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ON

INSURANCE REGULATORY AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 27 NOV 2025 DAY Thursday
TABLED BY: Hon. Naomi Wagio, MP
Deputy Majority Party Whip
CLERK-AT-THE-TABLE: A. Shibuko

OFFICE OF THE AUDITOR GENERAL
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Insurance Regulatory Authority

IRA

INSURANCE REGULATORY AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	-	Chief Executive Officer
IPSAS	-	International Public Sector Accounting Standards
IFRS	-	International Financial Reporting Standard
IFIU	-	Insurance Fraud Investigation Unit
IRA	-	Insurance Regulatory Authority
OCOB	-	Office of the Controller of Budget
OAG	-	Office of the Auditor General
PFMA	-	Public Finance Management Act
PPAD	-	Public Procurement and Asset Disposal
FY	-	Financial Year
QMS	-	Quality Management System
KRAs	-	Key Result Areas
SPAS	-	Staff Performance Appraisal System
TRC	-	Technical, Research and Compliance
ARMCG	-	Audit, Risk Management and Corporate Governance
FAC	-	Finance and Administration Committee
HAC	-	Human Resource Committee
BETA	-	Bottom-up Economic Transformation Agenda
GDP	-	Gross Domestic Product
AML/CFT	-	Anti-Money Laundering/Combating the Financing of Terrorism
POCAMLA	-	Proceeds of Crimes and Anti Money Laundering Act
ICPs	-	Insurance Core Principles
CSR	-	Corporate Social Responsibility
ICPAK	-	Institute of Certified Public Accountants
KNBS	-	Kenya National Bureau of Statistics

CBK	-	Central Bank of Kenya
ESG	-	Environmental, Social, and Governance
PSI	-	Principles of Sustainable Insurance
MoUs	-	Memoranda of Understanding
AML	-	Anti Money Laundering
EACC	-	Ethics and Anti-Corruption Commission
AGPO	-	Access to Government Procurement Opportunities
GAA	-	Government Advertising Agency
MCK	-	Media Council of Kenya
PWDs	-	Persons With Disabilities
CMA	-	Capital Markets Authority
RBA	-	Retirement Benefits Authority
NSSF	-	National Social Security Fund

B: Definition of Key Terms

Fiduciary Management – Members of Management directly entrusted with the responsibility of financial resources of the organization.

Quality management system (QMS) – A management system to direct and control an organization with regard to quality.

Regulated Entities – Refers to licensed insurers, reinsurers, brokers, agents, medical insurance providers (MIPs), risk managers, and loss assessors.

Insurance – A contract where an insurer undertakes to compensate the insured against loss or liability arising from a specified risk, in return for payment of a premium.

Reinsurance – Insurance purchased by an insurer from another insurer to manage risk exposure.

Microinsurance – Insurance designed for low-income persons, characterized by low premiums and simplified procedures.

Premium – The amount paid by a policyholder to an insurer for coverage.

Claim – A request made by the insured for payment or indemnity under the terms of a policy.

Underwriting – The process of evaluating and pricing risk before issuing an insurance policy.

Solvency Margin – The excess of assets over liabilities that an insurer must maintain to ensure financial stability.

Insurance Penetration – The ratio of gross written premiums to Gross Domestic Product (GDP), used as a measure of the insurance sector's contribution to the economy.

Loss Ratio – The ratio of claims paid to premiums earned, indicating underwriting performance.

Claims Ratio – A measure of claims incurred compared to premiums collected.

Comparative Year - Means the prior period.

2. Key Authority Information and Management

(a) Background information

The Authority is a State Corporation established under the Insurance Act Cap 487 Laws of Kenya. The mandate of the Authority is to regulate, supervise and promote the development of the insurance industry while protecting the interests of insurance beneficiaries.

(b) Principal Activities

The principal activities of the Authority as set out in Section 3A of the Insurance Act are regulation, supervision, and promote the development of the insurance industry in Kenya.

Core Values: The Authority is guided by the following standards of behaviour and culture. The acronym for these core values is aptly coined as 2I-ACT:

- Integrity
- Innovative
- Accountable
- Customer focus
- Team work

Vision "An effective regulator of an inclusive and globally competitive Insurance Industry."

Mission "To promote development and stability of the insurance industry, and to protect insurance beneficiaries through effective regulation and supervision."

In line with the 2023-2027 strategic plan, the Key Result Areas and enabling strategic objectives to drive the strategy are identified. These strategic priorities are the key policy areas informing budget formulation and program implementation. The key result areas are:

i. Resilient Insurance Industry
ii. Strengthened Institutional Capacity
iii. Customer Centricity
iv. Transformed Insurance Market
v. Sustainable Insurance Industry

(c) Key Management

The Authority is headed by a Chief Executive Officer who is also the Commissioner of Insurance as set out in Section 3E of the Insurance Act. Subject to the directions of the Board of Directors, the Chief Executive Officer is responsible for the day-to-day management of the affairs of the Authority with support from a key team of senior management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June, 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commissioner of Insurance and Chief Executive Officer	Mr. Godfrey Kiptum
2.	Director, Supervision	Mr. Kalai Musee
3.	Corporation Secretary and Director Legal Services	FCS Diana Sawe
4.	Director Research, Innovation, Policy, and Strategy	Mr. Robert Kuloba
5.	Director, Corporate Services	CPA Esther Musyoki
6.	Director, Market Conduct	Ms. Anne Chelagat
7.	Director, Internal Audit	CPA Joan Kirika
8.	Senior Manager, Supply Chain Management	Mr. Felix Chelimo

(e) Fiduciary Oversight Arrangements

Section 3B of the Insurance Act establishes the Board of Directors that is charged with fiduciary oversight of the Authority. In the discharge of its functions, the Board has put in place the following Committees:

i. Technical, Research and Compliance Committee
ii. Finance and Administration Committee
iii. Human Resource Committee
iv. Audit, Risk Management and Corporate Governance Committee

Further, the Insurance Act empowers the Board of Directors to delegate to any Committee of the Board the exercise of any of the powers or performance of the Authority's functions. Adhoc Committees may be established by resolution of the Board for purposes of executing any assignment.

(f) Physical Address

Insurance Regulatory Authority
Zep- Re Place Longonot Road
Upper Hill
P.O Box 43505 – 00100
Nairobi, Kenya

(g) Contacts

Tel: (254)-020-4996000, Mobile: 0719 047000
Email: commins@ira.go.ke
Website: https://www.ira.go.ke

(h) Bankers

National Bank of Kenya
P.O Box 72866- 00200
Tel 2828000
Nairobi, Kenya

NCBA Bank
P.O Box 44599-00100
Nairobi, Kenya
Tel 4948000

KCB Ltd
P.O Box 48400-00100
Nairobi, Kenya
Tel. 3270000

Co-operative Bank of Kenya Ltd
P. O Box 48231-00100
Nairobi, Kenya
Tel. 2735092

(i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors

 CPA Moses Njenga Chege Chairman Msc, BA, CPA(K), Date of Birth: 2nd October, 1974	CPA Moses Njenga Chege was appointed chair in September 2023 He brings to the board over 25 years' post-graduation working experience. He is a Certified Public Accountant and holds a Bachelor of Arts in Economics from University of Nairobi and Master of Science in Management from USIU. He is an experienced senior executive with extensive knowledge in financial management, strategy execution, fostering innovation and risk identification. He has deep insights on the role of leadership in driving culture and values. He is passionate about promoting and upholding highest standards of governance, integrity, and probity.
 Mr. Godfrey Kiptum, MBS Commissioner of Insurance & Chief Executive Officer MPPM, MBA, BA, CII, FLMI, Dip.HRM Date of Birth: 5th August, 1970	Mr. Kiptum is the Commissioner of Insurance & Chief Executive Officer. Prior to his appointment, he was the Authority's Chief Manager for Human Capital and Administration- a position he held for 10 years and implemented various Human Resource Systems and Processes. He sits on the Boards of the Retirement Benefits Authority and Policyholders Compensation Fund. He is also a Trustee of the Insurance Training and Education Trust and a member of the Executive Committee of the International Association of Insurance Supervisors.
 CPA Kennedy Ogendi Ondieki Member MBA, BA, CPA(K), CPS Date of Birth: 1st February, 1967	CPA Ondieki is an Alternate Director representing The National Treasury and Economic planning in the Board. He is the Director of Investments, in charge of Government Investments and Public Enterprises. He is responsible for developing strategic objectives and policies relating to the overall fiscal/financial oversight and management of state corporations. Mr. Ondieki has a long-cherished career in the public service spanning over 25 years. He serves in the Technical Research and Compliance and the Audit, Risk Management & Corporate Governance Committees of the Board.

 Mr. Charles Machira Member MSC, BSC, Date of Birth: 1968	Mr. Charles Machira is the Chief Executive Officer of the Retirement Benefits Authority, effective 1st March, 2022. Prior to his appointment as CEO, Mr. Machira was the Chief Manager, Supervision at the Authority. He has over 20 years' experience in the insurance and pension sectors and has represented the Authority as the Managing Trustee of the Policy Holders Compensation Fund. Mr. Machira serves in the Technical Research & Compliance and Audit, Risk Management & Corporate Governance Committees of the Board.
 FCPA Wyckliffe M. Shamiah Member MBA, BA, CPA(K) Date of Birth: 3rd September, 1969	FCPA Shamiah is the Chief Executive of the Capital Markets Authority. He was previously the Director of Market Operations. He also sits on the Financial Stability Board Regional Group of Sub-Sahara and is the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators Forum. FCPA Shamiah serves in the Technical, Research & Compliance and Finance & Administration Committee of the Board.
 CPA Matu Mugo Member MBA, B. Com, CPA(K) Date of Birth: 26th November, 1972	CPA Mugo is the Director, Bank Supervision at the Central Bank of Kenya (CBK). He represents the Governor of the CBK on the Board. At the Bank, he leads teams responsible for the review and development of policies to promote safe, affordable, and inclusive financial services. He has been involved in the development of legal and regulatory frameworks for sharia compliant banking, microfinance, digital financial services, credit information sharing and agency banking. Mr. Mugo serves in the Human Resource Committee and Audit, Risk Management Committee.



Ms. Mercy W. Kiana
Member
MBA, BCom (Insurance), ACII, ACIArb
Date of Birth: 26th October, 1963

Ms. Kiana was first appointed to the Board on 6th October 2021 and reappointed on 7th March 2025. Her career in insurance started in 1987 and she has acquired immense professional experience in diverse facets of insurance business having worked in underwriting and claims.

She is a member of the Executive Council of the Insurance Institute of Kenya, a Certified Professional Mediator and is the immediate former Chairperson of the Staff Retirement Benefit Scheme of the Presbyterian Church of East Africa. Ms. Kiana has undertaken various professional, management and leadership courses in various institutions including Advanced Management Program at Strathmore Business School.

She is a member of Technical, Research & Compliance Committee and the Finance & Administration Committee of the Board.



CPA Ambrose Makanga Ngari, OGW
Member
MBA, BA, CPA(K)
Date of Birth: 12th May 1967

CPA Ngari was appointed to the Board effective 19th May, 2023.

He is a banker with over twenty-five years of experience in the banking sector, including leadership roles at renowned institutions such as Equity Bank Kenya Limited and Equity Sacco Society Limited. Currently, he is the General Manager of Equity Bank Kenya Limited with skills in risk management, strategy development, financial analysis, and customer management.

In recognition of his contributions to the banking industry and commitment to excellence, Mr. Ngari was honoured with the prestigious Order of the Grand Warrior of Kenya (OGW) award by former President Mwai Kibaki in 2012.

He chairs Human Resource Committee and is a member Audit, Risk Management & Corporate Governance Committee of the Board.

 Mr. Joel K. Chemiron Member MA, B.Ed. Date of birth: 22nd December 1963	Mr. Chemiron was appointed to the Board effective 19th May, 2023. He is an accomplished economist currently studying for Doctor of Philosophy in Economics at Egerton University. He has taught in the Department of Economics, Egerton University as a lecturer for over 25 years with specialization in Microeconomics and Macroeconomics. He has also taught in the School of Business and Economics at Moi University. Previously, Mr. Chemiron worked in Kenya Railways Corporation (KRC), taught in various high schools in Kenya and served as a director in both Agricultural Development Corporation (ADC) and the Industrial Development Bank - Capital (IDB-C) Limited. He has also served and chaired Boards of Management of various high schools in Kenya. Mr. Chemiron has served the community in various capacities in Nandi Farmers SACCO Society Limited and Sireet Out growers Empowerment and Producer Company. He chairs Technical, Research & Compliance Committee and is a member Finance & Administration Committee of the Board.
 Mohamed Hashi BA (Mass Communication) Date of Birth: 1st January 1989	Mr. Hashi was appointed to the Board effective 19th May, 2023. He is a youth leader, politician, activist and a mobilizer. He holds a bachelor's degree in communications from Jomo Kenyatta University of Agriculture and Technology. He has over 15 years of work experience in the private sector overseeing corporate communications, marketing and logistics. He has served as Chairman of a Community Based Organisation and is currently serving the community in various capacities. He has an eye for good governance and system-based approaches in business. He chairs the Finance and Administration Committee and is a member of the Human Resource Committee of the Board.

 Ms. Immaculate K. Shamala Member BA (Development studies) Date of Birth: 22nd June 1978	Ms. Shamala was appointed to the Board effective 19th May, 2023. She is a Development Practitioner and has worked in different non-governmental organisations, on Women, and Leadership Programme, in ACORD, Catholic Justice and Peace Commission. She is a founder member of Trans Nzoia Women Leaders Organisation and is currently a consultant on gender and governance, mainstreaming rights-based approach in development, monitoring, evaluation and learning, peacebuilding and conflict management, partnerships, and community development. Ms. Shamala has been a trainer for Centre for Multi-party Democracy Kenya, FIDA Kenya, Action Aid, Lutheran World Federation-Kakuma, Viagroforestry and Justice and Peace Centre. She is also a board member of various schools and NGO organisations, a media analyst on governance, gender, rights, a motivational speaker, and a member of Civil Society Network. She chairs the Audit, Risk Management & Corporate Governance Committee and a member Human Resource Committee.
 FCS. Diana Sawe Tanui Corporation Secretary and Director Legal Services LLB, Dip (KSL), CPS, FCIArb Date of Birth: 5th October, 1982	FCS. Diana Sawe is the Corporation Secretary and Director Legal services at the Insurance Regulatory Authority (IRA). She previously worked as the Authority's Senior Legal Officer. She is a Certified Public Secretary, an Advocate of the High Court of Kenya, an Arbitrator, a trained Governance Auditor, Commissioner for Oaths and Notary Public.

4. Key Management Team

The key management personnel who held office during the period ended 30 June, 2025 were:

<table>
<tr><td colspan="3">Commissioner of Insurance & Chief Executive Officer

Mr. Godfrey Kiptum
MPPM, MBA, BA, CII, FLMI, Dip. HRM</td></tr>
<tr><td>Director Research, Innovation, Policy, and Strategy

Mr. Robert Kuloba
MA, BA</td><td>Director, Market Conduct

Ms. Anne Chelagat
MBA, BCom, AIIK, ACII</td><td>Corporation Secretary and Director Legal Services

FCS Diana Sawe Tanui
LLB, Dip (KSL), CPS(K), FCIArb</td></tr>
<tr><td>Director, Supervision

Mr. Kalai Musee
MSc, BCom, FIIK, FCII, ACIArb</td><td>Director, Internal Audit

CPA Joan Kirika
MBA, BCom, CPA(K), CISA, CIA, CRMA</td><td>Director, Corporate Services

CPA Esther Musyoki
MBA, BCom, CPA(K)</td></tr>
<tr><td>Senior Manager, Supply Chain Management

Mr. Felix Chelimo
MBA, BA, MCIPS</td><td>Senior Manager, Actuarial and Data Analytics

Mr. Titus Osero
MSc, BSc, PgDip, DIPCII, ATASK</td><td>Senior Manager, Intermediaries

Ms. Jacqueline Nanyama
MSc (Insurance & Risk Mngt), BCom, FCII, FAIIK</td></tr>
</table>

Senior Manager, Prudential Supervision  *Ms. Mary Nkoimu* *MCOM, BA, ACII, AIIK, ACSI*	**Senior Manager, Consumer Education**  *Ms. Teresa Mburu* *MBA, BCom, CPA(K), FA, ACII, AIIK*	**Senior Manager, Consumer Protection**  *Ms. Monica Thirima* *MBA, BSc, LLB, ACII, IIK, CIArb*
Senior Manager, ICT  *Mr. Eric Kisilu* *MBA, BSc, CISM*	**Manager, Administration**  *Mr. Ahmed Ismail* *MBA, BA, Dip. HRM*	**Senior Manager, Finance**  *CPA Paul Wangai* *MBA, BCom, CPA(K), FA*
Senior Manager, Human Resource Management  *Dr. Evelyn I. Oroni - Ong'aria* *(PhD) MBA, BSc, CHRP(K), HND*	**Senior Manager, Licensing and Enforcement**  *Mr. Wilson Wachira* *MCom, BSc, Dip. Actuarial Science, FLMI*	**Senior Manager, Corporate Communications**  *Ms. Joanne Wanjala* *MA (LIT), BA (Comms), MPRSK*

5. Chairman Statement

On behalf of the Board of Directors, it gives me great pleasure to share the performance of the Insurance Regulatory Authority (IRA) for the year ended 30th June 2025.

This year marked a period of significant transition, resilience, and more wins for the insurance industry, as we navigated complex economic headwinds while laying the foundation for a more agile and inclusive insurance landscape. The Board of Directors continued to relentlessly provide oversight towards promoting a fair, stable and sustainable insurance industry. It is the Authority's vision to be an effective regulator of a globally competitive insurance industry, a journey that is on course.

Industry Outlook and Resilience

In the financial year 2024/2025, the global and regional economies experienced sustained inflationary pressures, climate-related risks, and geopolitical volatility. These developments tested the robustness of the insurance industry. I am pleased to report that, despite these challenges, the industry demonstrated strong resilience, with steady growth in gross written premiums.

Our regulatory oversight remained firm, guided by the principles of prudential soundness, consumer protection, and market integrity. The Authority acted decisively to ensure that insurers and intermediaries remained financially sound and adhered to the highest standards of governance and risk management.

The Annual Insurance Industry report sums up a comprehensive analysis of our dynamic and resilient industry, providing a holistic view of the achievements, challenges, and future prospects of the industry.

Regulatory Evolution and Innovation

The year also saw significant progress in regulatory reforms aimed at fostering innovation and deepening market penetration. The Authority expanded digitization efforts to improve supervisory efficiency and consumer access in line with our Strategic Plan 2023–2027.

We have also strengthened regulatory collaboration with regional and international bodies to align with emerging best practices and anticipated future risks, particularly those related to climate change, cyber threats, and artificial intelligence in underwriting and claims processing.

We continue to play a key role in transformation of the insurance industry in Kenya. We have been actively involved in advancing innovations such us Insurtech initiatives, including the collaboration in the BimaLab Programme. The Authority encourages the development of new technologies and business models that can improve access to and efficiency of insurance.

Corporate Governance

In the financial year 2024/2025, the Board effectively discharged its mandate of providing the required oversight and leadership to the Authority. The Board

guided and supported the implementation of the Authority's Strategic Plan 2023-2027.

In addition, the Board underwent capacity building in various topical areas to enhance its decision making and oversight role. This included training in areas such as effective corporate governance.

Financial Inclusion and Market Development
A core pillar of our 2024/2025 agenda was advancing insurance inclusion. Through targeted microinsurance policies, improved agent training, and product diversification, the industry made notable strides in reaching underserved segments, particularly in rural and informal sectors. These efforts were supported by policy reviews and outreach programs focused on insurance education, financial literacy and trust-building among first-time policyholders.

The Board licensed new microinsurance businesses in Kenya in a bid to promote access/inclusion.

Consumer Protection and Confidence
Upholding public trust remains paramount. The Authority strengthened its consumer complaints and redress mechanisms, with improved turnaround times and enhanced public awareness campaigns on insurance rights and responsibilities. A comprehensive review of disclosure requirements to ensure product transparency and fairness was also initiated.

Stakeholder Engagement
The Authority recognizes the role of stakeholders' support in achieving its mandate. I would like to thank the National Treasury and the insurance industry players, amongst others that helped us to achieve our mandate.

Future Outlook
As we look into the new Financial Year and beyond, our focus will be more on climate risk resilience, sustainability reporting, and the responsible use of data and technology. We will continue to prioritize systemic stability while encouraging innovation that delivers real value to policyholders and the broader economy.
I would like to thank the Commissioner of Insurance and the Authority's CEO, Management and all members of staff, for their steadfast effort and the achievement of commendable results in the execution of the Authority's mandate.

Together, we are shaping a future-ready insurance sector that protects, empowers, and grows with the society it serves. We remain steadfast in ensuring the effective administration, supervision, regulation and control of insurance and reinsurance business in Kenya.



CPA MOSES NJENGA CHEGE
BOARD CHAIRMAN

6. Report of the Chief Executive Officer

I am delighted to present the Annual Report and Financial Statements of the Authority for the year ended 30th June 2025. The report is an account of the Authority's operations for the Financial Year 2024/2025 as we strive to regulate, supervise and to promote the development of the insurance industry as per the Insurance Act Cap 487 of the Laws of Kenya.

Global Outlook

The global insurance industry operated within a complex and evolving macroeconomic, geopolitical, and technological environment. While the sector demonstrated notable resilience, it continued to face a range of structural challenges and emerging risks that shaped underwriting practices, capital adequacy, regulatory priorities, and innovation trajectories across markets.

The sector was valued at approximately USD 40 trillion in total assets in 2024. This includes both life and non-life insurance sectors. The sector is experiencing growth, with premiums expected to reach USD 4.8 trillion by 2035, up from USD 3.1 trillion in 2024.

The regulatory framework continued to evolve toward greater emphasis on resilience, risk-based supervision, climate-related financial disclosures and implementation of global standards such as International Financial Reporting Standard (IFRS) 17.

Sustainability and ESG (Environmental, Social, and Governance) considerations became central to the regulatory agenda. Supervisors increased expectations around climate risk scenario analysis, green investment disclosures, and alignment of insurance products with sustainability goals.

Regional

The Africa insurance market size was valued at USD 92.9 billion in premiums in 2024. The market is expected to grow with a projected annual growth rate of 6.3%. South Africa, Morocco, Egypt, and Kenya collectively accounted for approximately 85% of the total insurance premiums issued in Africa in 2023. Microinsurance and inclusive insurance products expanded in several countries, targeting low-income populations, informal sector workers, and smallholder farmers. Innovative distribution channels such as mobile platforms, digital wallets, and agent networks were instrumental in deepening insurance access in rural and underserved areas.

Across the region, insurance regulators continued to strengthen supervisory frameworks, emphasizing risk-based capital, solvency monitoring, and consumer protection. The adoption of International Financial Reporting

Standard (IFRS) 17 began to take shape in a number of African countries, requiring greater transparency in insurers' financial statements.

The insurance industry in East Africa has overall been on an upward growth trend. Nonetheless, the industry faces a variety of macroeconomic and geopolitical challenges that could impact the rate of growth. The slower economic growth in East Africa and rising inflation are just a few factors that may have a negative impact on the sector.

Kenya

Kenya's insurance penetration stood at around 2.4% in 2023, compared to a global average of 7% and the African average of about 3.5%.

In the year 2024, Kenya's insurance sector demonstrated solid resilience and growth. Total gross premiums rose by 9.8%, reaching KSh.400.59 billion, up from KSh.364.85 billion in 2023. This growth reflects increased demand across both general and long-term insurance lines.

General insurance contributed 52.2% of total premium income at (Ksh.208.56 billion) while long term insurance contributed 47.8% (KSh.192.80 billion). Within general insurance, motor and medical lines comprised 65.4% of premiums, slightly up from 64.3% in 2023.

Total claims incurred and policyholder benefits increased by 12.6%, amounting to KSh.204.92 billion, up from KSh.182.01 billion in the previous year. This rise points to heightened claims activity across both general insurance (KSh.98.76 billion) and long-term insurance (KSh.106.16 billion).

The industry's investment income grew by 93.1% from KSh.72.24 billion to KSh.140.01 billion, driven predominantly by longterm business, which grew from 54.28 billion to KSh.113.83 billion, alongside modest gains in general insurance (KSh.26.18 billion).

This growth is attributed to factors such as increased bancassurance activity and the adoption of innovative insurance products. Additionally, continued investment in digital innovations and targeted consumer education initiatives are some of the initiatives that we have enhanced to help address low penetration and build trust amongst our key stakeholders.

Operating Environment

The sustainability of the insurance industry is the Authority's top agenda. Notably, International Financial Reporting Standards (IFRS) 17 took effect in 2023, and the Authority continues to journey with the industry in their

adoption. This accounting standard aims to provide a more transparent and consistent approach to reporting for insurance contracts. The implementation of IFRS 17 thus has opportunities and the Authority has supported the industry in addressing challenges faced.

Strategic Plan

In the year under review, we continued to implement our Strategic Plan 2023-2027. I am glad to report that we continue to make strides in achieving the Strategic Goals: Protecting policyholders and insurance beneficiaries, Delivery of efficient and quality service, Improved customer satisfaction, Enhanced inclusive insurance and Alignment with the sustainability agenda.

Service Delivery

The Authority is committed to delivering exceptional service and consistently aims to surpass the customer expectations as outlined in its Quality Policy. Our adherence to the charter commitments remains consistent and our focus is on meeting our customers' expectations while continuously improving our service delivery and the effectiveness of our Quality Management System (QMS).

Financial Performance

During the year, the Authority recorded a total revenue of Kshs. 3.24 billion, a growth from Kshs. 3.03 billion in the previous FY. This was largely driven by increased insurance premium levy collections, which rose to Kshs. 3.09 billion from Kshs. 2.87 billion the previous year. The Authority's expenses stood at Kshs. 1.33 billion. As a result, the surplus for the year increased to Kshs. 1.90 billion, up from Kshs. 1.75 billion in FY 2023/2024. Out of this surplus, a total of Kshs. 1.71 billion representing 90% will be remitted to the National Treasury in line with the PFMA regulations. This is a demonstration of the Authority's continued financial prudence and its contribution to National Development.

The Authority reported total assets of Kshs. 2.79 billion made up of Kshs. 1.86 billion in current assets and Kshs. 931 million in non-current assets. Overall, the Authority's net assets grew to Kshs. 1.11 billion, up from Kshs. 828.9 million in the previous year.

Future Outlook

Looking into the future, Kenya's insurance sector is on a growth and innovation trajectory, driven by digital transformation, regulatory advancements, and strategic partnerships. Artificial Intelligence and big data analytics will enhance operational efficiency and customer experience.

We are anticipating immense growth with micro insurance, providing affordable and accessible products tailored to low-income earners, thereby promoting financial inclusion.

Acknowledgements

I acknowledge the support from the CS National Treasury, PS and staff of the National Treasury who have continued to offer financial and policy support in performance of the Authority's functions.

On behalf of the management, I wish to express our sincere gratitude to the Chairman and the Board of Directors for the crucial leadership and oversight role which they execute devotedly.

I thank our staff members for their devotion in implementing the strategic plan which yielded impressive results in the year under review. I also extend my thanks to all our stakeholders for the productive linkages. We look forward to continued collaboration in fostering the growth of the insurance industry.



GODFREY K. KIPTUM, MBS
COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives

To effectively play its role in the realization of its mandate and contribute to the achievement of the Vision 2030, Bottom-up Economic Transformation Agenda (BETA), Fourth Medium Term Plan (2023-2027) and other government strategies and programmes, the Board developed a Strategic Plan that outlines IRA's Road map for the period 2023 to 2027. This is the fourth Plan since inception of the Authority in 2007.

The Plan addresses the emerging issues and priority areas identified under the National Development Policy agenda. It has identified five key result areas crucial in realizing its vision of becoming an effective regulator of an inclusive and globally competitive insurance industry.

The KRA's serve as focal points for strategic initiatives as tabulated below.

Key Result Area	Strategic Objectives
KRA 1: Resilient Insurance Industry	i. Promote a fair, safe and stable insurance industry ii. Protect policyholders and insurance beneficiaries
KRA 2: Strengthened Institutional Capacity	i. Enhance service delivery. ii. Continual institutional capacity
KRA 3: Customer Centricity	i. Enhance customer experience ii. Improve stakeholder involvement
KRA 4: Transformed Insurance Market	i. Enhance inclusivity, coverage, access and uptake of insurance ii. Promote ethics and professional conduct
KRA 5: Sustainable Insurance Industry	i. Institutionalize sustainability practices in the Authority ii. Promote sustainability practices in the insurance industry

The strategic plan is operationalized through annual work plans and the performance contract. For the year under review, the Authority developed the FY2024/2025 performance contract and annual work plan whose implementation was cascaded to all staff through the Staff Performance Appraisal System (SPAS). Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

A summary of performance achievement against each of the objectives is as follows;

No.	Objective	Key Performance Indicators	Activities	Achievements
KRA 1				
1.	Promote a fair, safe and stable insurance industry.	Level of Alignment to Insurance Core Principles (ICPs)	• Assess observance of Insurance Core Principles • Develop enforcement manual • Develop a cyber security framework	• Alignment level has increased from 42.3% to 50%. • Enforcement manual developed • A cyber security guidance note was issued to the industry
	Protect policyholders and insurance beneficiaries	Enhanced Market Conduct Supervision	Develop a market conduct supervision manual Implement market conduct supervision manual	• Market conduct manual developed, • Developed and Disseminated IEC materials on insurance via six (6) radio stations
			Engage school clubs, colleges and universities on insurance	Held a career talk on 30th May 2025 with the University of Nairobi Insurance Students Association (UNISA).
KRA 2				
1.	Enhance service delivery.	Implementation of	Monitor performance of automated business processes	Performance reports to continuously

No.	Objective	Key Performance Indicators	Activities	Achievements
		service charter		monitor automated systems developed
2.	Continual institutional capacity building.	Implementation of Board development program Staff capacity building	No of programs implemented	A total of 38 Board and staff development programs were successfully implemented as planned.
KRA 3				
1.	Enhanced customer experience	Increased customer satisfaction	• Carry out customer experience and brand awareness survey • Conduct compliance audit of service delivery charter	• Customer experience and brand awareness survey reports developed • Service delivery charter compliance audit reports developed Targeted Stakeholder engagements training for journalists
2.	Improve stakeholder involvement.	Fostered Partnerships and collaborations	Conduct stakeholder mapping and analysis	• Stakeholder engagement policy (draft) developed • Stakeholder mapping and analysis framework (draft)developed
KRA 4				
	Enhance inclusivity, coverage, access and uptake of insurance.	Facilitate innovation and digital transformation. Promote financial	• Implement Bima lab V • Participate in the Joint Financial Sector Regulators Finaccess survey	• In partnership with FSD Africa, implemented Bima Lab V innovation program • In partnership with the Joint

No.	Objective	Key Performance Indicators	Activities	Achievements
		literacy and access	• Monitor performance insurance products for agriculture, livestock, health and MSME	Financial Sector Regulators (JFSR), conducted the 2024 Finaccess Survey focusing on Insurance Sector Access, Usage and Impact indicators. • Monitored performance of medical insurance products for 14 medical insurance companies Targeted Stakeholder engagements including training for MSMES
3.	Promote ethics and professional conduct.	Develop and sustain systems for Countering insurance fraud and unethical practices	Build staff capacity on deterring and detecting insurance fraud	Held training forums with regulated entities mainly service providers, intermediaries and insurers
KRA 5				
	Promote adoption of sustainability practices in the insurance industry	Develop guidelines on sustainability	• Issue guidance note • Develop tool for reporting on sustainability	• Guidance note issued to insurers and Sensitization forums for insurance industry held • Tool developed and disseminated

8. Corporate Governance Report

The Authority is a State Corporation established under the Insurance Act and whose primary activities are to regulate, supervise and promote development of the insurance industry in Kenya and protect the interests of policyholders and insurance beneficiaries.

Article 10 of the Constitution requires that the Authority shall observe good governance in the discharge of its mandate. The Board of Directors is responsible for the Authority's corporate governance and provides strategic direction and control while remaining accountable for delivery of the Authority's mandate through effective leadership, enterprise, integrity and independent judgment.

The Board has set out the Authority's strategic direction and entrusted the Authority's Day to day operations to the Chief Executive Officer and Commissioner of Insurance who oversees execution of the set strategies and policies. Performance of the Board, Management and Staff is evaluated against set performance objectives following continuous monitoring and evaluation through the financial year.

A. Role of the Board

The Board is responsible for executing the objects and functions of the Authority as stipulated under the Insurance Act. The responsibility of Board Members is to exercise their best judgment and to act in the best interest of the Authority and its stakeholders.

The Board is committed to fulfilling its fiduciary duties and observes best governance practices in steering the Authority towards attainment of its mandate and has, in accordance with the Insurance Act, State Corporations Act and Mwongozo Code of Governance for State Corporations (Mwongozo), established systems to ensure observance of high standards of corporate governance in its operations.

B. Board Composition

The Authority maintained a clear separation of the roles of the Chairperson, the Chief Executive Officer (CEO), and the Corporation Secretary as required under Mwongozo. The Board is constituted in accordance with Section 3B of the Insurance Act, which provides that the Board shall be comprised of a Chairman appointed by the President and 10 other Board members. The composition of the Board of the Authority as at 30th June 2025 was as follows:

Name	***Membership***	***Profession***
CPA Moses Chege **(Appointed on 15.09.23)**	Chairman	Financial Management
Mr. Godfrey Kiptum	Chief Executive Officer/Commissioner of Insurance	Management, Insurance & Human Resource Management
CPA Kennedy Ondieki **(Appointed on 17.07.20)**	Representing, Cabinet Secretary, The National Treasury & Planning	Economics & Management
Mr. Charles Machira **(Appointed on 01·12.22)**	Chief Executive Officer, Retirement Benefits Authority	Supervision, Pension & Insurance
FCPA Wyckliffe Shamiah **(Appointed on 01.01.20)**	Chief Executive Officer, Capital Markets Authority	Economics & Accounting
CPA Matu Mugo **(Appointed on 16.04.16)**	Representing, Governor Central Bank of Kenya	Finance & Accounting
Ms. Mercy Kiana **(Appointed on 07.03.25)**	Member, Nominee Insurance Institute of Kenya	Management & Insurance
CPA Ambrose Ngari, OGW **(Appointed on 19.05.23)**	Member	Banking, Finance & Management
Mr. Joel K. Chemiron **(Appointed on 19.05.23)**	Member	Economics & Education
Immaculate Shamala **(Appointed on 19.05.23)**	Member	Development & Governance
Mr. Mohamed Hashi **(Appointed on 19.05.23)**	Member	Communications & Public Relations
FCS Diana Sawe Tanui	Corporation Secretary	Legal, Governance & Arbitration

Mr. George Ombua represents the Inspector of State Corporations and attends any meeting of the Board or Board Committees as in his opinion is necessary for the effective carrying out of the duties of the Inspector General. This is pursuant to Section 18 of the State Corporations Act and OP Circular No. OP.9/183A/ISC/1/47.

The Board Members represent an appropriate mix of skills, experience, gender, diversity and geographical coverage to facilitate effective execution of the Authority's mandate.
Members of the Board other than ex-officio members hold office for a period of three (3) years and are eligible for re-appointment for a further term.

Mwongozo requires that not less than one-third of the members of the Board shall be independent non-executive directors. Composition of the Board as provided for is aligned with this principle. The Board is supported by a qualified and experienced Corporation Secretary as required under *Mwongozo*.

C. Board Oversight

The Board provides strategic leadership and oversight in the formulation, implementation, and monitoring of the Authority's Strategic Plan. In fulfilling this role, the Board ensures that the Authority operates in alignment with its mandate and upholds the principles of good governance as set out in the Mwongozo, the State Corporations Act (Cap. 446, Laws of Kenya), and other applicable legal, regulatory, and policy frameworks, including government circulars and directives.

D. Board Committees

The Board has delegated its Authority to its standing Committees to enable it effectively carry out its mandate. The Board Committees are constituted in accordance with *Mwongozo* and the Circular OP/CAB.9/1A from Head of the Public Service on *Management of State Corporations*. They are chaired by independent Directors and are as follows:

1. The Technical, Research and Compliance Committee.
2. The Audit, Risk Management and Corporate Governance Committee.
3. The Finance and Administration Committee.
4. The Human Resource Committee.

The Chief Executive Officer is an ex officio member of all Board Committees except the Audit, Risk Management and Corporate Governance Committee, which he attends on invitation.

The Board Chairman does not attend or chair any Committee of the Board, in compliance with *Mwongozo* and the respective Government Circulars, which precludes the Chairperson from being a member of any Board Committee.

The Corporation Secretary serves as Secretary to the Committees, except the Audit, Risk Management and Compliance Committee, where in accordance with the respective Public Finance Management Regulations, the Secretary is the Director of Internal Audit.

During the year under review, the Board rotated Committee membership in accordance with Circular OP/CAB.9/1A on Management of State Corporations. This enhances board members' participation and supports succession planning.

The Terms of Reference for the Board Committees are as follows:

(i) Technical, Research and Compliance Committee

The purpose of the TRC Committee is to act on the direction of the Board, to review policy papers and make recommendations on the functions delegated to them including:

1. Monitoring the Authority's fulfilment of its objectives and functions under the Insurance Act and Government directives relating to regulation of the insurance industry.
2. Ensuring, global best practice and world-class standards are developed, practiced and leveraged throughout the Authority to create stakeholder value and ensure that statutory mandates are effectively fulfilled.

The following Board Members served in the TRC Committee during the year under review:

Director	**Role**	**Meeting Attendance**
1. Mr. Joel Chemiron	**Chairperson**	**4/4**
2. Ms. Mercy Kiana	Member	**3/4***
3. Mr. Kennedy Ondieki	Member	**4/4**
4. Mr. Charles Machira	Member	**3/4**
5. Mr. Wyckliffe Shamiah	Member	**3/4**
6. Mr. Godfrey Kiptum	Ex-Officio	**4/4**
7. Mr. George Ombua	Representing Inspector of State Corporations	**3/4**

**Director Mercy Kiana's term ended in October 2024 and was reappointed in March 2025.*

(ii) Audit, Risk Management and Corporate Governance Committee

The purpose of the ARMCG Committee is to assist the Board in fulfilling its oversight role to ensure effectiveness and efficiency in the operations of IRA and the effectiveness of internal control, risk management and governance processes. ARMCG Committee's mandate includes:

1. Assisting the Board in enhancing internal controls to improve efficiency, transparency and accountability.
2. Reviewing audit issues and recommendations raised by both internal and external auditors and the management responses to specific recommendations to ensure action is taken.
3. Enhancing oversight, governance and risk management and fostering an independent and effective internal audit function.

The following Board Members served in the ARMCG Committee during the year under review:

Director	Role	Attendance
1. Ms. Immaculate Shamala	**Chairman**	**5/5**
2. Mr. Charles Machira	Member	**4/5**
3. Mr. Ambrose Ngari	Member	**5/5**
4. Mr. Kennedy Ondieki	Member	**2/5**
5. Mr. Matu Mugo	Member	**5/5**
6. Mr. Godfrey Kiptum	Invited	**5/5**
7. Mr. George Ombua	Representing Inspector of State Corporations	**5/5**

(iii) Finance and Administration Committee

The purpose of the FAC Committee is to assist the Board to discharge its responsibilities regarding all matters concerning the financial policies and controls and administration of the Authority. FAC Committee's mandate includes:

1. To review and make recommendations to the Board on the financial strategy of the Authority ensuring its adequacy and soundness in providing for the Authority's current operations and long-term stability.
2. To review and make recommendations to the Board on financial issues arising from the annual financial statements of the Authority.
3. To provide a general overview to the Board on the financial performance and achievement of procurement plans.

The following Board Members served in the FAC Committee during the year under review:

Director	Role	Meeting Attendance
1. Mr. Mohamed Hashi	**Chairman**	**5/5**
2. Ms. Mercy Kiana	Member	**3/5***
3. Mr. Joel Chemiron	Member	**5/5**
4. Mr. Wyckliffe Shamiah	Member	**5/5**
5. Mr. Godfrey Kiptum	Ex-Officio	**5/5**
6. Mr. George Ombua	Representing the Inspector of State Corporations	**4/5**

**Director Mercy Kiana's term ended in October 2024 and was reappointed in March 2025.*

(iv)Human Resource Committee

The purpose of the HRC Committee is to assist the Board in discharging its responsibilities relating to the human resource management functions of the Authority in accordance with the Human Resource Instruments, Policies and Procedures Manual, Government Policies, the Employment Act and Labour laws. HRC Committee's mandate includes:

1. Reviewing various policies relating to human resource managements in the Authority and recommending appropriate responses to the Board.
2. Reviewing the structure of the Authority to ensure it is manned by staff with the relevant skills and experience, and
3. Recruitment of for Management positions and managing staff succession.

The following Board Members served in the HRC Committee during the year under review:

Director	**Role**	**Meeting Attendance**
1. Mr. Ambrose Ngari	**Chairperson**	**6/6**
2. Ms. Immaculate Shamala	Member	**6/6**
3. Mr. Mohamed Hashi	Member	**6/6**
4. Mr. Matu Mugo	Member	**6/6**
5. Mr. Godfrey Kiptum	Ex-Officio Member	**6/6**
6. Mr. George Ombua	Representing the Inspector of State Corporations	**6/6**

The following Directors served as trustees in the Insurance Regulatory Authority Staff Pension Scheme:

Director	**Role**
1. Ms. Mercy Kiana	Trustee and BOT Chairperson
2. Mr. Ambrose Ngari	Trustee

E. Board Attendance

Development of the Board agenda and annual work plan is done through consultation of the Board Chairman, Board Members, the Chief Executive Officer and the Corporation Secretary. The annual work plan incorporates a schedule of all Board meetings, Committee meetings, and activities in the financial year.

The Board meetings are scheduled in compliance with the requirements of the State Corporations Act, the First Schedule of the Insurance Act and the *Mwongozo.*

The board meetings' attendance matrix for the year under review is as indicated below;

Name	Designation	Board Meetings Attended
1. Mr. Moses Chege	Chairman	8/8
2. Mr. Godfrey Kiptum	CEO	8/8
3. Mr. Kennedy Ondieki	Member	6/8
4. Mr. Charles Machira	Member	8/8
5. Mr. Matu Mugo	Member	7/8
6. Mr. Wyckliffe Shamiah	Member	7/8
7. Ms. Mercy Kiana	Member	4/8*
8. Mr. Ambrose Ngari	Member	8/8
9. Mr. Joel Chemiron	Member	8/8
10. Ms. Immaculate Shamala	Member	8/8
11. Mr. Mohamed Hashi	Member	8/8
12. George Ombua	Representing the Inspector of State Corporations	7/8

**Director Mercy Kiana's term ended in October 2024 and was reappointed in March 2025.*

F. Board Evaluation

The Board schedules its annual evaluation exercise in its work plan in line with the guidance by the State Corporations Advisory Committee (SCAC). The Board Evaluation was conducted on 27th August, 2024 and the Corporate Board Performance was 97.85%.

G. Board Operations

(i) Board Almanac

During the reporting period, the Board developed the Almanac and submitted to the State Corporations Advisory Committee and the National Treasury, pursuant to OP Circular No. OP/CAB.9/1A. The Board held meetings in line with the approved Board Almanac and approval was sought from the Cabinet Secretary where additional meetings were required.

(ii) Board Decision Making

During the reporting period, the Board considered proposals and policies across strategic, regulatory, financial, operational, and governance areas. These were aligned to the Authority's statutory mandate, Strategic Plan, Performance Contract and Corporate Workplan. The Board monitored and evaluated application of resources in compliance with the attendant laws. It

further considered the internal and external audit reports together with the risk management reports.

H. Board Induction and Development

(i) Board Induction

All Board Members underwent induction upon joining the Board. The induction process was continued at the Board Development Retreats where topical matters were discussed including exposition on the Insurance Act, compliance with the Computer Misuse and Cyber Crimes and Data Protection laws, MSME inclusion, Research Framework, Stakeholder Engagement Framework, Productivity and performance management framework, Regulatory liability assessment and mitigation, and Public sector transport risks and insurance.

(ii) Board Development

During the year under review, the Board adopted and implemented its Development Plan. The Board development programmes attended by Board Members during the period under review were aligned to training needs and attended as follows:

Training Institution		Training Programme	No. of Directors Attending	Dates of Training
1.	Institute of Certified Public Accountants of Kenya (ICPAK)	i. Board Master Class ii. The Leadership Summit	1 1	21-5.10.24 11-14.03.25
2.	Retirement Benefits Authority & College of Insurance	Trustee Development Program Kenya	1	22-26.04.24
3.	Women on Boards Network	11th Annual Conference	2	24-27.07.2024
4.	Institute of Certified Secretaries	i. Succession Planning & Leadership Development	3	05-09.05.2025
5.	Strathmore University Business School	Environmental, Social & Governance (ESG) Executive Programme	1	26 – 30.08.24
6.	Kenya School of Government	i. Capacity Building Program for	4	23-25.09. 2024

Training Institution		Training Programme	No. of Directors Attending	Dates of Training
		Chairpersons, Board Members & Chief Executive Officers of Regulatory Authorities and Agencies (RAAs) ii. 2nd Annual Regulatory Authorities & Agencies (RAAs) Conference	2	28-30.04.2025
7.	Institute of Directors	i. Financial Insights for Non-Finance Directors ii. Innovation Driven - Organization Masterclass iii. Advanced Human Capital Planning and Development Training	3 3 3	06-08.11.2024 20-22.01.2025 22-24.04.2025
8.	Institute of Human Resource Management	Sustainable Enterprise Promotion through Best HR Workplace Practices	4	05-07.02.2025
9.	Public Sector Accounting Standards Board	Sensitization Workshop for Audit Committee Members from State Corporations	4	09-13.09.24
10.	Toronto Centre	Crisis Preparedness Program	3	26-30.05.25
11.	Board Retreats	i. Board Retreat on Exposition of The Insurance Act ii. 15th Joint Boards Retreat of The Joint Financial Sector Regulators Forum, iii. Board Development Retreat iv. Annual Board & Management Governance Retreat v. Board Development Retreat	8 6 7 5 5	03-05.10.24 11-15.11.24 16-18.12.24 26-28.03.2025 11-13.06.25

The Board Development Programme also incorporated content aimed at strengthening the capacity of Board Committees. The Finance and Administration Committee and the Human Resource Committee had custom-made training to equip members with the requisite knowledge to discharge their mandates effectively.

I. Board Remuneration

Board members were remunerated in accordance with the Terms and Conditions of Service prescribed through relevant Government Circulars.

The sitting allowance paid was as per the table below;

No.	**Name**	**Total Paid**
1.	Chege Moses Njenga	860,000.00
2.	Mugo Matu	400,000.00
3.	Shamiah Wyckliffe	440,000.00
4.	Ondieki Kennedy	360,000.00
5.	Kiana Mercy Wairimu	540,000.00
6.	Machira Charles	560,000.00
7.	Ombua George	900,000.00
8.	Ngari Ambrose	1,200,000.00
9.	Shamala Immaculate	1,840,000.00
10.	Chemiron Joel	1,800,000.00
11.	Hashi Mohamed	1,520,000.00
TOTAL		**10,420,000.00**

J. Corporation Secretary

The Board is assisted by a qualified, competent and experienced Corporation Secretary who co-ordinates the Board activities as required under *Mwongozo.*

K. Board Charter

The Board Charter define the roles and responsibilities of the Board as well those of individual board members. They stipulate the processes and procedures for conducting board and committee business and are subject to review at least once every three years. The Board Charter was not due for review in the financial year, but the Audit, Risk Management and Corporate Governance Committee Charter was reviewed to align it with new developments on Internal Audit Standards.

L. Governance Policies

(i) Code of Conduct and Ethics

The Board has ensured that a Code of Conduct and Ethics is in place and is observed by Board Members and Staff of the Authority. The Code is intended to ensure that integrity, dignity and nobility are maintained in all activities of the Authority.

(ii) Conflict of Interest Policy

The Code of Conduct and Ethics provides that a member of the Board or Staff shall not subordinate official duties to private interest or put oneself in a position where there is conflict between official duties and private interests. The Code also prescribes the procedure to be followed where a conflict arises. The requisite registers are maintained by the Corporation Secretary with respect to the Board and the Human Resource Department in respect to Staff.

(iii) Whistleblowing Policy

The Board has provided for the protection of whistle blowers under the Code of Conduct and Ethics as well as its Whistleblowing Policy. The Authority's whistleblowing policy is available on its website (www.ira.go.ke) and a designated email (ethics@ira.go.ke) has been availed on the website for anonymous reporting.

(iv) Risk Management Policy

The Authority's Risk Management Policy forms an integral part of the Authority's internal control and governance arrangements. In the financial year under review, the Board approved the revised Risk Management Policy Framework and Risk Appetite Statement to align with best practice.

(v) Crisis Management Policy

The Board approved the Crisis Management Policy to enable the Authority to anticipate, respond to, and recover from events that may disrupt its operations or affect the insurance sector in a timely and coordinated manner.

(vi) Finance Policy and Procedures Manual

The Board approved the Finance Policy and Procedures Manual to ensure sound financial management within the Authority in accordance with the Constitution of Kenya and the Public Finance Management Act.

(vii) Communication Policy

The Board approved the updated Communication Policy to ensure that relevant, clear, accurate and timely information is received by all stakeholders.

(viii) Stakeholder Engagement Policy

The Board initiated review of the Stakeholder Engagement Policy to legally align the Authority's approach in communicating and working with its stakeholders.

(ix) Corporate Social Responsibility Policy

The Board approved the updated Corporate Social Responsibility (CSR) Policy to outline priority areas of CSR, including the integration of sustainability, enhancement of stakeholder relationships, and reinforcement of the Authority's image

(x) Mentorship and Coaching Policy

The Board approved the Mentorship and Coaching Policy aimed at supporting professional growth, leadership development, and smooth integration of new staff through structured mentor-mentee and coach-driven relationships.

(xi) Succession Planning Policy Framework

The Succession Planning Policy Framework ensures business continuity by developing a pool of qualified candidates for critical roles. It addresses risks linked to staff exits, the ageing workforce, and contract expirations. The policy promotes internal growth through training, mentorship, and career development, while maintaining a transparent recruitment process.

(xii) Procurement and Asset Disposal Policy

The Board approved the Procurement and Asset Disposal Policy to provide a structured framework on the Authority's procurement and asset disposal processes aligned to the Public Procurement and Asset Disposal Act.

M. Governance Audit

In line with Clause 1.13 of *Mwongozo*, the Authority commissioned an independent Governance Audit as required under Mwongozo. The audit was undertaken by accredited governance auditors at Munyao, Muthama & Kashindi Advocates to evaluate the effectiveness of existing governance structures and inform continuous improvement.

The audit confirmed that the Authority demonstrated strong performance in corporate governance. Areas for improvement included compliance with the two-thirds gender requirement in board composition.
The Authority achieved a commendable compliance rating of 94% with the unqualified audit opinion confirming that the Authority has implemented a sound governance framework.

N. Authority's Accolades in the Financial Year

The Authority was recognized as the 2nd Runner Up at the Financial Reporting (FiRe) Awards in the Regulatory Authorities IPSAS Accrual Category. The awards ceremony was held by the Institute of Certified Public Accountants (ICPAK) in December 2024 and was aimed at promoting integrated reporting through enhancing accountability, transparency and integrity.

O. Entrenching ESG

The Authority is committed to aligning its operations and guiding the insurance industry toward sustainable practices.

9. Management Discussion and Analysis

The Authority's Operational and Financial Performance

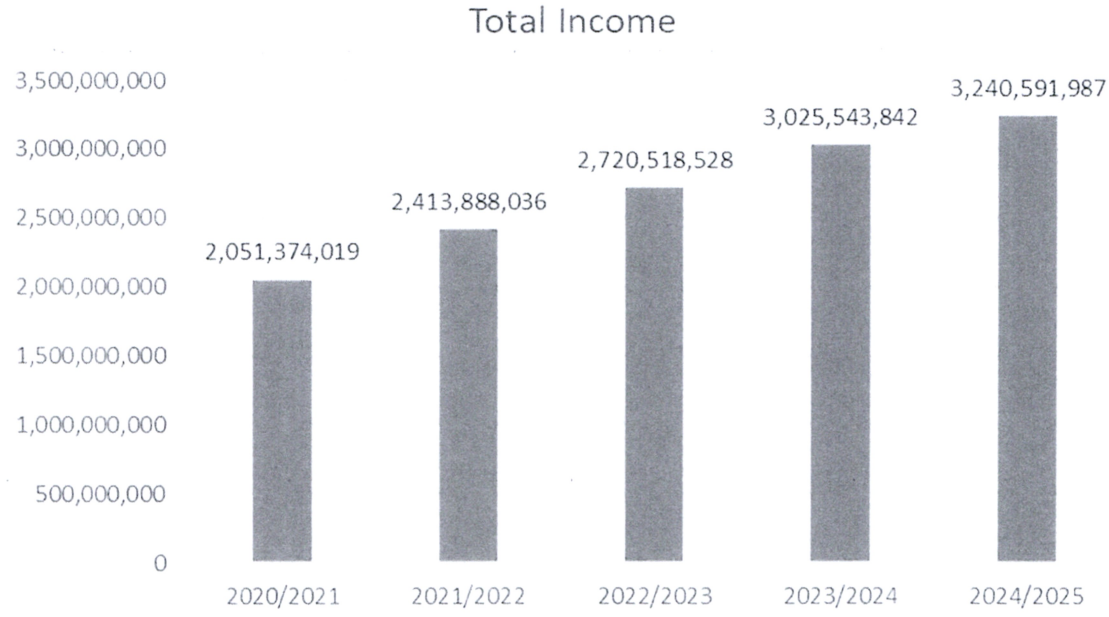
The Authority is responsible for regulating, supervising, and promoting development of the insurance industry in Kenya. It maintains a solid cash flow position, enabling it to meet its financial obligations as they fall due. In pursuit of her mandate to promote development of the insurance industry, the Authority has scaled up its consumer education initiatives. These efforts have contributed to an increase in insurance premiums, thereby boosting the Authority's revenue. This positive trajectory is expected to persist into the foreseeable future."

The Authority's performance in the last five years is as outlined below;

A. Financial Performance

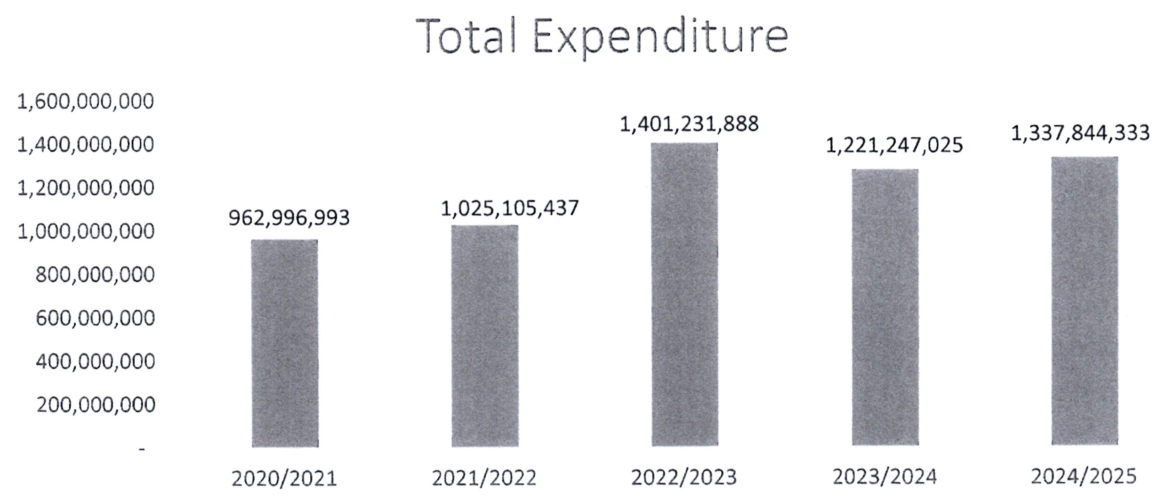
i. Revenue

The revenue trend for the Authority shows a positive growth trajectory across the five financial years under review. Starting at Kshs.2.051 billion in FY 2020/21 and growing to Kshs.3.240 billion in FY 2024/25. This growth is largely driven by increased collections from premium levy.



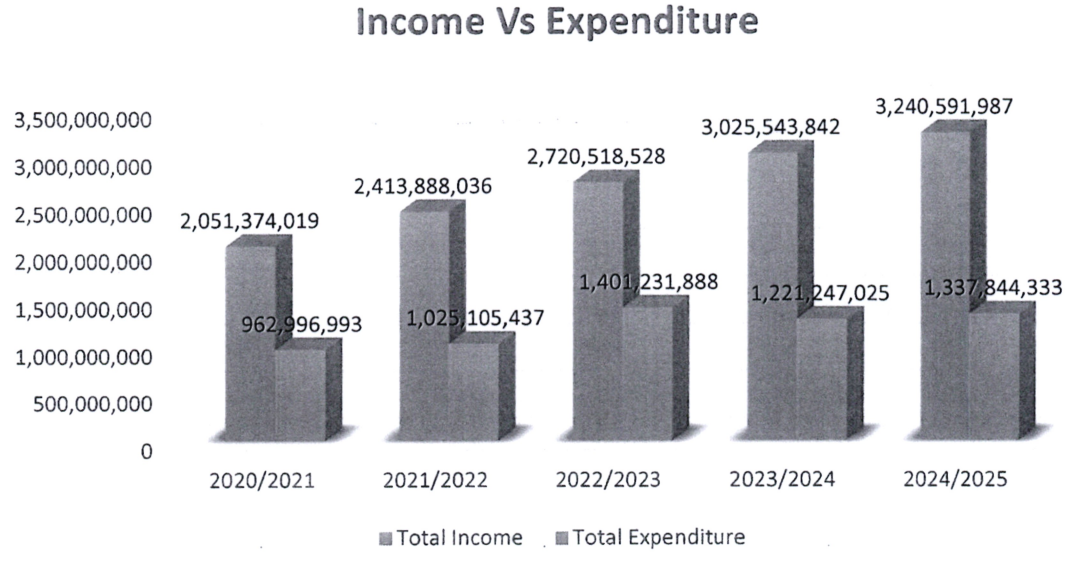
ii. Expenditure

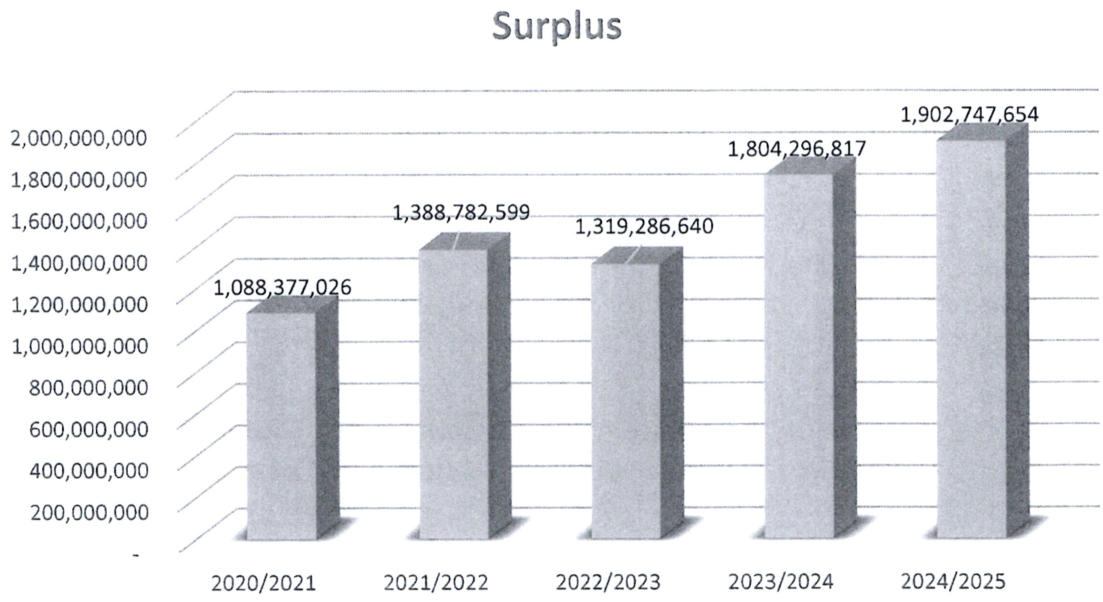
Total expenditure shows an upward trend for the first three years moving from Kshs. 963 million to Kshs.1.401 billion in FY 2020/21 and FY 2022/23 respectively. Subsequently the expenditure dropped to Kshs. 1.221 billion in FY 2023/24 mainly as a result of budget cuts that were implemented across MDAs. In FY 2024/25 total expenditure rose marginally to Kshs. 1.338 billion.



iii. Analysis of Income Vs Expenditure

The comparative analysis of income versus expenditure reveals a growing surplus over the five-year period. The surplus grows from Kshs.1.088 billion in FY 2020/21 to Kshs.1.903 billion in FY 2024/25.





B. Performance Contract Evaluation

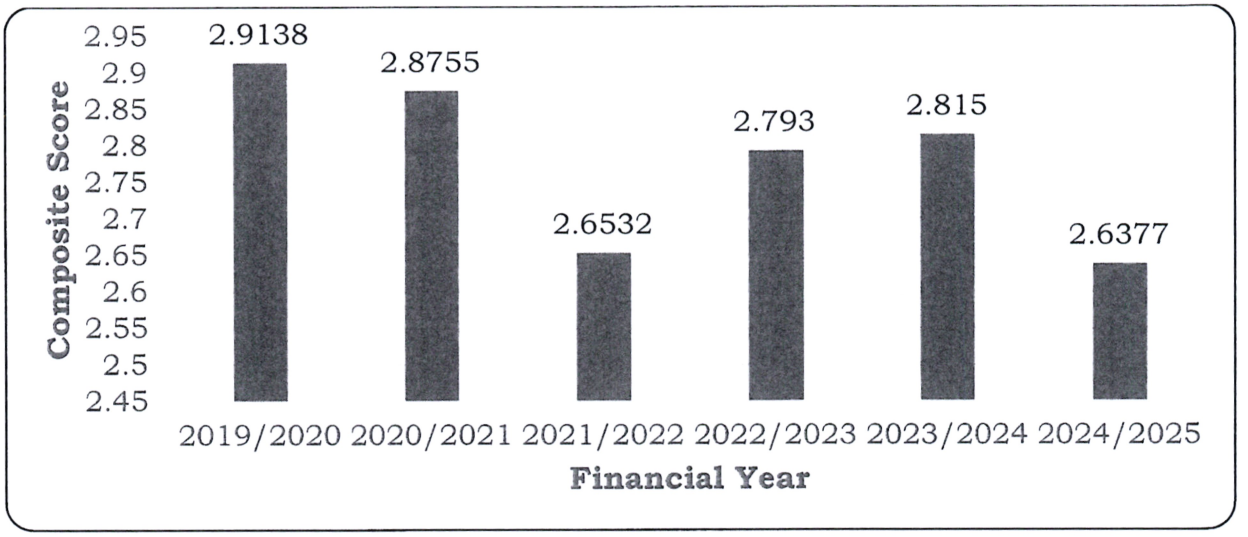
The strategic plan is operationalized through annual work plans and the performance contract.

The performance assessment criteria is based on a five scale value range where a score of 1.00 is excellent (achievement of over 130% of targets) while 5.00 is poor (achievement ranging from 0% to less than 50% of the performance target).

Table 2: Performance Contracting Assessment Criteria

Performance Grade	Composite Score		
	Upper Score		Lower Score
Excellent	1.00	–	2.40
Very Good	2.40	–	3.00
Good	3.00	–	3.60
Fair	3.60	–	4.00
Poor	4.00	–	5.00

In the last five years, the Authority's performance contract rating has consistently been rated as very good which is an achievement of the set targets or exceeding by upto 30% as shown in the Table below



NB: The rating for FY 2024/2025 is based on agency self-evaluated as per guidelines

Through implementation of the 2024 - 2025 performance contract, overall self-evaluated weighted achievement of performance during the year rated 2.6377 which is very good performance and an improvement from a weighted score of 2. 8150 realized same period last financial year. The performance is a sum total of performance across the seven criterion indicators set out in the 2024 - 2025 performance contract namely Financial Stewardship, Service Delivery, Core mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities, Promotion of Local Content Procurement and Cross cutting indicators.

Key Activities and Investment Decisions Being Implemented

The Authority undertook the following activities towards development of the Insurance Industry

i. Public education and Insurance Awareness program.

During the 2024/2025 financial year, the Authority conducted the following trainings in the counties:

Training on procurement of insurance services was conducted in two (2) sessions; Naivasha and Mombasa. The officers from State Corporations, Ministries, State Departments, and other public entities/agencies were trained on the need and benefits of insurance and the role insurance can play in safeguarding national and County government assets and the livelihoods of the employees. The officers were trained to enable them make informed decisions when procuring insurance services.

Training of traffic Police Officers was held in two (2) regions; the Coast and North Rift regions. The main objective of the training is to enhance the Police Officers understanding of insurance and their capacity to investigate and

prosecute insurance related cases in Courts of Law. The Authority also conducted training for MSMEs in five (5) Counties; Trans-Nzoia, Nyandarua, Taita Taveta, Kitui and West Pokot Counties and Youth trainings in three (3) counties; Siaya, Marsabit and Isiolo Counties. The objective of these trainings is to enhance the understanding of the benefits of insurance and risk management. This is expected to enhance awareness of insurance and improve the uptake of various insurance products and services for personal and business needs.

The Authority developed and disseminated IEC materials during the financial year. Infomercials were also developed and aired on radio stations and digital platforms to educate the public on insurance and to improve their understanding and appreciation of insurance as a mechanism for risk management. This is aimed at enhancing insurance awareness levels in Kenya.

ii. Program for promotion of Innovation in the Insurance Industry: Bimalab Africa Insurtech Accelerator Program

BimaLab Africa Insurtech Accelerator Program continued its mission of nurturing innovation in the insurance sector by working with 25 high-potential startups from across 15 African countries. The six-month program was designed to support early- and growth-stage insurtech ventures by helping them refine their business models, enhance their product offerings, and scale their market presence.

Among the 25 participating startups, three were from Kenya, while the remaining were drawn from a diverse mix of countries including Nigeria, Ghana, Ethiopia, Uganda, Rwanda, Tanzania, Zambia, Senegal, Ivory Coast, Somalia, Tunisia, Zimbabwe, Malawi, Egypt, and Morocco.

C. Material arrears in statutory/financial obligations

The Authority pays all statutory and financial obligations when due and as such there are no arrears.

D. Financial impropriety and serious governance issues

There were no issues of financial impropriety reported by any board committee or external auditors. There were no governance issues and no conflicts of interest at the board or top management of the Authority.

E. Risk Management

(i) Risk Management Policy

The Insurance Regulatory Authority (IRA) is mandated to regulate, supervise, and promote the development of the insurance industry in Kenya. The strategic priority remains protection of the insurance policyholders and

beneficiaries which is backed by a fair, safe and stable insurance industry. IRA recognises the pivotal role of managing both internal and external risks as a key component of good corporate governance. IRA is committed to embedding risk management into the daily operations of the Authority right from the setting of objectives to financial planning towards achieving the set objectives, through to functional processes established to aid provision of service. Effective risk management is key to effective service delivery and achievement of corporate objectives.

(ii) IRA's System of Internal Control

IRA operates a system of internal control encompassing elements that together facilitate effective and efficient operation, enabling the Authority to respond to a variety of strategic, operational, reporting, and compliance risks. These elements include:

(a) Organisational control;
(b) Operational controls consisting of planning and budgeting, accounting and information systems, and policies and procedures;
(c) Personnel controls;
(d) Communication controls;
(e) Facilities and equipment;
(f) Risk management;
(g) Monitoring; and
(h) Periodic reviews.

(iii) Major Risks Facing the Authority

The following are the key risks facing the Authority:

(a) Legal Risk

Litigation risk relating to execution of the Authority's mandate arises out of decisions made in relation to regulated entities. It may also be through being enjoined in suits against regulated entities. Adequate measures have been put in place to ensure that the law is effectively enforced and that competent advocates are engaged to represent the Authority.

(b) Technological Risk

The risk of loss of confidentiality, integrity and availability of data is driven by the rise in cyber-crime following the embracing of digitalization by organizations. The Authority has invested in automation and continually upgrades its infrastructure to enhance security of information held. Regular vulnerability assessments are carried out to identify security gaps and address them in a timely manner.

(c) Supervisory Risk

The risk of collapse of regulated entities driven by inability to withstand economic shocks or induced by governance failure would impact insurance consumers and lead to reputation damage of the Authority. The insurance industry has continued to grow as reflected in the growth of gross premium income at above 10% year on year and from growth in investment income because of higher interest rates in 2024. The trend in interest rates has

however reversed in 2025 resulting in reduced earnings from investments. There are rising claims payouts resulting from losses caused by extreme weather conditions and social unrest. This coupled by reduced earnings from investments could in turn affect liquidity of insurers resulting in delayed payment of claims. The Authority has responded with initiatives that will support real time monitoring of the regulated entities' operations to enable timely response to regulatory failures.

Fraud and cyber risk remain key areas of concern with systemic implications for the stability, credibility, and operational continuity of the insurance companies. The increased adoption of digital platforms for policy issuance, premium collection, claims processing, and customer engagement has introduced new vulnerabilities that malicious actors continue to exploit. The Authority has issued a guidance note on cybersecurity that will provide a basis for assessing capabilities in the industry.

The Authority continues to enforce compliance requirements and address complaints made against insurers in a bid to ensure consumers are treated fairly.

(d) Operational Risk

This risk category would impact on business continuity and relate to adequacy of human resource and effectiveness and resilience of business processes. The Authority relies heavily on human capital and technology to deliver its services. The human resource complement has remained below the approved number and age demographics of the current workforce calls for proactive succession planning. The Authority conducted interviews and filled several vacant positions in the year. The new staff have been paired with experienced staff for coaching and mentorship. This is expected to help them embrace the Authority's culture as they settle into their roles and therefore ensure there is adequate succession planning.

There has been increased investment in Information Technology infrastructure and security, in response to the growing level of automation. This has ensured that regulated entities and consumers are able to access services without manual intervention. Measures have been put in place to ensure continuous availability of services.

F. Review of the Economy

The Kenyan economy demonstrated resilience over the past year, maintaining moderate growth despite global and regional headwinds. Real GDP growth slowed to 4.7% in 2024, down from 5.7% in 2023, marking Kenya's weakest expansion (excluding 2020) since 2013. Real GDP rose to approximately KSHS 10.91 trillion (2016 prices), and nominal GDP climbed to around KSHS 16.22 trillion. The year-on-year GDP growth during the first quarter of 2025 was at 4.9% with annual growth rates for 2025 projected at 5.3%.

The key drivers of the economy were the services industry that contributed approximately 61.1% of GDP and Agriculture, Forestry & Fishing contributed approximately 22.5% of GDP.

G. Review of the Insurance Sector

The insurance industry remained stable and showed gradual growth, underscored by improved gross written premiums and enhanced regulatory compliance. The sector recorded a 10.2% increase in gross written premiums in 2024, supported by recovery in economic activity and targeted product innovation, especially in microinsurance and health segments. The 2025 Q1 industry growth stood at 8.1% with large growth rates being recorded in the motor and medical insurance business. Claims Experience generally worsened, particularly in medical and motor classes, due to rising cost of care and accident incidences. These had the effect of shrinking the industry's bottom line despite the gradual premium growth.

H. Future Developments

The Authority remains committed to strengthening the insurance regulatory framework to support market development, policyholder protection, and sectoral resilience. Key areas of focus include; (i) Digital Transformation: The Authority continues to encourage insurers and intermediaries to leverage technology to enhance distribution, underwriting, and claims management processes, (ii) Market Conduct Supervision: IRA continues to implement reforms in market conduct, including fair treatment of customers, transparency in pricing, and enforcement of timely claims settlement (iii) IFRS 17 Transition: The Authority Support for the sector's transition to IFRS 17 continues, with the Authority providing guidance and monitoring progress to ensure timely and consistent implementation by insurers (iv) Climate Risk and ESG Integration in alignment with global trends, IRA is working towards integrating Environmental, Social, and Governance (ESG) considerations into supervisory expectations, especially around climate-related financial disclosures and sustainability risks. (v) Financial Inclusion: The Authority is promoting inclusive insurance through regulatory incentives for microinsurance, index-based products, and digital channels targeting underserved populations. This will ultimately increase insurance penetration and coverage and close the insurance protection gap in the long term. (vi) Consumer Education: IRA plans to scale up financial literacy programs to increase public awareness of insurance products and enhance trust in the sector.

I. Other Relevant Information

In line with its mandate, the Authority continues to engage in (i) Cross-sector Collaboration: IRA continues to collaborate with other financial regulators, regional bodies, and international partners to harmonize standards, build capacity, and strengthen financial stability frameworks. (ii) Market Restructuring: The Authority monitors industry consolidation and restructuring activities to ensure that they align with prudential requirements and do not compromise policyholder interests. (iii) Data and Analytics: IRA is investing in data analytics capabilities to support evidence-based supervision, policy development, and market insights. (iv) Talent Development: IRA is committed to enhancing staff capacity through targeted training, secondments, and partnerships with global insurance supervisory institutions.

10. Environmental and Sustainability Reporting

Sustainability strategy and profile

In the Financial Year 2024/2025, the Authority advanced its commitment to sustainability by embedding Environmental, Social, and Governance (ESG) principles into its regulatory framework and operational strategy. Recognizing the insurance sector's critical role in building climate resilience, protecting communities, and driving sustainable development, the Authority continue to lead by example in promoting sustainable insurance practices across the industry.

The Authority issued guidelines to insurers on ESG disclosures aligned with global standards, encouraging the integration of sustainability considerations into insurers' investment policies and underwriting practices.

The Authority has also continued to play an important role in advancing United Nations Sustainable Development Goals (UN SDGs) by promoting inclusive and sustainable economic growth through regulatory frameworks that foster financial inclusion, resilience, and responsible investment. By promoting microinsurance initiatives and enhancing access to insurance for underserved populations, the Authority supported SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities). In addition, through its focus on consumer education, climate risk management, and the integration of ESG principles in insurance operations in the period under review, the Authority also actively contributed to SDG 13 (Climate Action), SDG 8 (Decent Work and Economic Growth), and SDG 17 (Partnerships for the Goals).

The Authority's regulatory innovations and strategic collaborations continue to align the insurance sector with sustainable development, ensuring long-term socioeconomic benefits for all Kenyans.

Internally, the Authority undertook measures to reduce its environmental footprint by implementing a green procurement policy and reducing paper usage through digitization of processes as well as enhancing energy efficiency in the office and encouraging eco-friendly staff practices.

The Authority has continued to benchmark against and adhere to the Insurance Core Principles in its capacity as a member of the International Association of Insurance Supervisors and has ratified information sharing Memoranda of Understanding (MoUs) with other insurance regulators within the region and internationally. This allows for sharing key achievements and milestones made as well as areas of growth and improvement.

Environmental performance

In line with its broader sustainability agenda, the Authority strengthened its commitment to environmental stewardship in FY 2024/2025. Recognizing that environmental sustainability is vital for long-term industry resilience, the Authority prioritized both internal environmental performance and its influence on the industry's environmental impact. Internally, the Authority made notable progress in reducing impact of its activities on the environment by implementing green initiatives in its programs and initiatives including:

Waste Reduction

Paper consumption was significantly reduced through digitization of workflows, including the Visitor's Pass, and document management systems. In addition, the Authority continues to implement a policy that encourages minimal printing to reduce paper wastage.

Waste Segregation

As part of the ongoing initiative to enhance sustainability practice within the building, significant steps have been taken towards effective waste management in line with environmental, social and governance standards. The waste is segregated into biodegradable, paper and plastic waste.

Sustainable Procurement

The Authority strengthened its green procurement policy to favour eco-friendly and recyclable materials, including sustainable stationery and ICT equipment.

The Authority remains committed to promoting a greener, more sustainable insurance ecosystem while leading by example through responsible environmental management practices.

Contribution to National Tree Planting Restoration Campaign

The Authority partnered with Kenya Forest Service and other key stakeholders in the insurance industry and financial sector to support the Governments initiative of restoring forest cover by growing a total of 41,000 tree seedlings in the following forest sites including:

i. Kaptagat Forest, Elgeyo Marakwet County: Participated in the 8th Annual Kaptagat Tree Planting exercise, where the Authority donated 10,000 tree seedlings.
ii. Sorget Forest, Kericho County: Participated in tree growing initiative, where 30,000 tree seedlings were donated and planted.
iii. Sorget Forest, Kericho County: Participated in tree planting in Kalyet area, Kericho County, where 1,000 indigenous tree seedlings were planted.

Employee welfare

The Authority derives its competitive advantage from its employees who are its most valuable assets among others. Managing the staff welfare is paramount since staff constitute the heartbeat of the Authority's capabilities. As part of its holistic approach to sustainability, the Authority recognizes that a healthy, motivated and engaged workforce is essential in delivering its mandate. The Authority therefore continued to foster a supportive work environment that promotes well-being, professional development, diversity, equity and inclusion.

Various human resource management policies aimed at creating harmony in the way the human resource is managed across the Authority are in place and being implemented. The policies which include: the Human Resource Management Policy and Procedures Manual, the Career Guidelines, Organization Structure, grading and Staff Establishment guide in the process of talent acquisition, motivation and retention in the Authority. Other policies under implementation include Mentorship and Coaching policy, Diversity Management Policy and Framework for Recognising Productivity and Performance. They aim to improve staff diversity and engagement, build capacity and appreciate staff contribution.

In line with the Diversity Management policy, the Authority fosters, cultivates and preserves a culture of respect for diversity by embracing and encouraging an inclusive workforce in terms of age, minority and marginalized, disability and ethnicity among others. The staff compliment comprises of 51.1% female and 48.9% male out of which 20.2% are youth and 2.1% are persons with disability. The Authority is committed to ensure progressive realization of at least five per cent (5%) of its appointments for persons with disabilities within the next five (5) years.

The Authority has enhanced occupational health and employee wellness initiatives including group life assurance and group personal accident cover for all its employees (to safeguard staff wellbeing in and outside the Authority), comprehensive medical insurance for all staff and their dependents, periodic sensitization sessions on member health education, mental health awareness, stress management and women health. The Authority has also reviewed safety protocols in compliance with the Occupational Safety and Health Act and sensitized all staff on the fire drills and safety protocols.

Furthermore, the Induction and Onboarding policy is in place to guide orientation and onboarding of new employees into the IRA work environment, culture and expected behaviours and performance at work. Lastly, the Authority held 4 quarterly birthday celebrations for its staff and celebrated

staff on two (2) of Mother's Day and Father's Day during the year. These are staff appreciation and engagement events aimed at giving staff an opportunity to interact, network and build long lasting bonds required for cross functional teams.

Market place practices

In 2024, the Authority continued to uphold ethical, fair, and responsible marketplace practices as a cornerstone of its sustainability strategy. Through regulatory leadership, stakeholder engagement, and consumer protection, the Authority advanced a more inclusive, transparent, and resilient insurance marketplace.

a) Responsible Publicity Practice

As an industry regulator, the Authority has put in place the following measures to mitigate against malpractices in the insurance industry:

- Risk Based Supervision of regulated entities by assessing the insurers' compliance with capital requirements based on the risks they are exposed to.
- Continuous sensitization and supervision of reporting institutions on their obligations with respect to anti-money laundering (AML), combating financing of terrorism (CFT) and counter proliferation financing of weapons of mass destruction (CPFWMD) as per the provisions of the Proceeds of Crimes and Anti Money Laundering Act (POCAMLA).
- Continued to work collaboratively with the Insurance Fraud Investigation Unit (IFIU) to deal with insurance fraud in the industry. The IFIU is a specialized unit manned by officers seconded by the Directorate of Criminal Investigation (DCI) trained to handle and investigate insurance-related fraud cases.
- Establishment of a Corruption prevention policy n and Code of Conduct aligned to the leadership and Integrity Act with guidance from the Ethics and Anti-Corruption Commission (EACC).
- Establishment of a designated email (ethics@ira.go.ke) to aid in whistleblowing on any suspected corrupt activities within the Authority.
- Capacity building and stakeholder sensitization programs create awareness on the Authority's policies, laws and regulations developed to mitigate/prevent corruption and fraud.

b) Responsible Supply chain and supplier relations

The Authority adheres to the Public Procurement and Asset Disposal (PPAD) Act of 2015, the Public Procurement and Asset Disposal Regulations of 2020 (PPADR), and other government circulars issued periodically. It also honours contracts and strives to pay suppliers promptly.

As a public entity, the Authority has undertaken the following measures in commitment to responsible supply chain and supplier relations:

- The Authority conducts biennial customer satisfaction surveys targeting suppliers to best align their processes to serve their needs. A similar survey was launched in the period under review to align the Authority's operations to supplier's needs.
- Compliance with the requirements of Article 227 of the Constitution of Kenya 2010 and other subsidiary Legislation, Regulatory and Government Circulars.
- Biennial registration of suppliers outside the special group demographic
- Regular sensitization and continuous registration of interested suppliers within the special category: Persons with Disability, Women and Youth, under Access to Government Procurement Opportunities (AGPO).
- Strict compliance with the Annual Procurement Plan and liaison with user department(s) during the procurement process.
- Uploading of the annual Procurement Plan on the Public Procurement Information Portal.

c) Responsible advertisement

IRA practices responsible advertisement. The Authority adheres to the internal standard operating procedures, and to circulars and guidelines issued by the Government Advertising Agency (GAA).
The Authority also gets up to date information and reports on the media landscape from the Communications Authority and the Media Council of Kenya (MCK) which helps in making informed decisions.

d) Awareness creation

Creating awareness is a foundational pillar of IRA's sustainability strategy. In the year under review, the Authority scaled up its awareness and education initiatives to empower consumers, deepen understanding of insurance, and promote sustainable practices across the sector. These efforts supported broader goals of financial inclusion, risk literacy, and responsible insurance uptake.

The Authority continues to implement initiatives aimed at empowering the public with information on insurance to enable them to make informed choices about insurance. Some of these key programs included Bima Mashinani, Insurance Open days and targeted training activities to key demographics such as the youth, Micro, Small and Medium Enterprises (MSMEs), traffic police officers, PWDs and government officers on the procurement of insurance services.

The Authority also rolled out a multilingual mass media consumer education campaign via six (6) radio stations, reaching millions of listeners with key messages on various insurance products, insurance rights, responsibilities, and product options.

Simplified educational materials were developed and distributed including brochures, posters, and animated videos, addressing common misconceptions and frequently asked questions about insurance. These were also uploaded on IRA website as well as www.knowinsurance.com consumer education website.

In addition, the public continues to leverage on the use of technology, designated emails to lodge their complaints through email complaints@ ira.go.ke.

Other interventions include the development and industry wide mainstreaming of the 'Treating Customers Fairly' Policy, a customer-centric framework, has also led to enhanced consumer protection.

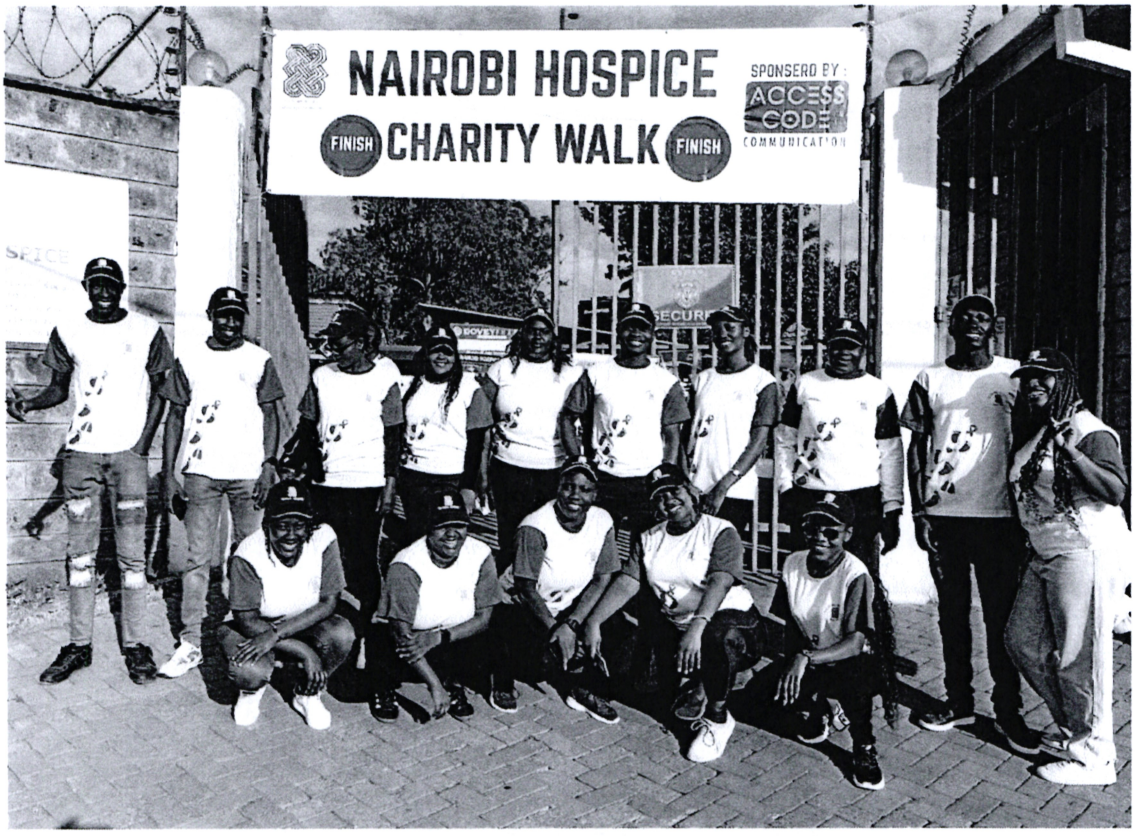
Corporate Social Responsibility / Community Engagements

Promoting Corporate Social Responsibility (CSR) is one of the key result areas identified in the IRA's Strategic Plan under sustainability practices.

The Authority has developed the Corporate Social Responsibility Policy (CSR) and is committed to supporting social initiatives in the society with the objective of making a positive impact in communities. The Policy outlines various Pillars to guide the Authority's CSR initiatives including:

a) Health
b) Education
c) Environment
d) Road Safety
e) Persons With Disability (PWDs) and marginalized groups
f) Response to national emergencies and disasters
g) National government directives

In the year under review, the Authority made donations to Nairobi Hospice and Nyeri Hospice in support of the various health initiatives.



IRA Staff during the Nairobi Hospice Charity Walk in June 2025

In its efforts to enhance environmental conservation and to contribute to Kenya's vision of planting 15 billion trees by 2032, the Authority adopted a deliberate strategy of supporting the Government in tree planting. IRA donated 10,000 seedlings during 8th Annual Kaptagat Forest Tree planting in Uasin Gishu county. The Authority also joined other stakeholders in planting the trees. In addition, the Authority mobilized industry stakeholders to plant 30,000 exotic tree seedlings, at Sorget Forest in Kericho County. IRA in partnership with Capital Markets Authority (CMA) and Retirement Benefits Authority (RBA) also planted 1,000 indigenous tree seedlings in Kalyet Area, Kericho County. In the year under review, a total of 41,000 seedlings were donated and planted.



Commissioner of Insurance and CEO, Mr. Godfrey K. Kiptum, Director Anne Chelagat (Market Conduct), Director Esther Musyoki (Corporate Services), together with stakeholders, the community and IRA staff, participate in the tree planting exercise at Sorget Forest, Londiani, Kericho County, on Saturday, 10th May 2025.



Representatives from CMA, RBA, and IRA, joined by KFS, Sorget CFA, and community members, take part in a tree planting exercise at Sorget on 30th June 2025.

The Future of Sustainability

Looking ahead, IRA remains committed to driving sustainability in the insurance sector through policy innovation, strategic partnerships, and robust regulation.

The Authority acknowledges that sustainability is not just a regulatory requirement but a long-term initiative for resilience, relevance, and growth of the insurance sector. The Authority will continue to foster a forward-looking insurance industry that supports Kenya's socio-economic transformation and environmental stewardship.

11. Report of the Directors

The Directors submit their report together with the financial statements for the year ended 30 June, 2025 which shows the state of affairs of the Insurance Regulatory Authority.

Incorporation

The Authority is a State Corporation established under the Insurance Act Cap 487 Laws of Kenya.

Principal activities

The principal activities of the Authority are to regulate, supervise and promote the development of the insurance industry in Kenya.

Results

The results of the Authority for the year ended 30 June, 2025 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page ix-xiii.

Surplus remittance

In accordance with Regulation 219(2) of the Public Finance Management Act 2015, regulatory entities shall remit into the Consolidated fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority will remit Kshs.1,712,472,888 (Financial year 2023/24 Kshs. 1,623,867,135).

Auditors

The Auditor General is responsible for the statutory audit of the Authority pursuant to Article 229 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the Board

FCS Diana Sawe Tanui
Board Secretary

Date: 22/08/2025

12. Statement of the Directors' Responsibilities

Section 81 of the Public Finance Management (PFM) Act, 2012, section 14 of the State Corporations Act and the Insurance Act require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for the financial year ended June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;(iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the Authority's transactions during the financial year ended June 30, 2025, and the Authority's financial position as at that date. The Board of Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Authority will not continue to operate as a "going concern" for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Authority's financial statements were approved by the Board of Directors on 22nd August 2025 and signed on its behalf by:



CPA Moses Njenga Chege
Chairman



Godfrey Kiptum, MBS
Commissioner of Insurance &
Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website:www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON INSURANCE REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Insurance Regulatory Authority set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Insurance Regulatory Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Insurance Regulatory Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, two issues were raised under the Emphasis of Matter paragraph on budgetary controls and performance and insurance appeal tribunal which remained unresolved as the Parliamentary Oversight Committee has not deliberated on the same.

Other Information

The Directors are responsible for the Other Information set out on page vi to lvii which comprise of Key Authority Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Report, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors

Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

14. Statement of Financial Performance for the year ended 30th June 2025

	Notes	2024/2025 KSHS.	2023/2024 KSHS.
			Restated
Revenue from non-exchange transactions			
Insurance premium levy	6	3,092,178,915	2,871,267,815
Penalties	7	2,200,000	-
Licence fees	8	38,540,431	29,796,239
Miscellaneous income	9	5,515,650	6,980,000
		3,138,434,995	**2,908,044,054**
Revenue from exchange transactions			
Interest income	10	102,156,991	117,499,788
		102,156,991	**117,499,788**
Total Revenue		**3,240,591,987**	**3,025,543,842**
EXPENSES			
Board expenses	11	38,105,455	30,103,743
Employee costs	12	634,282,040	576,189,063
Development of the insurance industry	13	168,790,930	168,544,496
Use of Goods and Services	14	327,816,212	321,672,635
Repairs and maintenance costs	15	8,667,373	2,711,448
Contracted services	16	64,290,286	39,141,141
Depreciation and amortisation	17	95,892,037	82,884,499
		1,337,844,333	**1,221,247,025**
SURPLUS FOR THE YEAR		**1,902,747,654**	**1,804,296,817**
Remittance to National Treasury	18	(1,712,472,888)	(1,623,867,135)
TRANSFERED TO GENERAL RESERVE		**190,274,765**	**180,429,682**

The notes on page 8 to 30 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

CPA Moses Njenga Chege
Chairman
Date: 22/08/2025

CPA Esther Musyoki
Director, Corporate Services
ICPAK no. 3374
Date: 22/08/2025

Godfrey Kiptum, MBS
Commissioner of Insurance
& Chief Executive Officer
Date: 22/08/2025

15. Statement of Financial Position as at 30th June 2025

ASSETS	Notes	2024/2025 KSHS.	2023/2024 KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	19	1,706,529,448	571,365,208
Prepayments	20	7,880,758	7,250,843
Receivable from exchange transactions	21 (a)	33,108,952	30,659,596
Receivable from non-exchange transactions	21 (b)	111,319,848	130,740,602
Inventories	22	6,613,567	3,212,376
		1,865,452,574	**743,228,625**
NON-CURRENT ASSETS			
Property, plant, and equipment	23	201,411,746	192,121,370
Intangible assets	24	130,785,659	41,955,841
Investments	25	599,515,129	591,711,021
Sub-Total		**931,712,534**	**825,788,232**
TOTAL ASSETS		**2,797,165,108**	**1,569,016,857**
CURRENT LIABILITIES			
Trade and Other Payables	26	225,083,421	195,472,211
Payable to Consolidated Fund	18	1,443,628,630	474,421,134
Provisions	27	87,582,294	121,328,018
Sub-Total		**1,756,294,345**	**791,221,363**
NET ASSETS		**1,040,870,763**	**777,795,494**
RESERVES			
General Reserves		885,857,812	695,583,047
Revaluation Reserves		155,012,951	82,212,447
NET ASSETS		**1,040,870,763**	**777,795,494**

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

CPA Moses Njenga Chege
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CPA Esther Musyoki
Director, Corporate Services
ICPAK no. 3374

Godfrey Kiptum, MBS
Commissioner of Insurance
& Chief Executive Officer

Date: 22/08/2025 **Date:** 22/08/2025 **Date:** 22/08/2025

The notes on page 8 to 30 form an integral part of these financial statements

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	General Reserves KSHS. *Restated*	Revaluation Reserves KSHS.	Total KSHS.
01-Jul-23	594,981,834	-	594,981,834
Prior Year Adjustment **(note 29)**	(79,828,469)	-	(79,828,469)
Adjusted Balance	515,153,365	-	515,153,365
Changes for 2024			
Revaluation reserve	-	82,212,447	82,212,447
Surplus for the Year	180,429,682	-	180,429,682
Balance as at 30th June, 2024	**695,583,047**	**82,212,447**	**777,795,494**
01-Jul-24	695,583,047	82,212,447	777,795,494
Changes for 2025			
Revaluation Reserve	-	72,800,504	72,800,504
Surplus for the Year	190,274,765	-	190,274,765
Balance as at 30th June, 2025	**885,857,812**	**155,012,951**	**1,040,870,763**

17. Statement of Cash Flows for the year ended 30th June 2025

	Notes	2024/2025	2023/2024
Cash flow from operating activities		**KSHS.**	**KSHS.**
Receipts:			
Premium Levy		3,187,930,115	2,878,247,815
Penalties	7	2,200,000	-
License fees	8	38,540,431	29,796,239
Miscellaneous income		5,059,950	-
Finance Income		93,104,898	117,499,788
Total receipts		**3,326,835,394**	**3,025,543,842**
Payments:			
Board Expenses	11	38,105,455	30,103,743
Employee Costs		625,535,137	633,028,776
Development of the insurance industry		226,790,930	208,544,496
Use of Goods and Services		462,442,048	446,864,313
Repairs and Maintenance		9,067,373	2,711,448
Contracted Services		73,090,336	39,141,141
Total payments to Suppliers and Employees		**1,435,031,279**	**1,360,393,917**
Net Cash from Operating Activities		**1,891,804,115**	**1,665,149,925**
Cash flow from investing activities			
Purchase of Property, Plant and equipment		(5,570,374)	(36,280,504)
Purchase/Sale of investments		(7,804,108)	(251,244,089)
Surplus paid to Consolidated Fund	18	(743,265,393)	(1,823,713,978)
Net cash used in investing Activities		**(756,639,875)**	**(2,111,238,571)**
Net (decrease) increase in cash & cash equivalents		1,135,164,240	(446,088,647)
Cash & cash equivalent as at 1 July		571,365,208	1,017,453,854
Cash & cash equivalent as at 30 June	19	**1,706,529,448**	**571,365,208**

18. Statement of Comparison of Budget and Actual amounts

INCOME	Original budget a KSHS.	Adjustments b KSHS.	Final Budget c=a+b KSHS.	Actual on Comparable Basis d KSHS.	Performance: difference For Incomes e=d-c For expenditure e=c-d KSHS.	% Achievement/ utilization Realized F=d/c*100 %
Insurance premium levy	2,765,320,865	-	2,765,320,865	3,092,178,915	326,858,050	112%
Interest income	60,000,000	-	60,000,000	102,156,991	42,156,991	170%
Licence fees	28,269,000	-	28,269,000	38,540,431	10,271,431	136%
Penalty-Insurance Companies	-	-	-	2,200,000	2,200,000	-
Other Miscellaneous income	2,000,000	-	2,000,000	5,515,650	3,515,650	276%
Total Revenue	**2,855,589,865**	-	**2,855,589,865**	**3,240,591,987**	**385,002,122**	**113%**
CAPITAL EXPENDITURE	41,000,000	80,000,000	121,000,000	121,211,721	(211,721)	100%
OPERATING EXPENDITURE						
Board members expenses	30,000,000	10,000,000	40,000,000	38,105,455	1,894,545	95%
Personnel emoluments*	564,139,440	48,050,000	612,189,440	491,852,966	120,336,474	80%
Other personnel costs*	107,350,000	46,000,000	153,350,000	142,429,074	10,920,926	93%
Development of Insurance industry	52,665,600	116,150,000	168,815,600	168,790,930	24,670	100%

Office supplies and expenses**	23,763,908	-	23,763,908	22,902,311	861,597	96%
Transport and travel expenses***	37,000,000	3,000,000	40,000,000	39,724,212	275,788	99%
Public relations	28,275,000	25,000,000	53,275,000	51,417,609	1,857,391	97%
Telephone and ICT expenses	62,009,350	21,130,000	83,139,350	83,106,197	33,153	100%
Office rent and office services****	85,077,734	-	85,077,734	85,019,323	58,411	100%
Consultancy & professional services	58,200,000	10,130,000	68,330,000	64,290,286	4,039,714	94%
Sinking fund provision (Depreciation)	70,000,000	-	70,000,000	95,892,037	(25,892,037)	137%
Other Expenses	38,960,000	15,500,000	54,460,000	54,313,934	146,066	100%
TOTAL RECURRENT EXPENDITURE	**1,157,441,032**	**294,960,000**	**1,452,401,032**	**1,337,844,334**	**114,556,698**	**92%**
TOTAL EXPENDITURE	**1,198,441,032**	**374,960,000**	**1,573,401,032**	**1,459,056,055**	**114,344,977**	**93%**
SURPLUS FOR THE YEAR	**1,657,148,833**	**(374,960,000)**	**1,282,188,833**	**1,781,535,932**	**499,347,099**	**139%**

*: The actual costs in respect of Personnel emoluments of Kes.491,852,966 and Other personnel costs of Kes. 142,429,074 in the statement of budget and actual amounts are combined as Employee costs (Kes.634,282,040) in the statement of financial performance. The final budget for Personnel emoluments and Other personnel costs are Kes. 612,189,440 and 153,350,000 respectively.

**: Office supplies and expenses of Kes. 22,902,311 in the statement of budget and actual amounts includes Kes.21,490,161 for Office supplies and Kes.1,412,149 in respect of bank charges as per note 14

***: Transport and travel expenses in the statement of budget and actual amounts of Kes. 39,724,212 is made up of Kes.36,696,673 in respect of Transport and travel costs and Kes.3,027,540 in respect of Vehicle repair and service as per note 14 and 15.

****: Office rent and office services expense of Kes.85,019,323 includes Kes.79,379,490 in respect of Office rent and office services and Kes.5,639,833 in respect of Repair and service-office equipment in line with note 14 and 15.

Budget notes

Commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

(i) Income: Kshs. 3,240,591,987 (Budget Kshs. 2,855,589,865)

Premiums written down were higher than those budgeted. Interest rates during the year were higher than anticipated. The Authority also charged penalties on AML/CFT non-compliance matters. The over-collection on miscellaneous income was as a result of amount received in respect of compensation for damages that was not initially anticipated.

(ii) Personnel Emoluments: Expenditure of Kshs. 634,282,040; (Budget Kshs. 765,539,440)

Budget is based on a staff establishment of 121 members of staff. Staff in post at the end of the year were 95.

(iii)Depreciation- Kshs. 95,892,037 million (Budget Kshs. 70,000,000)

The provision for depreciation & amortization for assets budget was rationalized. The provision was done as per policy resulting in the variance.

Budget Reconciliation

Actual Surplus Amounts as per the statement of Budget	**1,781,535,932**
Cash and Cash equivalents-Opening Balance	571,365,208
Depreciation	95,892,037
Surplus Paid to Consolidated Fund	(743,265,393)
Contribution to Payables	21,796,500
Contribution to Provisions	(33,745,724)
Contribution to Receivables	16,981,994
Contribution to Prepayments	(629,915)
Contributions to inventory	(3,401,191)
Closing Cash and Cash Equivalent as per the statement of Cash flows	**1,706,529,448**

19. Notes to the Financial Statements

1. General information

Insurance Regulatory Authority is established by and derives its Authority and accountability from the Insurance Act Cap 487. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to regulate, supervise and promote the development of the insurance industry in Kenya.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on historical cost basis except for the measurement at re- valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, the Insurance Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all years presented.

3. Adoption of new and revised standards

i. New and amended standards and interpretations in issue effective in the year ended 30th June 2025

There were no new and amended standards issued in the financial year

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2025

Standard	Effective date and impact:
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard has no impact on the Authority.

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	**Applicable 1st January 2025** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The standard has no impact on the Authority.
IPSAS 45- Property Plant and Equipment	**Applicable 1st January 2025** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets. The standard has no impact on the Authority.
IPSAS 46 Measurement	**Applicable 1st January 2025** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The standard has no impact on the Authority.
IPSAS 47- Revenue	**Applicable 1st January 2026** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

Standard	Effective date and impact:
IPSAS 48-Transfer Expenses	**Applicable 1st January 2026** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49-Retirement Benefit Plans	**Applicable 1st January 2026** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2024/2025.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Revenue recognition

(i) Revenue from non-exchange transactions

Premium levy, Penalties, and licence fees

The Authority recognizes revenues from levies, penalties, and fees when due. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

(ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Miscellaneous income

Miscellaneous income comprises revenue earned from activities that are incidental to the core operations of the Authority. During the year, this included proceeds from the sale of obsolete assets and compensation received for damages.

(b) Budget information

The original budget for the Current FY was approved by the National Treasury on 28th June 2024. Subsequent revisions were made to the approved budget on 29th November 2024, 28th April 2025 and 29th May 2025. The additional

appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Kshs.374,960,000 on the 2024/25 budget following the National Treasury's approval.
The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under the budget notes section of these financial statements.

(c) Taxes

Under regulation 219(2) of the Public Finance Management Act No. 18 of 2012, the Authority is required to remit 90% of its surplus funds to the Consolidated Fund. As a result, the Authority is exempted from paying income tax under regulation 219(3) of the same act.

(d) Property, Plant, Equipment and Computer Depreciation

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on the cost of each asset on a straight-line basis at annual rates estimated to write off the cost of the asset over its estimated useful life. Assets purchased in the first three quarters of the financial year are depreciated fully for the year while those purchased in the last quarter are not depreciated in the financial year under review.

The Depreciation rates used are as follows;

Motor Vehicle	25.00%
Partitions &Furniture	12.50%
Computer Equipment	33.30%
Other Equipment	25.00%

(e) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.
Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

(f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Amortisation is calculated on the cost of each asset on a straight-line basis at an annual rate of 33.3%. Assets purchased in the first three quarters of the financial year are amortised fully for the year while those purchased in the last quarter are not amortised in the financial year under review.

(g) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

(a) The technical feasibility of completing the asset so that the asset will be available for use or sale.
(b) Its intention to complete and its ability to use or sell the asset.
(c) How the asset will generate future economic benefits or service potential.
(d) The availability of resources to complete the asset.
(e) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

(h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements.

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity

of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

(i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

(a) Raw materials: purchase cost using the weighted average cost method.

(b) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

(j) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.
The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

a) Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements. If it has become virtually certain that an outflow of economic benefit will arise and the liability value can be measured reliably, the liability is recognized in the financial statements.

b) Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority, in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

(k) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. General reserves represent surplus held over the years. Revaluation reserves represent the increase in value of fixed assets and reflect the current fair market value of the assets, rather than their historical cost.

(l) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical

(m) Employee benefits

Retirement benefit plans

The Authority operates a defined contribution pension scheme for all its eligible employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not

hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The scheme is funded from contributions from both the Authority and employees. The assets of this scheme are held in a separate trustee administered scheme.

The Authority also contributes to a statutory defined contribution plan, National Social Security Fund (NSSF). The contributions are determined by local statute and are currently limited to Kshs. 480 at tier I and 3,840 at tier II per employee per month.

Contributions by the Authority to staff retirement benefit schemes are charged to the statement of financial performance as they fall due.

(n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

(o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant, and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

(p) Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the Commissioner of Insurance & Chief Executive Officer, Directors, and Senior Managers.

(q) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

(s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

(t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant judgments and sources of estimation uncertainty

In preparing of the Authority's financial statements in conformity with IPSAS, management has made judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts retained by the Authority.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 27.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Insurance Premium Levy

	2024/2025 KSHS.	2023/2024 KSHS.
Premium Levy	3,092,178,915	2,871,267,815
Total	**3,092,178,915**	**2,871,267,815**

As per section 197A (1) (2a) of the Insurance Act, Insurers are required to pay a levy on gross direct premiums written at a rate prescribed by the Cabinet Secretary. The rate is currently at 1%.

7. Penalties

Penalties	2,200,000	-
Total	**2,200,000**	-

Penalties relate to non-compliance with AML/CFT requirements

8. License fees

Insurance companies	9,900,000	7,950,000
Reinsurance Companies	1,250,000	1,250,000
Brokers	3,928,000	3,940,000
Loss Assessors	1,110,001	909,000
Agents	21,210,379	15,038,239
Other intermediaries	842,051	669,000
Branches	300,000	40,000
Total	**38,540,431**	**29,796,239**

This is an annual fee paid by all licensed industry players. The amounts also include fines on late payment of licences by the regulated entities.

9. Miscellaneous income

Sale of obsolete assets	455,700	6,980,000
Compensation for Damages	5,059,950	-
	5,515,650	**6,980,000**

This is income from the sale of obsolete/unserviceable assets.

10. Interest income

Treasury bills	-	54,918,171
Fixed deposits	101,379,270	61,437,683
Current accounts	777,721	1,143,934
	102,156,991	**117,499,788**

This comprises interest earned on investment in treasury bills, fixed deposit accounts and current accounts. Interest on treasury bonds and treasury bills is recognized on a straight-line basis over the maturity period of the investments.

11. Board expenses

	2024/2025 KSHS.	2023/2024 KSHS.
Honoraria	960,000	960,000
Sitting allowances	10,500,000	13,060,000
Seminars, travel, and accommodation	25,617,703	15,032,017
Meeting, entertainment & Others	118,000	350,090
Medical and GPA	501,752	230,636
Other expenses	408,000	471,000
	38,105,455	**30,103,743**

The Board Chairman receives a monthly honorarium of Kshs.80,000 per month.

12. Employee costs

		Restated
Basic salary	240,634,484	212,053,244
House allowances	46,477,320	38,127,614
Transport allowances	39,822,217	33,682,288
Contract/part-time staff	42,525,110	31,858,546
Special duty and extraneous allowance	18,556,106	13,906,084
Pension and gratuity	74,339,590	59,921,694
Medical	38,315,286	32,595,110
Group insurance-life and accident	8,374,515	7,855,581
Training and capacity building	44,196,663	74,725,421
Subscriptions	1,930,400	1,954,327
Internship	2,148,983	1,795,585
Staff uniforms and welfare	20,866,947	17,108,883
Staff bonus and awards	28,745,263	27,108,000
Leave allowance	21,500,000	18,838,306
Housing Levy	5,849,156	4,658,380
Total	**634,282,040**	**576,189,063**
Number of employees at year end	**95**	**72**

13. Development of the insurance industry

Seminars for insurance industry	46,319,062	32,256,980
Consumer education	44,780,193	75,980,148
Scholarship for Actuarial students	64,738,128	45,091,368
Research	12,953,547	15,216,000
Total	**168,790,930**	**168,544,496**

14. Use of Goods and Services

	2024/2025 KSHS.	2023/2024 KSHS.
Office supplies and expenses	21,490,161	22,153,078
Transport and travel	36,696,673	62,676,706
Public relations	51,417,609	38,396,837
ICT expenses	83,106,198	62,571,790
Bank charges	1,412,149	1,324,424
Office rent and office services	79,379,490	79,032,561
IFIU and Tribunal expenses	54,313,932	55,517,239
Total	**327,816,212**	**321,672,635**

15. Repairs and maintenance costs

Repair and service-office equipment	5,639,833	761,758
Vehicle repair and service	3,027,540	1,949,690
Total	**8,667,373**	**2,711,448**

16. Contracted services

Consultancy	62,290,286	37,141,141
Audit fees	2,000,000	2,000,000
Total	**64,290,286**	**39,141,141**

17. Depreciation and amortisation

Depreciation (**note 23**)	68,550,163	56,946,433
Amortisation (**note 24**)	27,341,874	25,938,066
Total	**95,892,037**	**82,884,499**

18. Surplus Remittance

In accordance with regulation 219 (2) of the Public Finance Management Act, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority will remit Kshs. 1,712,472,888 (Financial year 2023/24 Kshs. 1,623,867,135).

Surplus for the year	1,902,747,654	1,804,296,817
Transfer to General Reserves (10%)	190,274,765	180,429,682
Remittance for the year (90%)	**1,712,472,888**	**1,623,867,135**
Surplus Remittance movement		
Payable at the beginning of the year	474,421,134	674,267,977
Remittance for the year	1,712,472,888	1,623,867,135
Paid during the year	(743,265,393)	(1,823,713,978)
Payable at end of the year	**1,443,628,630**	**474,421,134**

19. Cash and cash equivalents

	2024/2025 KSHS.	2023/2024 KSHS. Restated
Current Account	113,347,153	52,868,118
Fixed Deposits Account	1,593,030,243	518,391,120
Petty cash	152,052	105,970
Total Cash and Cash Equivalents	**1,706,529,448**	**571,365,208**

Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account number	2024/25 KSHS.	2023/24 KSHS.
a) Current Account			
National Bank of Kenya (NBK)	0100XXXXX8400	5,259,141	5,207,503
KCB Ltd	120XXXX413	107,036,810	46,293,517
NCBA bank	138XXXX058	1,051,202	131,026
NCBA	818XXXX014	-	1,236,071
Sub- Total		**113,347,153**	**52,868,117**
b) Fixed Deposits Account			
Fixed deposit -KCB		1,053,045,143	310,806,147
Fixed deposit -CO-OP		539,985,100	207,584,973
Sub- Total		**1,593,030,243**	**518,391,120**
Others			
Cash In Hand		152,052	105,970
Sub- Total		**152,052**	**105,970**
Grand Total		**1,706,529,448**	**571,365,207**

20. Prepayments

Insurance	7,880,758	7,250,843
	7,880,758	**7,250,843**

21. (a) Receivables from exchange transactions

Debtors	-	6,410,000
Staff Imprests /Advances	80,000	83,332
Deposits	19,400,347	19,600,347
Interest receivable	13,628,605	4,565,917
Total	**33,108,952**	**30,659,596**

Ageing analysis for Receivables from exchange transactions

Description	2024/25 KSHS.	% of the Total	2023/24 KSHS.	% of the Total
Less than 1 year	13,708,605	41%	11,059249	36%
Between 1- 2 years	19,400,347	59%	19,600,347	64%
Total	**33,108,952**	**100%**	**30,659,596**	**100%**

21 (b) Receivables from non-exchange transactions

	2024/2025 KSHS.	2023/2024 KSHS.
E-Citizen	111,319,848	130,740,602
Total	**111,319,848**	**130,740,602**

Ageing analysis for Receivables from non-exchange transactions

Description	2024/25 KSHS.	% of the Total	2023/24 KSHS.	% of the Total
Less than 1 year	111,319,848	100%	130,740,602	100%
Total	**111,319,848**	**100%**	**130,740,602**	**100%**

Reconciliation for Impairment Allowance on Receivables	2024/2025 KSHS.	2023/2024 KSHS.
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	**-**	**-**

Impairment of Receivables
The Authority applies the simplified Expected Credit Loss model prescribed under IPSAS 41 for trade receivables. For the year under review, management assessed the receivable balances and determined that the credit risk is low and the probability of default is insignificant. All receivables are considered fully recoverable, supported by historical collection performance and the financial standing of the debtors. Accordingly, no impairment loss has been recognized.

22. Inventories

Consumable stores/Stationery	6,613,567	3,212,376
	6,613,567	**3,212,376**
Detailed disclosure on inventories		
Opening balance	3,212,376	1,223,847
Additional Inventory in the year	10,224,584	9,481,240
Inventory expensed in the year	(6,823,393)	(7,492,711)
Closing balance	**6,613,567**	**3,212,376**

23. Property, plant, and equipment

	Motor Vehicles	Computer Equipment	Computer Networking & Cabling	Partitions Furniture & Fittings	Equipment (Telephone, Fax, Other)	Total
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Cost: As at 1st July,2023	83,344,444	269,759,423	44,411,480	155,925,824	34,263,371	587,704,542
Add: Revaluation	22,300,000	33,734,099	1,375,500	8,002,606	2,491,000	67,903,205
Add: Additions during the year	20,467,179	10,205,345	-	2,215,648	991,234	33,879,406
Less: disposals during the year	(21,779,979)	(11,314,764)	-	(8,900,701)	(25,704)	(42,021,147)
At 30th June 2024	**104,331,644**	**302,384,103**	**45,786,980**	**157,243,377**	**37,719,901**	**647,466,006**
Depreciation:						
At 1st July,2023	63,446,494	190,456,683	42,923,960	115,183,224	28,408,989	440,419,350
Charge for the year	11,423,966	35,741,396	1,487,520	6,268,487	2,025,064	56,946,433
Disposal:	(21,779,979)	(11,314,764)	-	(8,900,701)	(25,704)	(42,021,147)
At 30June, 2024	**53,090,481**	**214,883,315**	**44,411,480**	**112,551,011**	**30,408,349**	**455,344,636**
Net book value:						
At 30 June 2024	**51,241,163**	**87,500,788**	**1,375,500**	**44,692,367**	**7,311,553**	**192,121,370**
Cost: As at 1st July, 2024	**104,331,644**	**302,384,104**	**45,786,980**	**157,243,377**	**37,719,901**	**647,466,006**
Revaluation	-	10,167,754	1,964,400	30,791,460	1,705,200	44,628,814
Add: Additions during the year	-	33,211,721	-	-	-	33,211,721
Less: disposals during the year	-	(3,845,072)	-	(944,710)		(4,789,782)
At 30th June 2025	**104,331,644**	**341,918,506**	**47,751,380**	**187,090,127**	**39,425,101**	**720,516,763**
Depreciation:						
At 1st July,2024	**53,090,481**	**214,883,315**	**44,411,480**	**112,551,011**	**30,408,349**	**455,344,636**
Charge for the year	15,132,954	43,098,022	458,500	7,186,819	2,673,869	68,550,163
Less: Disposal	-	(3,845,072)	-	(944,710)		(4,789,782)
At 30th June, 2025	**68,223,435**	**254,136,265**	**44,869,980**	**118,793,120**	**33,082,218**	**519,105,017**
Net book value:						
At 30th June 2025	**36,108,209**	**87,782,241**	**2,881,400**	**68,297,007**	**6,342,883**	**201,411,746**

24. Intangible Assets/ Software

	2024/2025 KSHS.	2023/2024 KSHS.
Cost:		
At 1st July	178,301,900	161,603,680
Add: Revaluation	28,171,692	14,309,242
Additions during the year	88,000,000	2,388,978
Disposal	(3,431,364)	-
At 30th June	**291,042,228**	**178,301,900**
Amortization:		
At 1st July	136,346,059	110,407,993
Disposal	(3,431,364)	-
Charge for the year	27,341,874	25,938,066
At 30th June	**160,256,569**	**136,346,059**
Net book value: At 30th June	**130,785,659**	**41,955,841**

25. Long term investments

These are fixed deposits under lien for the Staff mortgage and car loans.

National bank	1,224,303	14,924,717
Co-operative Bank	213,267,790	208,526,703
Kenya Commercial Bank	385,023,036	368,259,601
	599,515,129	**591,711,021**

26. Payables from exchange transactions

		Restated
Suppliers	221,451,499	157,132,289
Other payables	3,631,922	34,439,922
Assets sale Deposits	-	3,900,000
Total	**225,083,421**	**195,472,211**

Ageing analysis of Payables from exchange transactions

Description	2024/2025 KSHS.	% of the Total	2023/2024 KSHS.	% of the Total
Under one year	221,451,499	98%	157,132,289	80%
1-2 years	3,631,922	2%	38,339,922	20%
Total	**225,083,421**	**100%**	**195,472,211**	100%

27. Provisions

	2024/2025 KSHS.	2023/2024 KSHS. *Restated*
Audit fees	2,000,000	2,000,000
Legal fees	28,141,831	30,958,178
Gratuity	1,587,200	41,263,480
Provision for Staff Bonus	55,853,263	47,106,360
Total	**87,582,294**	**121,328,018**

	Legal Provisions Kshs	Bonus Provisions Kshs	Gratuity Provisions Kshs	Audit Provisions Kshs	Total Kshs
Balance b/f	**30,958,178**	**47,106,360**	**41,263,480**	**2,000,000**	**121,328,018**
Additional provisions	4,645,610	28,745,263	1,587,200	2,000,000	36,978,073
Provision utilised	(7,461,957)	(19,998,360)	(41,263,480)	(2,000,000)	(70,723,797)
Total provisions year end	**28,141,831**	**55,853,263**	**1,587,200**	**2,000,000**	**87,582,294**

28. Related party transactions

The following transactions took place with related parties		
Directors' emoluments	38,105,455	30,103,743
Compensation to key management	143,184,300	140,767,946
	181,289,755	**170,871,689**

29. Prior Year Adjustments

Nature of the Prior Period Error

i. In 2023/2024, the Authority incorrectly expensed staff bonus amounting to Kshs.79,828,469.00 that should have been expensed in the financial years 2022/2023; 2021/2022 and 2020/2021. In addition, staff bonus provision of Kshs.27,108,000 for the year 2023/2024 had not been recognized during the period This error resulted overstatement of employee costs by Kshs.56,839,713, provisions and understatement of surplus for the year 2023/2024 by Kshs.79,828,469.00.

ii. Payables amounting to Kshs.60,255,884 had been erroneously recognized as provisions. Provisions had therefore been overstated by Kshs.60,255,884 and payables understated by a similar amount.

iii. Prepayments totalling Kshs 7,250,843 had been erroneously recognized as receivables. Receivables had been overstated by Kshs. 7,250,843 while prepayments had been understated by the same amount.

Effect on Financial Statement Line Items

The correction has been applied retrospectively by restating the comparative figures for 2023/2024. The effect of the restatement on the previously reported amounts is as follows:

Statement of Financial Position (as at 30 June, 2024)

Line Item	Previously Reported (Kshs)	Prior Period Adjustment (kshs)	As Restated (kshs)
Provisions	158,594,881	(60,255,884)	121,328,018
Trade and other Payables	135,216,591	60,255,884	195,472,475
Payable to consolidated fund	423,265,394	51,155,740	474,421,134
Prepayments	0	7,250,843	7,250,843
Receivables	168,661,636	(7,250,843)	161,410,793

Statement of Financial Performance (for the year ended 30 June, 2024)

Line Item	Previously Reported (kshs)	Prior Period Adjustment (kshs)	As Restated (kshs)
Employee Costs	633,028,776	(46,839,713)	576,189,063
Transfer to consolidated fund	1,572,711,394	51,156,423	1,623,867,817

Effect on the Opening Balance of Net Assets/Equity

The cumulative effect of the error on the **opening Accumulated Surplus** of the earliest period presented (1 July, 2023) is Kshs.79,828,469.00.

Component	Balance as at 1 July, 2023(Previously Reported)(Kshs)	Adjustment (kshs)	Balance as at 1 July, 2023 (As Restated) (kshs)
General Reserves	594,981,834	(79,828,469)	515,153,365

30. Financial instruments and risk management policies

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Authority's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Board of Directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained and is made up as follows:

	Total amount KSHS.	Fully performing KSHS.	Past due KSHS.	Impaired KSHS.
At 30th June 2025				
Receivables from exchange transactions	144,428,800	144,400,440	28,360	-
Bank balances	113,347,153	113,347,153	-	-
Total	**257,775,953**	**257,747,593**	**28,360**	**-**
At 30 June 2024				
Receivables from exchange transactions	161,410,793	161,382,434	28,360	-
Bank balances	52,868,118	52,868,118	-	-
Total	**214,278,912**	**214,250,552**	**28,360**	**-**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and as such no provision for bad debts has been made.
The Board of Directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium, and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Authority.

	Less than 1 month KSHS.	Between 1-3 months KSHS.	Over 5 months KSHS.	Total KSHS.
At 30th June 2025				
Trade payables	223,773,911	1,309,510	-	225,083,421
Provisions	36,978,073	-	50,604,221	87,582,294
Total	**260,751,984**	**1,309,510**	**50,604,221**	**312,665,715**
At 30th June 2024				
Trade payables	148,443,198	8,689,091	38,339,922	195,472,211
Provisions	49,106,360	-	72,221,658	121,328,018
Total	**197,549,558**	**8,689,091**	**110,561,580**	**316,800,229**

(iii) Market risk

The Board of Directors has approved a risk management framework to assist management in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Authority's management is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.
There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

Such exposures arise through purchase of goods and services that are done in currencies other than the local currency. The Authority does not have transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

c) Management of interest rate risk

Although this risk is unlikely to occur, it is mitigated by placing deposits with well-established financial institutions that offer favourable interest rates and approved by The National Treasury and Economic Planning.

iv) Capital Risk Management

The objective of the Authority's capital risk management is to safeguard its ability to continue as a going concern. The Authority's capital structure comprises mainly reserves with no debt.

31. Operating leases

The Authority has cancellable operating leases of six years for office space in the second, third, sixth, seventh, tenth and ground floors with ZEP RE PTA and for third floor with Shelter Afrique. The rents are payable quarterly in advance.

32. Commitments

The Authority had issued local purchase orders and local service orders for various supplies for which goods/services had either not been received or had been partly received by 30th June 2025.

	2024/2025 KSHS.	2023/2024 KSHS.
Purchase/service orders	5,083,687	9,472,270
	5,083,687	**9,472,270**

33. Events after the reporting date

There were no material adjusting and non- adjusting events after the reporting period.

34. Ultimate and holding Entity

The Authority is a State Corporation under National Treasury. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kenya Shillings (Kshs.)

20. Appendices

Appendix 1.

Implementation Status of Auditor-General's Recommendations

Reference No. on the external audit Report	**Issue / Observations from Auditor**	**Management comments**	**Focal Point person to resolve the issue *(Name and designation)***	**Status: *(Resolved / Not Resolved)***	**Timeframe: *(Put a date when you expect the issue to be resolved)***
The Insurance Appeal Tribunal	Insurance Appeals Tribunal to be transitioned to the Judiciary	The matter was referred to National Treasury for directions in line with the audit recommendation. The National Treasury has written indicating no objection. The Authority has written to the Chief Justice to transition the Tribunal.	Diana Sawe Tanui-Corporation Secretary and Director Legal Services	Resolved	30th June 2025
Emphasis of Matter 2	Budgetary Control and Performance-Budget Under utilisation	Management is in conformity with the budgetary control and performance and strives to fully absorb the approved budget in the subsequent years	Esther Musyoki-Director, Corporate Services	Resolved	30th June 2025

Appendix II: Projects Implemented

Project implemented by the Authority funded by development partners and/or the Government.

Project tittle	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in this financial statement. (Yes/No
N/A	N/A	N/A	N/1A	N/A	N/A	N/A

Appendix III: Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total Project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix IV: Transfers from Other Government Entities

				Where Recorded/recognized					
Name of the MDA/Donor Transferring the fund	**Date received as per bank statement**	**Nature: Rec/Dev /others**	**Total Amount KSHS**	**Statement of Financial Performance**	**Capital Fund**	**Deferred Income**	**Receivables**	**Others- must be specific**	**Total Transfers during the year**
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix v-Inter-Entity Confirmation Letter

Confirmation of amounts received by the Authority as at 30th June 2025.					
Reference Number	**Date Disbursed**	**Recurrent(A)**	**Development(B)**	**Total (c)=(A+B)**	**Remarks**
N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing partners
				Q1	Q2	Q3	Q4	GOK	
Tree Growing	Tree planting & growing	To support the presidential directive of planting 15 billion Trees by 2032 To enhance environmental conservation and protection		Tree Planting in Kaptagat Foret, Uasin Gishu County on 12th and 13th July 2024 Kshs.1,037,793	-	-	Sorget forest in Londiani, Kericho County, 10th May and 30th June 2025 Kshs.23,830,773	AIA	Kenya Forest Service

Appendix VII: Reporting On Disaster Management Expenditures

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	**Sub-programme**	**Disaster Type**	**Category of disaster related Activity that require expenditure reporting (response/recover/mitigation/preparedness)**	**Expenditure item**	**Amount (Kshs.)**	**Comments**
N/A	N/A	N/A	N/A	N/A	N/A	N/A

CPA Moses Njenga Chege
Chairman

Godfrey Kiptum, MBS
Commissioner of Insurance &
Chief Executive Officer