidents are never compensated. This is the case and yet the insurance company has received money from the insured.

Therefore, Clause 5 will ensure that there are sufficient funds to cover victims of accidents in the event of one so that our citizens do not suffer and yet the drivers have taken a cover with an insurance company.

Hon. Speaker, it is also important to note that in the amendments there is a clause that provides for the timeline within which a claim should be paid. Currently, if you are involved in an accident, the process takes ages. Most victims of accidents have suffered. They have spent all their money paying hospital bills and yet the insurance company does not compensate them at the end of the day. So, these amendments are very important.

The amendment Bill states that the maximum period within which an insurance company can take to settle claims will be reduced from 90 days to 30 days. So, this is a very important clause because it will ensure that insurance companies compensate the claimants within a set out time. Therefore, this is a wakeup call to the insurance industry to know that time has come to expand the industry by way of *Takaful* insurance business to ensure that those who intend to participate in the insurance industry have enough capital to take care of claims that may arise in the course of the cover. It will also ensure that the period within which they are supposed to

settle the claims is limited to 30 days. That helps the persons or the consumers of the insurance industry.

I, therefore, feel that this is a good Bill with good amendments that the House should appreciate and accept as we move forward because this is a market that is expanding and we should learn to expand with it.

I beg to second.

(Question proposed)

Hon. Speaker: Let us now hear the Member for Kiminini.

Hon. Wakhungu: Thank you, Hon. Speaker. Indeed, this is a very important Bill. As we know, insurance cuts across all sectors. For you to succeed in any business, you must have insurance cover in place. The critical objective of this Bill, as we have been told, is the *Takaful* insurance, though it has been an issue for my friend here to pronounce it. I wish it would have been a different name as opposed to *Takaful*. The simple meaning of “*Takaful*” is just to emphasise on the aspect of group participation so that the group guarantees others in case of any risk that might arise thereafter.

Actually, it works like the Savings and Credit Cooperative Organisation (SACCO) model whereby people come together, have shares and guarantee one another.

Insurance plays a very critical role as far as the life of everybody is concerned. It is not just business. Even when you are travelling to wherever, you must insure yourself against any risk that may arise afterwards. We must have some mitigating strategies in order to succeed. We appreciate the role of insurance.

Hon. Speaker, the important thing about the Insurance (Amendment) Bill is that it ensures that insurance companies maintain 100 per cent capital adequacy ratio at all times. This is very important once a claim has been launched so that payment is done on time. We know that the law says that one must be compensated within 90 days, but this has not been happening. The good thing about this Bill is that it reduces the 90 days to 30 days. That means that the waiting time has been shortened. We have seen many victims visit the City from rural areas to seek or make a follow up on their payment and in the process they waste a lot of time. So, amending the Insurance Act will really help the victims because compensation will be done on time.

I also want to comment on the IRA. This is a body that ensures compliance, adherence and supervision. So, it is important that the IRA pulls up its socks. We have many insurance firms which take long to compensate victims. It will be nice as time goes by that the IRA gives us an index so that we can know how insurance companies are ranked in terms of customer satisfaction, service delivery and on time payment. We should have that ranking so that insurance companies that do not adhere to that or comply can even be deregistered because people are suffering. For example, when it comes to motor vehicle insurance, you pay your money on time but when you have an issue, they do not compensate you on time.

Hon. Speaker, my car had an accident four months ago but as I speak, the insurance company is just dilly-dallying. We are calling upon the IRA to do something. Though this takes care of concerns of the Muslim faith, the good thing about it is that it allows other people to enjoy the benefits. They are actually expanding the product portfolio. It is like a market place. In this case, you have a variety to choose from.

I know that in the Muslim faith, the aspect of interest is minimised. That is a good thing about *Takaful* insurance. I am happy that Christians and other people from different faiths--- You

do not need to be a Muslim to benefit from this. We need to support it. How I wish that “*Takaful*” name was done away with so that we use some name which is standard. However, since it is faith-based, we will allow it - There is freedom of everything. I am happy that it is going to allow other members to enjoy the benefit of these products. I am humbly requesting other Members to support this matter so that we clear it quickly and move on to other business.

I support, Hon. Speaker.

Hon. Gichigi: Thank you, Hon. Speaker. I also rise to support this Bill. All forms of insurance are *Takaful* in the sense that it is many who pay subscription and contributions so that when one of them is exposed to losses, the claim is paid from the monies that have been paid by others. It is not a very big departure from the ordinary insurance. The only exciting bit is that these are people who, instead of being organised by giving money to a different person, can come together to pool their resources and when one of them is in trouble, they bail him out. I only hope that the IRA will come up with a proper framework in terms of regulations to ensure that all the people who undertake to take care of their brothers and sisters do so.

This is a good Bill. The business of insurance companies failing to pay claims which are not even contested and dilly-dallying with the money will end. By reducing the period from 90 days to 30 days, it is going to be of much benefit to the claimants and the economy. Instead of the money remaining with insurance companies, a person who makes a claim will receive it sooner. That way the claim will be made quickly and in turn the economy will benefit.

There are a number of provisions here which are expanding the mandate of the IRA to regulate the industry. The insurance sector has suffered in the past. It is littered with very many graves of companies that went under merely because of lack of proper corporate governance and integrity. Some people would just come up with an insurance company merely to collect money and once they had gathered enough like in the pyramid schemes, they would simply ferry out the money and the company would collapse. Many claimants would then be left without any recourse. So, if we give more teeth to the IRA, it will be for the benefit of the insurance company and the claimants.

Hon. Speaker, I am also happy that the proposed law is enhancing capital so that insurance companies do not operate while they are insolvent. There is a provision that claims will take priority over shareholders’ capital whenever the company goes under. This is a good provision. The money that is in an insurance company properly belongs to the insurers. If the people who are running that business after raising some capital are mismanaging it or losses occur, such losses should not be visited on the claimants. The first person to suffer ought to be the person managing that business because the claimants have no say in the operations of that business. This is a good law.

I support it and urge my colleagues to do so.

Thank you, Hon. Speaker.

Hon. Speaker: Let us now hear the Member for Seme.

Hon. (Dr.) Nyikal: Thank you, Hon. Speaker for giving me this opportunity. I rise to support this Bill which is extremely technical. We will have to look at it very carefully at the Third Stage for possible amendments.

Hon. Speaker, I support the Bill for two main reasons. The first one is the enlargement in the industry so that we have group insurance called “*Takaful*”. This has been a gap in the insurance industry and many of our people do not benefit from the insurance industry because at the individual level, it is very expensive. If we get into the group level, this will cover very many

people. It is good that it is not only limited to the Muslim community. In the banking industry, this has been extremely useful. I have an experience.

When we started the Women Enterprise Development Fund (WEDF) we had a problem with the issue of interest but it was solved. I know there is, at least, one bank that offers *Takaful* banking. It is the First Community Bank. I know that people, including non-Muslims, benefit from this.

The second reason for supporting this Bill is the reduction of a claim from a period of 90 days to 30 days. Many people have suffered because when they make claims, they take too long. Sometimes people just forget about them. Many people have lost even when compensation has been made. Even if they go through their lawyers, they never get the benefit because it takes too long. Many of them do not have the energy and the stamina to follow it up. So, shortening the period from 90 days to 30 days is extremely useful.

The Bill also broadens the mandate of the authority and therefore broadens regulation. This is very important. For example, in the health sector, insurance companies have many issues. We are thinking that even the NHIF should fall under the ambit of the Insurance Act because broadening it will support it.

With those remarks, I support the amendment Bill.

Hon. Speaker: The Member for Nyandarua, you have the Floor.

Hon. (Ms.) Muhia: Thank you, Hon. Speaker. First, I support this Bill because it is a regulatory framework for prudential standard and code of practice in the insurance industry. Most importantly, it is for the benefit of the country if there is an increase in business. This is because insurance is one way of increasing businesses. It will also increase job opportunities, particularly for actuarial students.

There are several actuarial students who graduate but since the insurance industry has not expanded, they do not have jobs. This is an industry that will grow and create job opportunities. There is a prescribed capital adequacy ratio for somebody doing insurance business in Kenya. This is very important because once the capital required by an insurer is determined by the regulatory Authority, consumers will not stand the risk of an insurance company becoming insolvent and occasion them loses in terms of their interests.

I am looking at the effectiveness and efficiency that will be attained by these insurance companies once the claim settlement period is reduced. However, even though the regulation is reducing the 90 days to 30 days, I am not sure that even the 90 days requirement ever worked. Will reducing this period to 30 days really work? With the growth of business globally, it is mandatory that insurance companies become effective and efficient so that the 30 days requirement can work. This has caused claimants to carry the big burden of stress and depression for disagreeing with insurance companies and waiting for compensation for many years. This has also discouraged other Kenyans from taking insurance covers.

With the passage of this Bill, the insurance industry will be amicable, friendly and real, especially because claims will be paid after 30 days after they are lodged. Many Kenyans will insure their goods, businesses and their lives.

The expansion of the industry will not only grow business but will also create jobs and grow the economy of our country and revenue collection. The issue of management and mitigation of risks will also be addressed once these people come together.

With those few remarks, I support. I will also support any regulation that seeks to expand the insurance business.

Hon. Speaker: The Member for Homa Bay, you have the Floor.

Hon. Kaluma: Hon. Speaker, a number of proposals contained in this Bill are very good. There is a provision requiring an insurer to maintain 100 per cent capital adequacy ratio. I personally acquired my legal skills while practising insurance law. I represented insurance firms like the United Insurance Company, Stallion and Lakestar, not knowing that they would collapse within a month. I had hundreds of files of clients who were seeking settlement of their claims. That proposal is good. In terms of determining the capital base, there are good criteria for determining the level of capital in terms of the risk involved.

Hon. Speaker, I am concerned about clauses 2 and 3. Kenya is a secular State and the law should be made for all Kenyans. The Community Bank is *Sharia* compliant but it does not stop me from depositing money with them. Under the *Sharia* banking doctrine, there is no infringement of the general banking law of a country. I clearly know that I will not gain any interest on my deposit, and that no interest will be charged if I am given a loan. That is the idea about it. What are we doing by legislating on words like “*Takaful*” in a national legislation when we know that the usage of such words is restricted to a particular people’s culture or religion?

As an insurable group, members of the Luo community will now ask us to legislate on words like “*guony ng’e wadu*”. The Luhya community will ask us to legislate on something like *Mulembe Ingokho Insurance*. The idea in law is that we should come up with a designated lawful group doing lawful activities. You should also create a regime for those groups to benefit under law.

Our languages are English and Kiswahili. My brothers who understand the word “*Takaful*” should find an English description for it so that all sections of the Kenyan communities engaged in activities akin to it can benefit from the legislation. Clauses 2 and 3---

Hon. Speaker: Hon. Kaluma, the word “*Takaful*” is not known to the House.

Hon. Kaluma: Hon. Speaker, it is true that the word “*Takaful*” is not known to the House. That is why I am asking: what will stop the Luo community from asking us to amend the insurance law to include “*guony ng’e wadu*”? In Dholuo, the phrase “*guony ng’e wadu*” means “scratch your back”.

I am a legal professional from Luo Nyanza. There was a time when we were concerned about the number of lawyers from that region being struck off the Advocates Roll because they could not pay some fee to the Law Society of Kenya (LSK) disciplinary committee. We formed an informal group under the leadership of Hon. T.J. Kajwang’ to raise money to help our colleagues when they found themselves in such difficulties. This is nearly what we are legislating on as “*Takaful*”. If it is the same concept, why should it hurt so much for us to remove these foreign words and describe it as an organisation of a society engaging in activities that can benefit from such an arrangement?

Hon. Kipyegon: (*Off-record*).

Hon. Kaluma: Hon. Speaker, I am the best debater. Hon. Ng’eno is worried about what I am saying.

Hon. Speaker: Is the terminology “*Takaful*” in the interpretation and general provisions of the Bill? What does it mean?

Hon. Kaluma: Hon. Speaker, the word “*Takaful*” is not in the interpretation and general provisions of the law. In Dholuo, it means “useless fool”. Dholuo and English are very close. When you say “*Takaful*” in Dholuo, you mean “a useless fool”. We are discussing sectoral issues and yet we are dealing with a national legislation. We should just say that when one is in such a category of our society, whatever activities one is engaging in, he is capable of insurance.

We do not want a situation where any segment of our society will say that they have a special treatment in a particular area. The provisions we create should be available for everybody.

With those concerns, I support the Bill. This is not our language in terms of legislative communication. The word “*Takaful*” is neither English nor Kiswahili. I practise Islam in some ways. Members of the Luo community practise polygamy without limit. I love Muslim food. If “*Takaful*” is not translated into English, I will bring amendments to translate it in the concept so that it can be clear or delete these provisions completely.

With those few remarks, I support.

Hon. Speaker: Some years back, the very eloquent, the late former Vice-President of the Republic of Kenya, Hon. Kijana Wamalwa, indicated that English was a growing language. He said that it was a very young language. He said that it was, therefore, in order to grow it further to use a famous word, which was used when many of you may not have been in politics then, called “*unbwogable*.” So, is it possible that this “*Takaful*” is in that category?

(Laughter)

Let us hear from the Member for Igembe Central.

Hon. Kubai Iringo: Thank you, Hon. Speaker, for giving me this opportunity to give my contributions to this Bill. I rise to support this Insurance (Amendment) Bill. The aspects which are being addressed by this amendment are very pertinent and important.

Insurance companies in this country have been known for supporting the most critical sector of our economy as far as shouldering the risks of our operations or the risks of life are concerned. At the same time, it is the industry which faces a lot of challenges because of the way it is handled by people who are not professional and who are out to cheat or defraud victims and they fail to pay them. We need stringent laws which will embrace all this and give strict and fundamental regulations, which will make sure that victims and insurance companies earn their rightful share of claims that come out.

In this country, we have so many people who have been victims of accidents or other losses but when it comes to payment, they start spending most of their days in the corridors of courts and police stations trying to trace their rightful payments. This is because some of these insurance companies end up collapsing even before a case is decided. Some of them run down their companies or they close them so that they can run away from meeting the risks they have to undertake.

A victim may lose a limb, die or lose property. When you trace that insurance company, with this Bill, the company has to be solvent and liquid. These are very important measures. An insurance company should have an annual audit to establish whether it qualifies to conduct insurance business. In such cases, we minimise the risk of people losing their compensation.

I do not know the meaning of the word “*Takaful*”. I am getting the explanation but Hon. Speaker, you have put it that it might end up into English books like the word “*unbwogable*.” An interpretation which can be softer than this one would be welcome. All in all, the idea is welcome because the risk is spread. Therefore, the cost is minimised. Pooling together will also make the premiums to go down and, at the same time, minimise the risk and those people who need to be paid will be paid in time.

The reduction of time is also quite welcome because a case might be decided or a claim put forward but because of the liquidity of the company - the company might not have the finances or they might be trying to run away from the victim - it takes too long. The law that was

there was providing for 90 days. I also feel that it was not really respected because some claims go for years and they do not end up being paid. I pray that the 30 days limit is adhered to and respected. Within that particular period, the law must be very firm so that one is compensated and he or she continues with life as before.

The Bill is good and is welcome. I support.

Hon. Speaker: Let us have the Vice-Chairman of the Departmental Committee on Finance, Planning and Trade.

Hon. Gaichuhie: Thank you, Hon. Speaker. Let me also add my voice to the Insurance (Amendment) Bill. First, I want to say that I support this amendment because, as you know, the insurance industry is dynamic and as it grows, we need to amend the laws so that they can suit the growth of the industry.

The *Takaful* business is welcome because it is going to include quite a lot of members. It seems like it has been practised, but it was not legally authorised. So, this Bill is now trying to legalise the same and make sure that there is an authority that will take care of it and that the authority will be licensing the *Takaful* insurance and also regulate it.

In the Finance Bill 2013, solvency was introduced in the insurance, but it has never been operationalised. If we pass the amendments, we will have a law that will regulate the solvency of the company. The 100 per cent adequacy ratio will help these insurance companies pay the claims. That is why we say that it will be impossible to pay the claims within 30 days without the 100 per cent adequacy ratio. That is why even with the 90 days, the insurance companies have not been able to pay because they do not maintain the 100 per cent solvency ratio. However, with the introduction of the 100 per cent financial adequacy ratio, they will be able to pay.

Also, the additional investments that are being allowed for the insurance companies are a welcome move. You do not need to dilute the shareholding. You only need to have additional investments for the insurance companies. That will actually make the insurance companies stronger without diluting the management. The amendments that we are about to pass will make the insurance industry better and able to meet the claims. The only problem with insurance companies is once you have a claim and it is passed in court and everything has been tabled to the insurance companies, it is always very difficult to pay. If the timelines in law are implemented, people who have claims from the insurance companies will benefit.

The provision for 30 days is supposed to be implemented, but it can only be implemented if we have the 100 per cent adequacy ratio. I know it has been something that the insurance companies have really contested because paying claims within 30 days is, sometimes, very difficult. This is because there are counter claims within the insurance industries. I hope we can come up with days that are agreeable to all insurance companies. I hope the Insurance Regulatory Authority will assist in knowing exactly how many days they require so that we can put it in law and make it effective.

Otherwise, I support these amendments and say that we should support them because this industry is dynamic.

With those very few remarks, I support the amendments. Thank you.

Hon. Speaker: Member for Lagdera, Hon. Mohamed Shidiye.

Hon. Shidiye: Thank you, Hon. Speaker, for giving me this opportunity. The insurance industry is big and it needs to grow. This introduction of *Takaful* and lesser days in compensation, for instance 30 days, is very important.

Takaful is a new Islamic window. Long time ago, we never had these *Takaful* products. So, many Muslims were not benefiting from insurance. However, when *Takaful* came, many

people were convinced and it is in line with Islamic thinking and philosophy, which to me is very important to keep in your religion. The normal insurance products were not really in tandem with the ideology and the Islamic faith.

The introduction of *Takaful* insurance will certainly change and bring more investments which will in turn create more employment. Similarly, since we introduced the *Sharia* compliance banks, we have seen the banking industry grow. Many people have been employed. It enabled many Muslims to bank with them and benefit from good products that are tailor-made for their own interests.

The insurance industry, as it is today, is riddled with a lot of problems. We have seen many insurance companies go under. This is because of poor governance, poor leadership and lack of integrity. It is high time the Insurance Regulatory Authority (IRA) came in to control this industry. We had insurance companies such as Blue Shield which went under because of bad management. We used to say that the Government was guilty of underhand dealings and corruption, but even in the private sector things are not very rosy.

The issue of delays needs to be addressed. A period of 90 days to compensate claimants is far too long a long period. We need, say, 30 days so that people can benefit. Bureaucracy and inefficiency by insurance firms has caused untold sufferings to many Kenyans. We have seen most of them troop into this town looking for lawyers and companies that insured them. The insurance company salesmen are good sweet talkers. They give you heaven on earth when they are selling their various policies such as education and life policies. However, the day you need their assistance is the day you will know that you have lost. You realise that what they were telling you and the reality on the ground are completely different.

Hon. Speaker, we must give the right laws. The insurance industry is growing and is, indeed, dynamic. We must understand the challenges the insurance industry is facing. We must legislate to save the interest of Kenyans. Time has come where the insurance companies must publish their balance sheets on an annual basis. They must tell Kenyans what they are doing. We have seen insurance companies that are basically pyramid schemes; they cheat and they have no money. By the time people realize the truth, that insurance firm is no more.

This product is one that we have been waiting for. I heard Hon. Kaluma talk about *Takaful*. Today, English is the richest language in the world because it has embraced other languages. The word "*Hashish*" is an English word originating from Arab. There are many Kikuyu, Somali and Arabic words which have been taken up in English. So, English is rich because it has borrowed words from other languages. That is why we must domesticate the word "*Takaful*" as an English word. In America we had "ergonomics of economics". Those words never existed but somebody coined them. Those are important things that need to be addressed.

The other thing we need to do is to educate Kenyans on insurance, especially the benefits of insurance. Recently, we saw the Government doing a pilot project on cattle and livestock insurance. The *Takaful* is also engaged in livestock insurance in the villages, which to me is a game changer for many pastoralists. So, we need to support this *Takaful* and also the fast-tracking from 90 days to 30 days. This is important because time is of the essence. Kenyans lose money and time; time is money. So, IRA must come with good rules which must be adhered to.

We must look at the capital ratios of those companies which are being licensed. There must be a follow up. If they do not do so it means many will be losing their money. That means there will be under dealings. When these companies collapse, Kenyan people will lose. So, it is important that we support this Bill. It has come at the right time. We have been waiting for it. When you have an accident and you are not paid--- The *Takaful* product will ensure that at the

end of the year, if you have been a good driver with no record of accidents, the day you get an accident you merit bonus. Those are the kind of products in *Takaful*. Unlike in the conventional insurance system, in *Takaful* you do not lose. So, inclusivity must be allowed. We must embrace even other cultures when they come up with their own insurance or ways of dealing with such issues. It must be supported by all and sundry.

With those few remarks, I beg to support.

Hon. Speaker: Let us have the Hon. Member for Kericho County.

Hon. (Ms.) Chepkwony: Thank you, Hon. Speaker, for giving me this opportunity to contribute to this Bill, which is very important to this nation. We have witnessed the collapse of many insurance companies. There was a case in our place, where a vehicle that had been insured killed a family of five. It is now over 10 years and the family of the deceased has not been compensated. The reason is that the insurance company collapsed. Even the owner of the vehicle was not compensated because of the same reason. So, group insurance is going to help our people, especially those in the rural areas who are killed through accidents.

The Member who brought this Bill was wise as these amendments will help even the employees of those insurance companies. We know that those employees are not secure in employment in the small insurance companies. They are quite often sacked within a short time of their employment because the insurance companies collapse. I believe this law is going to help all of us in this country. Whenever there are accidents and vehicles need to be repaired, you find that the mechanics are slow because they fear the companies may not release the money immediately. Those who are in the transport business lose a lot because the insurance companies do not remit their money in good time.

Reducing the compensation period from 90 days to 30 days will help the garage owners and victims because they will now get their money promptly. I pray that this money should not be released to the lawyers only to be delayed. Immediately the money is released after 30 days by the insurance, we want the lawyers to release the money to the victims. The insurance companies do not release money directly to the victims; rather they channel the money to the lawyers. The lawyers must be fast enough and release the money to the victims immediately. We are all aware that some of the lawyers take a long time to remit the money to the victims. For that reason, I want to urge them to follow up the lawsuits which the insurance companies are supposed to handle. For our brothers, the Muslims, we support this Bill together. With that, I want to support this Bill.

Thank you, Hon. Speaker.

Hon. Speaker: Hon. Patrick Wangamati.

Hon. Wangamati: Thank you, Hon. Speaker for giving me this opportunity to also make my contribution on this Bill. The insurance sector is necessary and it is the only safe way for most businessmen who carry out progressive businesses in this country. The insurance sector goes along with the economic development in any sector of business and even farming.

Kenyans have suffered greatly for a long time particularly farmers. They have been incurring losses. Most insurance companies do not insure farmers and thus they face problems. I support this Bill as other Members who have contributed. I agree with them that this Insurance (Amendment) Bill is very important. It has come at the right time though many people have suffered because of fake insurance companies.

I would like this Amendment Bill to address lawyers. This is because after the conclusion of a case, they get money which they never remit to the victims on time. The victims are taken round in circles. I am one of the victims who have not received their compensation since the case

was ruled in court. This is important and I support the Bill. It should also look into the question of lawyers not compensating the victims after the conclusion of a case.

I thank other Members who have contributed. I agree and support this Bill with all my heart. Thank you, Hon. Speaker for the opportunity.

Hon. Speaker: Member for Emurua Dikirr.

Hon. Kipyegon: Thank you, Hon. Speaker for also allowing me to speak to this Amendment Bill, which is looking into insurance. I am also interested in it especially looking at the changes which have been brought here.

The most important and fundamental one is about the insurers. For a long time, as you know, there are clients who deal with these companies and who suffer a lot and the people who make them suffer are mostly the courts and lawyers. I think we need to relook at how we can change the law so that if lawyers delay payment to clients or the courts dilly-dally on matters of compensation, we should have punitive measures.

I think this particular amendment will kind of elevate the hopes of those who usually suffer. All of us are victims. You know insurance companies are meant to give hope to their clients and especially victims of accidents. Sometimes people struggle to get their compensation and when they visit the insurance companies they are taken round. Even when the payments are done after sometime the lawyers also take you round. We need to have laws that will ensure that on immediate declaration that a particular person should be compensated, it should be instant.

These insurance companies are like pension schemes. Those who seek compensation for their departed relatives know that it takes even more than six years to get it. We need to have laws which will ensure that if there are claims people want to make either to the insurance company or anywhere else, the claims should be easier to access.

There is also another issue which I thought should have been looked into and that is the question of rates. We need to look at the rates because we are capping banking rates, but we also need to look at the insurance rates. Lastly, what I have beef with is *Takaful* insurance. I know "*Takaful*" is not an English word. Because the Bill is signed by the Leader of the Majority Party, I would have expected him to give us a proper explanation of the word "*Takaful*". I know he gave us an explanation that this name will attract international investors.

I wish to know who these investors are. Are they the investors who we sometimes see involved in money laundering? Are these the people we normally see involved in banking fraud or carrying money in their bags? You must understand that half of business people in this country especially those living in the eastern part of this town, normally keep their money in their homes where they dig some holes. I would have wished to know whether by giving this name it will make those people remove their money from those holes they dig in their houses and take it to the banks so that they can now behave like investors.

The word "*Takaful*" must be properly explained just like what my colleague has said. Unless, we make an amendment so that we can have the proper English word for it, we cannot obviously legislate for a certain kind of dialect in this country, just for the sake of attracting investors. We need to relook at that word so that we do not mess the insurance industry.

With those few remarks, I support with amendments.

Hon. Speaker: Member for Siaya County.

Hon. (Ms.) Ombaka: Thank you, Hon. Speaker for this opportunity. First of all when you talk about insurance it sends some cold shivers down your spine. This is because insurance companies do not seem to have a very good name in terms of dealing with their clients. When they want you to join them and become their client they are on your neck every day. They call

and visit you. They really give you sweet talk. Once you become their client, they forget about you because they know that you are contributing to the insurance on a monthly basis. They forget about you until the day you want to claim.

Good insurance providers will normally be in touch with you. They will remember you during your birthday and on Christmas day. They send you messages but, some just disappear until after something happens to you and you want to claim. That is when they appear or that is when you find them but, all along they do not communicate with their clients. I really think that is a weakness on their part. They should get in touch with you once you become a client of an insurance firm. Once you get a client of an insurance firm, they should get in touch with you constantly. Even when they have trouble like they want to wind up, they should inform you. Many people get shocked later that an insurance firm has wound up or changed its name. So, those are some of the challenges that make insurance firms or business a bit tricky to handle.

Hon. Speaker, I appreciate this Insurance (Amendment) Bill in terms of the fact that the time for claiming your benefits from them has been reduced from 90 to 30 days. That is a credit to this Bill because that is where the weaknesses of insurance firms fall. They take too long to respond to compensation and clients who have paid over the years go unpaid for a very long time. That makes them more efficient. Many people will now go into the insurance business because repayment period is reduced to 30 days and that is attractive enough.

I just want to say that it is important for that supervision to continue. I think there is a body that will oversee insurance firms so that they are efficient and serve people well. That is a very wonderful area for amendment in terms of the fact that no firm will be bogus. No insurance firm will steal from its clients or take away all the money from their clients. That supervision aspect is very important in the Bill.

I support this Bill and thank you for the opportunity.

Hon. Speaker: There being no other Member desirous of contributing to the Bill, I call upon the Mover to reply.

Hon. A.B. Duale: Thank you, Hon. Speaker. I want to thank all Members who made very positive contribution.

To correct the notion that *Takaful* Insurance is only found in Muslim world, you will find it in Malaysia, Indonesia and the Middle East. It is an Arabic word meant to define that type of insurance. It is just like the way the Cabinet Secretary (CS) for the National Treasury would go to the Middle East to float a bond. That bond would be called *Sukuk*. If you see *Sukuk* Bond, that is an Arabic word in the Muslim world that refers to the bond. So, *Takaful* is another term used.

I am sure many Members understand it because it has been in existence in our country for the last eight or nine years. It is a very unique form of insurance where the claimant does not pay a lot of money. It is more like cost-sharing; there is not much interest. So, it is like the set up in the Islamic banking system where if you borrow, you will not pay interest rates. You pay administrative costs.

So, this is a very important Bill. It is giving citizens, even if they are not of Islamic faith, certain products irrespective of their religious affiliation.

I beg to move.

Hon. Speaker: Well, Members, for the reasons that I have said many times, I cannot put the Question.

(Putting of the Question deferred)

The Leader of the Minority Party, what did you want to say?

MOTION FOR ADJOURNMENT

ADJOURNMENT OF THE HOUSE UNDER STANDING ORDER NO.31(1)

Hon. Nyenze: Hon. Speaker, I arise pursuant to provisions of Standing Order No.31(1), to seek that the House does now adjourn until 5.00 p.m.

Hon. Speaker, this is in line with the earlier Motion passed by this House today. The reason for seeking this adjournment is to allow the House to consider the Report of the Departmental Committee on Justice and Legal Affairs on the approval and appointment of the Chief Justice of the Republic of Kenya.

As the House is aware, the substantive holder of such office is required, by statutory and constitutional principles, to carry some constitutional duties and there are timelines. So, I just want to seek your guidance on this.

Thank you.

Hon. Speaker: Anybody to second Hon. Nyenze?

Hon. Nyenze: Hon. Katoo ole Metito.

Hon. Speaker: Hon. Katoo ole Metito?

Hon. Katoo: Hon. Speaker, I second.

Hon. Speaker: Hon. Members, the Clerk would suggest that there is a way of proposing the Question but, I want to lead you to the clear provisions. This one is not dependent on you Members making a decision. If you look at Standing Order No.31 it says:-

“(1) A Member may at any time, for reasons stated, seek leave to move
“That, this House do now adjourn.”

(2) If the Speaker is of the opinion that such Motion for adjournment of the House is frivolous, vexatious, or an abuse of the proceedings of the House, the Speaker may forthwith put the question thereon or decline to propose it.”

(Question proposed)

(Question put and agreed to)

ADJOURNMENT

Hon. Speaker: Hon. Members, as stated by Hon. Nyenze in moving that Motion under Standing Order No.31, the House is to adjourn until today at 5.00 p.m.

Hon. Nyenze indicated 5.00 p.m. and the reason he gave which you and I have found persuasive is to enable Members study the Report of the Departmental Committee on Justice and Legal Affairs.

Therefore, the House is so adjourned.

The House rose at 4.30 p.m.