



*Approved
SNA
1/14/26*

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026
PUBLIC PETITIONS COMMITTEE


PARLIAMENT
OF KENYA
LIBRARY

REPORT ON-

CONSIDERATION OF PUBLIC PETITION NO. 17 OF 2024 BY HON. CALEB
MUTISO, MP ON BEHALF OF MACHAKOS MATATU OWNERS ASSOCIATION
(MAMOA) REGARDING THE FAILURE OF THE INSURANCE REGULATORY
AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE
CLAIMS



Directorate of Audit Appropriations &
General-Purpose Committees
Clerk's Chambers
Main Parliament Buildings
NAIROBI

 NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 APR 2026 DAY: Wednesday	
TABLED BY:	Hon. Muchangi Wambua Chair, Public Petitions
CLERK-AT-TABLE:	Modo Minam

MARCH, 2026

Table of Contents

ACRONYMS	3
CHAIRPERSON’S FOREWORD	4
PART ONE	5
1. PREFACE	5
1.1 Establishment and Mandate of the Committee	5
1.2 Committee Membership	6
1.3 Committee Secretariat	7
PART TWO	8
2. BACKGROUND OF THE PETITION	8
2.1 Introduction	8
2.2 Prayers	9
3. STAKEHOLDERS’ SUBMISSIONS	10
3.1 The Petitioner	10
3.2 Federation of Public Transport Sector (FPTS)	11
3.3 The Association Kenya Insurers	14
3.4 Insurance Regulatory Authority	17
PART FOUR.....	24
4. COMMITTEE OBSERVATIONS.....	24
PART FIVE	25
5. COMMITTEE RECOMMENDATIONS.....	25

ACRONYMS

FPTS	Federation of Public Transport Sector
IRA	Insurance Regulatory Authority
MAMOA	Machakos Matatu Owners Association
PSV	Public Service Vehicles

CHAIRPERSON'S FOREWORD

On behalf of the Public Petitions Committee and pursuant to the provisions of Standing Order 227, it is my pleasant privilege and honour to present to this House the Report of the Committee on the Public Petition No. 17 of regarding the failure of the Insurance Regulatory Authority to protect public transport operators on insurance claims was presented to the House on 1st October 2024 by the Member for Machakos Town Constituency on behalf of Machakos Matatu Owners Association (MAMOA).

The petitioners prayed that the National Assembly, through the Public Petitions Committee, intervenes on behalf of the operators and urgently addresses the issues surrounding the compensation of valid accident claims. The Petitioner also prayed that the Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies;

In consideration of the matter, the Committee observed that there was no centralized digital infrastructure to support claims transparency and accountability across the motor insurance industry. The small claims court also posed a challenge in its 60-day timeframe for delivering judgements, considering insurance claims entailed lengthy investigations.

The Committee recommends that the Insurance Regulatory Authority enforces compliance by insurance companies by taking necessary action on those found in breach of the Insurance Act, and formulates and submits to the National Assembly comprehensive standards and guidelines, and proposals to amend laws constraining expeditious and practical resolution of disputes and settlement of claims within ninety (90) days of tabling of this report. Further, the IRA should compel insurers to settle valid claims as per the law.

The Committee appreciates the Offices of the Speaker and Clerk of the National Assembly for providing guidance and necessary technical support. The Chairperson expresses gratitude to the Committee Members for their devotion and commitment to duty during the consideration of the Petition.

On behalf of the Committee and pursuant to the provisions of Standing Order 199, I now wish to lay the Report on the Table of the House.

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

PART ONE

1. PREFACE

1.1 Establishment and Mandate of the Committee

1. The Public Petitions Committee is established under the provisions of Standing Order 208A with the following terms of reference:
 - a) considering all public petitions tabled in the House;
 - b) making such recommendations as may be appropriate with respect to the prayers sought in the petitions;
 - c) recommending whether the findings arising from consideration of a petition should be debated; and
 - d) advising the House and reporting on all public petitions committed to it.

1.2 Committee Membership

2. The Public Petitions Committee was constituted in October 2022 and comprises the following Members:

Chairperson

Hon. Muchangi Karemba, CBS, M.P.
Runyenjes Constituency

United Democratic Alliance (UDA)

Vice Chairperson

Hon. Janet Jepkemboi Sitienei, M.P.
Turbo Constituency

United Democratic Alliance (UDA)

Hon. Patrick Makau King'ola, M.P.
Mavoko Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency

**Wiper Democratic Movement-Kenya (WDM-
K)**

Hon. Ntwiga Patrick Munene, M.P.
Chuka Igambang'ombe Constituency

United Democratic Alliance (UDA)

Hon. Maisori Marwa Kitayama, M.P.
Kuria East Constituency

United Democratic Alliance (UDA)

Hon. Joshua Chepyegon Kandie, M.P.
Baringo Central Constituency

United Democratic Alliance (UDA)

Hon. Beatrice Kadeveresia Elachi, M.P.
Dagoretti North Constituency

Orange Democratic Movement (ODM)

Hon. Bernard Muriuki Nebart, M.P.
Mbeere South Constituency

Independent

Hon. Biego Paul Kibichy, M.P.
Chesumei

United Democratic Alliance (UDA)

Hon. Peter Irungu Kihungi, M.P.
Kangema Constituency

Maendeleo Chap Chap Party (MCCP)

Hon. John Bwire Okano, M.P.
Taveta Constituency

**Wiper Democratic Movement-Kenya (WDM-
K)**

Hon. Peter Mbogho Shake, M.P.
Mwatate Constituency

Jubilee Party (JP)

Hon. Sloya Clement Logova, M.P.
Sabatia Constituency

United Democratic Alliance (UDA)

Hon. Suzanne Ndunge Kiamba, M.P.
Makueni Constituency

**Wiper Democratic Movement-Kenya
(WDM-K)**

1.3 Committee Secretariat

3. The Public Petitions Committee is facilitated by the following members of the secretariat:

Lead Clerk
Mr. Victor Weke
Principal Clerk Assistant II

Ms. Miriam Modo
First Clerk Assistant

Mr. Benard Toroitich
Third Clerk Assistant

Ms. Kafuyai Wamae
Third Clerk Assistant

Mr. Clinton Sindiga
Legal Counsel II

Ms. Nancy Akinyi
Research Officer III

Mr. Arkan Mumin
Research Officer III

Ms. Roselyne Njuki
Principal Serjeant-at-Arms

Mr. Paul Shana
Serjeant-at-Arms

Mr. Pascal Valerian
Hansard Officer III

Mr. Collins Mahamba
Audio Officer III

Ms. Felistus Muiya
Public Communication Officer

Mr. Calvin Karungo
Media Relations Officer III

PART TWO

2. BACKGROUND OF THE PETITION

2.1 Introduction

4. Public Petition No. 17 of 2024 regarding the failure of the insurance regulatory authority to protect public transport operators on insurance claims was presented to the House on 1st October 2024 by the Member for Machakos Town Constituency on behalf of Machakos Matatu Owners Association (MAMOA).
5. Machakos Matatu Owners Association represents over 4,000 public service vehicles operating in the Lower Eastern region of Kenya. The Association and its members have consistently complied with all relevant laws governing the public transport industry;
6. The Insurance Regulatory Authority (IRA) is mandated by the Insurance Act to among others, formulate and enforce standards for the conduct of insurance and reinsurance business in the country;
7. The grievances by the operators stem from the recurring and persistent financial losses they suffer caused by insurance companies that failed to uphold their legal and contractual obligations;
8. Although all their vehicles fully comply with the required terms and conditions for partnerships with insurance companies, they have been unjustly subjected to severe economic hardship leading to loss of property and livelihoods;
9. The following insurance companies regulated by IRA have consistently refused to honour claims from the operators in the event of accidents; INVESCO, AMACO and Directline Insurance Companies,
10. Despite payment of monthly premium to these insurance companies, securing compensation for accident victims has proven extremely difficult due to the inefficiency and ineffectiveness of the aforementioned insurers;
11. In many cases of accidents involving their fleets, these operators face double expenses because, despite paying premiums, they are forced to compensate accident victims themselves, contrary to the legal framework;
12. These issues have plagued them for decades and have been perpetuated by the regulator's failure to exercise its legal mandate to regulate the insurance companies mentioned;
13. In addition to failing to honour claims, these insurance companies have not provided legal representation in pending court cases when needed, leading to the defeat of many accident cases in court due to the absence of legal representation;
14. MAMOA has suffered irreparable harm due to the failure of these insurance companies to honour claims, resulting in more than 10 of the members now facing court orders to show cause why they should not be committed to civil jail for failing to compensate accident victims; and
15. The issues in respect of which this Petition is raised are not pending before any Court of law or any constitutional or legal body.

2.2 Prayers

16. Petitioners pray that the National Assembly through the Public Petitions Committee;
 - i) Intervenes on behalf of the operators and urgently addresses the issues surrounding the compensation of valid accident claims by the aforementioned insurance companies;
 - ii) Recommends that Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies;
 - iii) Recommends that IRA compels insurance companies to honour all pending claims to protect the public transport industry, considering the vital role public transport plays in revenue generation in the country; and,
 - iv) Makes any other recommendation or action it deems fit in addressing the plight of the Petitioners.

PART THREE

3. STAKEHOLDERS' SUBMISSIONS

3.1 The Petitioner

The Member for Machakos Town Constituency, Hon. Caleb Mutiso, MP accompanied by representatives of the Machakos Matatu Owners Association (MAMOA) appeared before the Committee on Thursday, 17th April 2025, and submitted as follows—

17. Matatu owners have decried systemic failures by insurers and regulators in honouring insurance claims — a situation they say has led to severe financial and social distress, including property auctions and imprisonment of vehicle owners. Despite consistently paying premiums, many owners struggle to access compensation after accidents.
18. There have been instances where insurance companies charge extremely low premiums for third-party insurance—sometimes as low as Kshs 2,000. This raises concerns about their capacity to settle claims when accidents occur. Such practices exploit vehicle operators and highlight the urgent need for stronger regulation in the industry, including the introduction of a minimum premium rate cap, similar to the Central Bank of Kenya's basic lending rate framework for banks;
19. The current state of affairs contravenes the principle of indemnity in insurance. When an accident occurs, both the driver and the vehicle owner are often taken to court. The awards issued by the courts are typically charged to the vehicle owner, and in many cases, non-payment results in the auctioning of their property. This creates undue hardship for owners who may not have been involved in the accident. There is, therefore, a need to clearly separate the liability of vehicle owners from that of drivers and insurance companies in the payment of claims.
20. Despite legal requirements for timely payment of insurance premiums by vehicle owners, once an accident occurs, lawyers and auctioneers tend to bypass insurance companies and pursue the vehicle owners directly through the courts.
21. Although small claims courts are designed to handle disputes involving amounts less than one million shillings, many accident-related claims are brought before them. However, these cases often require extensive investigations, which the 60-day judgment window of these courts does not accommodate. This rush to judgment undermines proper case handling. As such, accident-related claims should be excluded from small claims courts to allow for thorough investigations.
22. Some accident claims are reported long after the incident—sometimes even after ten years—making it difficult for insurance companies to process and honor them. When insurance companies decline to pay these delayed claims, the burden falls back on vehicle owners, sometimes resulting in property auctions. To address this, a maximum claim reporting window, such as 90 days, should be established to allow insurers to budget and process payments appropriately. The transfer of liability from insurance companies to vehicle owners is financially devastating and threatens to cripple the transport sector. Therefore, legal practitioners should be required to direct claims toward the insurance company, and where applicable, the driver—not the vehicle owner who may not have been involved in the incident.

23. After awards are granted, some lawyers reportedly retain the entire compensation, claiming that court proceedings are still ongoing. Meanwhile, victims remain uncompensated. To curb this, the Advocates Remuneration Order should be revised to ensure that both lawyers and claimants receive their dues separately and transparently.
24. There is a need for a well-defined compensation structure with a set maximum limit. Currently, when courts award compensation, insurance companies often pay only a portion, leaving auctioneers to demand the balance from vehicle owners. This undermines the purpose of insurance coverage and exposes owners to further victimization.
25. A dual-payment system should be introduced where insurance companies issue one cheque to the claimant and another to the lawyer, eliminating coercion and misuse of funds. Many individuals have ended up in civil jail due to their inability to pay court-awarded claims—claims that should have been the responsibility of insurance companies. Despite repeated attempts to engage the Insurance Regulatory Authority (IRA) on these matters, no effective action has been taken, even though the issues affect all motor vehicle owners, including private citizens, across the country.

3.2 Federation of Public Transport Sector (FPTS)

The CEO Federation of Public Transport Sector vide letter reference FPTS/CEO/1/10/2025 Submitted as follows;

26. The application of the Small Claims Court framework to personal injury claims arising from road traffic accidents is procedurally inadequate. The requirement for simplified pleadings, documentary-only evidence, 60 days resolution requirement from the date of filing a suit denies parties the right to cross-examination and restrict the presentation of critical information such as medical reports, third-party liability, and contributory negligence. This has contributed to inflated and potentially fraudulent awards, undermining both judicial fairness and insurer rights.
27. Section 10(2) of the Insurance (Motor Vehicle Third Party Risks) Act mandates a 30-day pre-litigation notice to insurers. However, such notice is often issued too late for meaningful intervention or investigation. Frequently, claims emerge long after the financial year-end, distorting insurer solvency, affecting shareholder confidence, and limiting anti-fraud measures.
28. There is no centralized digital infrastructure to support claims transparency and accountability across the motor insurance industry. This gap encourages abuse in the form of fake insurance certificates, duplication of claims, forum shopping, and coordinated fraud by cartels and unscrupulous service providers.
40. Unethical practices, including manipulation of service affidavits, ghost claimants, and inflated legal fees, by a small group of legal practitioners continue unchecked due to lack of a national advocate claim conduct registry.
41. The current single-cheque settlement practice allows legal representatives to deduct disproportionate legal fees, depriving injured parties of their rightful compensation and encouraging unethical fee extraction.

42. The absence of verifiable passenger manifests in PSVs facilitates fraudulent personal injury claims by individuals alleging travel in vehicles without proof. The continued use of manual, cash-based fare systems exacerbate this vulnerability.
43. Unsustainable premium undercutting, especially in high-risk vehicle classes, has led to insurer insolvency, delayed claim settlements, and increased fraud, with no statutory mechanism for risk-based premium pricing.
44. The use of manual Occurrence Books (OBs) for accident reporting allows for manipulation, data loss, and systemic delay. Without digitization, accurate and timely claim verification is severely hampered.
45. Many commercial and PSV vehicles continue to operate without routine mechanical inspection, contributing to road accidents and unverifiable insurance claims. It is crucial to reintroduce road licenses after mandatory annual inspection of vehicles, which exercise shall guide the National Transportation Safety Authority to maintain verifiable national vehicle data.
46. The lack of mandatory dashboard camera and vehicle telematics installation in PSVs and commercial vehicles limit accountability, claims verification, and road safety enforcement.
47. In situations where insurance companies have been liquidated and/or are under statutory management, the insureds whose claims were yet to be settled by the company prior to it undergoing insolvency proceedings are exposed to pay judgment sums and are mercilessly executed against for any amount in excess of Kshs. 250,000 that would ordinarily be paid by the Policyholders Compensation Fund (PCF). These insureds need to be safeguarded against execution of judgments against them where PCF has already remitted funds toward settlement of the claim.
48. Section 27A (b) requires that all members of the board of an insurer must, in the opinion of the Commissioner, have knowledge and experience in matters relating to insurance, actuarial studies, accounting, finance, or banking. Modern corporate governance emphasizes the importance of diverse board composition to strengthen strategic oversight and corporate decision-making. The insurance industry is no longer limited to actuarial and financial expertise. Digital transformation, sustainability, customer experience, legal compliance, and technological innovation now play significant roles. Restricting board membership to traditional fields may exclude well-qualified professionals with critical skills relevant to modern insurer operations. Additionally, the current restriction may inadvertently discriminate against qualified individuals who have years of relevant industry or corporate governance experience but do not hold a degree in the specified fields.
49. Efforts have been made to engage relevant authorities including the Insurance Regulatory Authority (IRA), National Transport and Safety Authority (NTSA), and the National Police Service. However, these efforts have not yielded satisfactory or comprehensive responses.
50. Issues in respect of which the petition is made are not pending before any court of law, or constitutional or legal body.
51. FPTs prays that Parliament;
 - a) Amends Section 12 of the Small Claims Court Act, to expressly exclude personal injury and fatal accident claims arising from motor vehicle use from its jurisdiction: The Court shall not have jurisdiction over claims for personal injury, pain and suffering, or fatal accidents arising from the use or operation of a motor vehicle.

- b) Amends section 10(2) of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90-day notice to insurers prior to filing motor injury claims unless the claimant is otherwise incapacitated. Enactment of Insurance (Motor Claims Early Notification) Regulations, 2025 under Section 180 of the Insurance Act.
- c) Amends section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90 day negotiation period between the claimant and the insurer for purposes of an out of court settlement.
- d) Amends section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 7 day period during which service of a judgment delivered against the insured must be served on the insurance company.
- e) Amends section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90day stay of execution period after the date judgment is delivered against the insured.
- f) Amends the Insurance Act to provide for regulations that will introduce the development and implementation of a centralized, digitized National Claims Database overseen by the IRA and collated from all relevant stakeholders. including, the judiciary, National Police Service, Association of Kenya Insurers, insurers, agents, brokers, owners and public transport operators.
- g) Amends the Insurance Act to establish an Advocate Claims Conduct Registry (ACCR) under the oversight of the Insurance Regulatory Authority (IRA). The registry will log behavioural indicators of advocates involved in insurance litigation, including frequency of default judgments, disproportionate volumes of claims from specific clinics, questionable service affidavits, or settlements with recurring irregularities. This is not a disciplinary tool but a sectoral risk and conduct monitoring system. Insurers and regulators will use the registry to detect trends, flag anomalies, and inform referrals to the LSK or ACC when thresholds of concern are crossed. It will foster greater accountability among legal practitioners and restore ethical equilibrium to insurance litigation.
- h) Amends the Insurance Act to mandate a cash lite fare collection system for all PSVs, using QR-code and USSD-enabled payment channels.
- i) Amends the Traffic Act to introduce a cash lite fare payment system across all licensed PSVs, using a dual-mode approach: QR code-based mobile payment for smartphone users and USSD payment functionality for basic phone users.
- j) Amends Insurance Act to allow IRA enforce a risk-based pricing model for motor insurance premiums. Specifically, insert under Section 67C (4) of the Insurance Act:
- k) The Authority shall prescribe minimum premium benchmarks for high-risk classes of motor vehicle insurance based on actuarial assessments, including but not limited to factors such as vehicle class, age and experience of the driver, and claims history. Such benchmarks shall serve as minimum thresholds and shall not preclude insurers from applying higher premiums based on individualized risk ratings.
- l) Amends National Police Service Act to provide for regulations guiding the mandatory issuance of a unique verification code from IRA to be part of the 0B number for road accidents.
- m) Amends National Police Service Act to provide regulations guiding mandatory nationwide digitization of Occurrence Books used in road accident reporting as well as mandatory issuance of a unique verification code from IRA's national claim database which shall be used in the generation of police abstracts.

- n) Amends the Traffic Act to reintroduce mandatory road licenses (road worthiness license/inspection sticker) which shall be acquired after an annual mechanical inspection for all classes of vehicles as defined in the Act.
- o) Amends the Traffic Act to ensure that there is at least one (either private or public) licensed inspection centre in every county.
- p) Amends the Traffic Act to require installation of dashboard cameras and telematics in all PSVs, commercial vehicles, and school transport vehicles.
- q) Amends the Insurance Act to provide that any payments made by the Policyholders' Compensation Fund toward the settlement of any claim be the full and final settlement of that claim.
- r) Amends the Insurance Act to provide where an insurance company is under statutory management, all claims be directed to the Policyholders' Compensation Fund for full and final settlement without any further reference to the insured.
- s) Amends Section 27A (b) to include that "the academic qualifications of directors of insurers shall include any degree from a recognized university or a diploma in relevant studies.

3.3 The Association Kenya Insurers

The Association of Kenya Insurers appeared before the committee on Tuesday 7th October 2025 and submitted as follows;

52. Over the past two decades the insurance industry in Kenya has grappled with major challenges related to the underwriting of Public Service Vehicles (PSVs). These challenges have had severe financial implications, leading to the collapse of several insurance companies. Among those that have exited the market due to unsustainable operations in the PSV segment are:
- a) Blueshield Insurance
 - b) United Insurance
 - c) Concord Insurance
 - d) Standard Insurance
 - e) Lakestar Insurance
 - f) Invesco Assurance
 - g) Xplico Insurance

Reasons for the Collapse of PSV Insurance Providers

53. The downfall of these companies can be attributed to the following core issues:
- a. Non-Compliance with Traffic Rules and Increased Road Accidents-A significant number of PSV drivers fail to observe traffic regulations, resulting in frequent road accidents. This has led to a sharp rise in third-party personal injury and property damage claims, putting immense financial pressure on insurers.
 - b. Limited Number of PSV Insurance Providers-There are only a few insurance companies willing to underwrite PSVs due to the associated risks. As a result, these few underwriters are overburdened with numerous claims, further straining their financial resources.
 - c. Widespread Fraudulent Activities-Fraud has been a critical issue within the PSV insurance sector. There is often collusion among various stakeholders—including police officers, lawyers (commonly referred to as "ambulance chasers"), judicial officers, hospitals and

doctors, motor vehicle assessors, inspectors, and auctioneers—to fabricate false insurance claims. These orchestrated schemes result in exaggerated or fictitious claims and inflated court awards, draining insurer finances significantly.

- d. Severe Premium Undercutting-Fierce competition among PSV underwriters has led to rampant undercutting of premium rates. This practice weakens the financial base of insurers, leaving them unable to meet claim obligations, even for minor incidents.

Implications of these Challenges

54. The challenges outlined above have led to serious repercussions for both the insurance industry and the broader economy, including:
 - i. Decline in the Number of PSV Insurance Providers-Several insurers have been forced to shut down or withdraw from the PSV segment, leaving a very limited pool of providers in the market.
 - ii. Erosion of Public Trust in Insurance Companies-Frequent failures to honor claims and the collapse of insurance companies have led to general mistrust among the public and policyholders toward insurance providers.
 - iii. Increased Exposure of Policyholders-The collapse or exit of insurers leaves policyholders vulnerable, especially in the event of accidents or losses, as they may struggle to obtain compensation.
 - iv. Instability in the Financial Sector-The recurrent collapse of insurance companies undermines confidence in the financial system and affects its overall stability.
 - v. Negative Impact on the Public Transport Sector-With limited insurance options and increased operational risks, the public transport industry faces higher costs and regulatory scrutiny, which can affect service delivery and affordability.

Mitigation Measures that have been put in place by the Government

55. In response to the persistent challenges and systemic failures, the Government of Kenya has taken various steps to stabilize the PSV insurance sector. These include:
 - i. Formation of Specialized Taskforces- Several government-led taskforces were established to assess the issues affecting the PSV insurance segment and propose practical solutions. Many of the recommendations from these taskforces have been adopted and implemented.
 - ii. Establishment of the Insurance Fraud Investigation Unit (IFIU)-To combat the rampant fraud in the insurance sector, the Government created the Insurance Fraud Investigation Unit (IFIU). This specialized unit works closely with law enforcement agencies, the insurance regulator, and other stakeholders to investigate and prosecute fraudulent activities.
 - iii. Integration of the "Michuki Rules" into Insurance Legislation-The proposal to embed the "Michuki Rules"—which relate to the regulation of public transport safety and order—into the insurance legal framework. Specifically, these rules were incorporated into the Insurance Act and Cap 405 through subsidiary legislation, aligning insurance practices with public transport standards.
 - iv. Review of Legal Framework-One of the major recommendations from the taskforces was to amend the Insurance (Motor Vehicle Third Party Risks) Act, Cap 405. The proposed changes included:
 - v. Introduction of a structured compensation scheme to ensure uniformity in payouts.

Proposals for way forward

56. The following was proposed as possible way forward:

- i. Empowering the Insurance Regulator to Issue Premium Guidelines-Empowering the Insurance Regulatory Authority (IRA) the authority to issue premium pricing guidelines. This measure aims to prevent undercutting and promote fair competition, ensuring insurers price risks appropriately.
- ii. Proposal of a Two-Cheque Payment System-Implementing a two-cheque system for personal injury and death claims offers several significant benefits to the insurance industry and the general public which includes the following:
- iii. Enhanced Transparency and Accountability: Ensures that compensation reaches the rightful beneficiaries and therefore reduces complaints from the public in relation to unpaid compensation.
- iv. Reduction of Fraudulent Claims: By minimizing fraudulent payouts, insurers can reduce the overall cost of claims and therefore payment of genuine claims in good time. Reduced cost of claims will also lead to discounted premiums and therefore a saving for policyholders,
- v. Compensation Fulfils the Intended Purpose: Payment reaches the intended recipient in good time as there would be no reason to hold a cheque in a different person's name.
- vi. Sustainability of PSV Insurance: The PSV sector has been experiencing unsustainable losses mainly due to fraud. The two cheque systems would go a long way in making this class of business sustainable.
- vii. Review of Small Claims Court Jurisdiction on Insurance Matters-There is an urgent need to revisit the timelines of Small Claims Courts in relation to personal injury cases, especially where they conflict with the Insurance (Motor Vehicle Third Party Risks) Act, Cap 405 and the Insurance Act. Currently, we have two different rulings where one court says that injury claims should not be the subject of the small claims court and another saying the contrary.

Key Issues:

57. The following key issues were noted:

- i. Timelines: The small claims court is subject to a 60-day resolution timeline that is often impractical.
- ii. Investigation Challenges: The limited timeframe hinders thorough investigations, crucial for verifying the legitimacy of claims.
- iii. Evidence Limitations: Time constraints make it difficult to gather essential documents such as medical reports, X-rays, treatment notes, and legal documentation for fatal claims (e.g., letters of administration, postmortem reports e.t.c),
- iv. Witness Availability: Most of the times this is problematic especially when expert or multiple witnesses are needed within the short timeframe.
- v. Statutory Conflicts: Section 10(3A) & (3B) of the Insurance (Motor Vehicle Third Party Risks) Act allows insurers to request medical examinations and verify documents prior to judgment—processes requiring more than 60 days.
- vi. Section 203(1)(d) of the Insurance Act mandates claim settlement within 90 days of report submission or court determination.

- vii. Evidentiary Flexibility: Section 32 of the Small Claims Court Act permits courts to bypass strict rules of evidence, potentially compromising the fairness and accuracy of judgments in insurance matters.

Recommendations

58. The following recommendations were proposed:

- i. Removal of Personal Injury matters from the small claims courts to ensure fairness, sufficient investigation time, and proper administration of justice in insurance-related claims.
- ii. Training of Judicial Officers on Cap 405 Matters-To ensure consistent and informed adjudication of claims under Cap 405, it is proposed that judicial officers handling such cases receive specialized training. This training should cover the legal framework of Cap 405 and related statutes, evaluation of medical and expert evidence in personal injury cases, understanding timelines, documentation, and insurer obligations under the law. Such capacity-building will enhance judicial efficiency, improve the quality of decisions, and reduce inconsistencies in the handling of motor vehicle third-party claims.
- iii. Review of the Auctioneers' Act (CAP 526)-There has been a lot of malpractice by auctioneers which has led to losses to PSV owners and the insurance companies. The Act requires an overhaul to provide for proper regulation of auctioneers, some of the cases include the following:
 - Failure to serve proclamation notices: Auctioneer proceeds with attachment and seizure without serving the mandatory proclamation notices.
 - Exaggerated auctioneers fee: This leads to unjustified financial burden to PSV operators and the insurers.
 - Undervaluation of property: Property sold far below the fair market value and sold in secrecy.
 - Vandalism during attachment: Property is destroyed during attachment. Using excessive force also contributes to damage to property.

3.4 Insurance Regulatory Authority

The CEO Insurance Regulatory Authority appeared before the Committee and submitted as follows;

59. In Kenya, Public Service Vehicle (PSV) Insurance business is governed by several laws including the Insurance Act CAP 487 Laws of Kenya, The Traffic Act CAP 403 Laws of Kenya, The National Transport and Safety Authority Act No 33 of 2012 and The Insurance (Motor Vehicles Third Party Risks) Act CAP 405 Laws of Kenya.
60. Currently there are only three licensed insurance companies who transact PSV Insurance Business namely; Directline Assurance Company Limited; Africa Merchant Assurance Company Limited; and Definite Assurance Company Limited.
61. The PSV Insurance mainly provides cover for third party liability such as death, permanent disability, medical expenses, and/or supplementary expenses due to occurrence of an injury

caused by a motor vehicle (motorcycle). It does not cover the vehicle or the person who caused the accidents or their family. Motor third party insurance cover is mandatory for all persons operating motor vehicles on public roads as defined by law.

Historical Context

62. In the 1970's a presidential directive was issued that allowed matatus to operate in an unregulated environment. This has continued to date. The consequences therefore, was;
 - a. The onset of indiscipline and chaos on our roads, the emergence of ambulance chasing and excessive court awards.
 - b. Establishment of a voluntary insurance motor pool by the industry in response to the developments noted above, and its collapse soon after most members exited (due to poor claims experience),
 - c. In 1974 establishment of the first compulsory pool Kenya motor insurance pool.
 - d. 1979 withdrawal of KNAC from the motor pool.
 - e. 1984 collapse of the first motor pool (compulsory)
 - f. In 1985 a second compulsory pool was set up.
 - g. 1989 2nd compulsory pool is wound up by the Government after accumulating huge liabilities
 - h. Early 1990s United Insurance Company emerges as the 2nd largest PSV insurer after KNAC
 - i. 1996 KNAC collapses followed within the next 10 years by Stallion, Lakestar, Liberty, United and more recently Invesco, revived then collapsed again. Other companies that have closed are Standard, Concord, Xplico and BlueShield.

63. Despite the various laws in place, insurer's transacting in PSV Insurance business faces significant challenges including:
 - Ambulance chasing;
 - Exaggerated court rulings;
 - Lack of a centralized database for information sharing;
 - Weak enforcement of traffic laws including highway codes;
 - Fraud;
 - Poor risk and claims management; and
 - Entrenched negative image of PSV underwriters.

64. As a result, PSV insurance is inherently high risk, and the insurance industry has historically been unable to underwrite this risk at sustainable premium rates due to the competitive market structure. Further, section 8 of the Insurance (Motor Vehicle Third Party Risks) Act CAP 405 nullifies any Conditions imposed by a policy of insurance providing that no liability shall arise if the terms conditions of cover are not met thus requiring PSV underwriters settle all claims. As a result, the insurance industry witnessed insolvencies and collapse of several PSV underwriters. The Authority has taken several steps to protect policyholders and claimants.

Response to Prayer (i)

65. *Prayer (i) - Intervene on behalf of the operators and urgently address the issues surrounding the compensation of valid accident claims by the aforementioned insurance companies.*

Administrative actions taken by the Authority

a. Placement of Insurers Under Statutory Management

66. Through the application of Section 67C of the Insurance Act, the Authority has intervened in the management of PSV insurers who have either failed to:
- Meet capital requirements.
 - Settle insurance claims as they fall due.
 - Obtain appropriate reinsurance for their business.
 - Take steps to protect the interest of policyholders and the general public
67. In such cases the Authority has appointed a competent person familiar with the business of the insurer (referred to as a "statutory Manager") to assume the management, control and conduct of the affairs and business of an insurer to exercise all the powers of the insurer to the exclusion of its Board of Directors, including the use of its corporate seal.
68. Upon appointment of a Statutory Manager, an insurer is not authorized to enter into any new insurance contracts thus protecting the general public. In addition, the appointment of the Statutory Manager triggers compensation of policyholders of the affected insurer at KES 250,000 per claimant. The Government is considering increasing this amount to KES 500,000 per claimant.

b. Appointment of Directors to the Board of Directors of Insurers

69. The Authority has in the past intervened in the governance of insurers by appointing three directors to sit in the boards of such insurers. The directors are required to ensure:
- The insurer has a governance structure that is compliant with the Insurance Act.
 - Proper financial management practices by the insurer.
 - Effective internal controls and risk management practices are well-implemented.
 - Full compliance with the requirements of the Insurance Act.
 - The interests of the policyholders, insurer, and the public in general are protected.

c. Prosecution of Management Staff and Board of Directors of Insurers

70. Where any director, principal officer or management staff of an insurer has failed to:
- take all reasonable steps to secure the compliance of an insurer with the Insurance Act; or
 - to settle a Judgment or any insurance claim without lawful justification.
71. The Authority has initiated prosecution of such persons with the aid of the Insurance Fraud Investigations Unit and the Office of the Director of Public Prosecutions.

72. If found guilty upon conviction, the person is liable to a fine not exceeding five million shillings or to imprisonment for a term not exceeding two years.

Response to Prayer (ii)

73. *Prayer (ii) Recommends that the Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies.*

Development of the Legal and Regulatory Framework of Insurance

74. The legal framework governing insurer conduct, including claims settlement, is principally set out under the Insurance Act, Cap 487.

75. The Act empowers the Authority to formulate standards and guidelines to regulate the conduct of insurance business. Among the functions of the Authority, as prescribed under Section 3A(1)(g) of the Act, is the issuance of Supervisory guidelines and prudential standards for the better administration of insurance business by licensed entities.

76. Pursuant to this mandate, the Authority has issued various guidelines that are currently in force and continue to guide the regulation of insurer conduct, including in the areas of claims management, corporate governance, reinsurance, risk controls, and market conduct. To enhance their effectiveness, these existing instruments are currently undergoing comprehensive review and revision.

77. The updated versions, referred to as the 2025 guidelines, seek to address implementation gaps, strengthen enforcement provisions, and align the regulatory framework with evolving market practices and supervisory expectations. The revised drafts include:

- Insurance (Corporate Governance) Guidelines, 2025
- Insurance (Risk Management and Control Functions) Guidelines, 2025
- Insurance (Reinsurance Arrangements) Guidelines, 2025
- Insurance (Market Conduct) Guidelines, 2025
- Insurance (Claims Management) Guidelines, 2025

78. The draft guidelines have been reviewed in consultation with the National Treasury and the Office of the Attorney General and are scheduled to undergo public participation.

Joint Committee on Public Transport Sector Safety and Insurance

79. The problem of PSV insurance business is a multi-sectorial issue affecting several players both in government and the private sector.

80. Following a submission of a Memorandum by the Federation of Public Transport Sector (FPTS) to the Cabinet Secretary, The National Treasury dated 4th November 2023, the CS formed a multi-sectorial committee to look into the challenges facing the sector and make appropriate recommendations.

81. The Committee in carrying out its mandate analyzed the public transport sector legal, regulatory and institutional framework, reviewed various reports and information from the various actors within the public transport sector and made recommendations.
82. The key areas in public transport insurance that were identified for consideration for review included the KES 3 million limit for compensation that is provided under the Insurance (Motor Vehicle Third Party Risks) Act, Cap 405 that PSV owners decried, was financially exposing them when exorbitant judgments were issued against them in traffic accident cases.
83. Other pertinent recommendations included review of the standardized PSV motor insurance policies and harmonization of industry practices regarding insurance excess to mitigate conditions that were stringent to PSV owners. (The report was tabled in 2024).
84. The Committee also made various recommendations that should be undertaken by IRA in collaboration with other actors such as AKI including carrying out urgent sensitization initiatives to the public on the importance of insurance, particularly Third-Party motor vehicle and personal accident insurance. Noting the rampant issuance of fake insurance certificates, PSV owners and crew would require urgent training on how to verify their authenticity using the AKI Digitally Managed and Verifiable Insurance Certificate System (DMVIC) Application.
85. In addition, to deal with the cross-cutting corruption amongst the various actors, the Committee noted that the automation of systems within the PSV sector like the NPS, Judiciary and more so the move from a cash-based sector through the introduction of automated fare collection systems, would greatly reduce opportunities for corruption.
86. To deal with the issues faced by public transport sector players in court processes arising from road traffic accidents, the Committee noted that the Judiciary ought to develop practice guidelines for traffic accident compensation, adopt digital payment options and streamline case management and bail procedures.
87. It was noted that an urgent review of the jurisdiction of the Small Claims Court on personal injury claims and resolving the conflicting timelines with Insurance (Motor Vehicle Third Party Risks) Act, Cap 405.
88. To deal with challenges propagated by doctors/hospitals that were known to be issuing falsified reports with the intention of committing insurance fraud, the Committee recommended that they be reported to the Kenya Medical and Dentists Practitioners Council for disciplinary action.
89. Lastly, to deal with challenges propagated by auctioneers, the Committee recommended that the National Association of Kenya Auctioneers should closely monitor auctioneers' behaviour and develop a code of conduct and in the long term, review the Auctioneers Act so as to streamline the operations of auctioneers.

90. This report has been submitted to the Cabinet Secretary National Treasury for policy direction.

91. Due to these challenges, the performance of the PSV insurance business has been loss making as shown in the table below:

Item	2020	2021	2022	2023	2024
Gross Premium	3,574,444,000	5,231,555,000	5,939,384,000	5,383,397,033	4,829,658,000
Incurred Claims/Expenses	- 4,002,699,000	- 5,819,805,000	- 6,672,784,000	- 6,308,840,384	- -5,921,624,000
Underwriting Losses	-428,255,000	-588,250,000	-733,400,000	-925,443,351	-1,091,966,000

Response to Prayer (iii)

92. *Prayer (iii) Recommends that IRA compels insurance companies to honour all pending claims to protect the public transport industry, considering the vital role public transport plays in revenue generation in the county.*

Complaints Resolution Procedures

93. The Insurance Act empowers the Authority to intervene to resolve complaints by policyholders on claims payment issues. Specifically, Section 204A provides a statutory process through which a policyholder or claimant may report a complaint to the Authority.

94. Upon receiving a complaint, the Authority:

- i. Acknowledges and formally registers the complaint,
- ii. Shares the complaint with the concerned insurer, requiring a written response,
- iii. Collects and reviews all supporting evidence from both the complainant claim records, and the insurer, including policy documents, correspondence, medical/legal documents, etc.,
- iv. Assesses compliance with the terms of the policy and applicable legal and regulatory obligations, and
- v. Makes a determination on the matter, which is then communicated to both parties.

95. The Authority's determination may include compelling the insurer to settle the claim, where the insurer is found to be in breach of the law or the insurance contract. Failure by the insurer to comply with the determination may trigger escalated enforcement, including criminal prosecution under Section 67H of the Insurance Act.

96. This process ensures that compulsion to pay claims is evidence-based, procedurally fair, and enforceable under the provisions of the Insurance Act. In addition to the individual complaint's resolution mechanism under Section 204A, as previously noted, where an insurer consistently fails to settle claims as they fall due, the Authority may invoke Section 67C of the Insurance Act to place the insurer under statutory management thus triggering compensation by PCF.

PART FOUR

4. COMMITTEE OBSERVATIONS

Upon hearing from the Petitioner, Association of Kenya Insurers, Federation of Public Transport Sector and Insurance Regulatory Authority, the Committee observed that—

97. There was no centralized digital infrastructure to support claims transparency and accountability across the motor insurance industry. This gap encourages abuse in the form of fake insurance certificates, duplication of claims, forum shopping, and coordinated fraud by cartels and unscrupulous service providers.
98. Small claims courts are intended to handle disputes involving amounts below one million shillings, many accident-related cases are currently filed before them. However, such cases often require detailed investigations, which cannot be adequately completed within the courts' 60-day timeframe for delivering judgments. This compressed timeline risks compromising the quality and fairness of decisions.
99. Many commercial and public service vehicles continue to operate without regular mechanical inspections, increasing the risk of road accidents and leading to insurance claims that are difficult to verify.
100. There are only a few insurance companies willing to underwrite PSVs due to the associated risks. As a result, these few underwriters are overburdened with numerous claims, further straining their financial resources. Currently there are only three licensed insurance companies who transact PSV Insurance Business namely; Directline Assurance Company Limited; Africa Merchant Assurance Company Limited; and Definite Assurance Company Limited.
101. The performance of the PSV insurance business has been loss making. This has seen escalation of challenges in sustaining the insurance business.
102. The Federation of Public Transport Sector (FPTS) through its leadership presented a Memorandum dated 4th November 2023 to the CS, National Treasury and Economic Planning. The purpose of the Memorandum was to highlight various challenges affecting the Public Service Vehicle (PSV) sector including concerns related to provisions of the Insurance Act CAP 487 and the Insurance (Motor Vehicles Third Party Risks) Act CAP 405.
103. Following a submission of a Memorandum, the CS formed a multi-sectoral committee to look into the challenges facing the sector and make appropriate recommendations.

PART FIVE

5. COMMITTEE RECOMMENDATIONS

104. Pursuant to the provisions of Standing Order 227, the Committee responds to the Petition as follows—

- 1) On the prayer that the Committee intervenes on behalf of the operators and urgently addresses the issues surrounding the compensation of valid accident claims by the aforementioned insurance companies, **the Committee recommends that the Insurance Regulatory Authority (IRA) should enforce compliance by insurance companies by taking necessary action on those found in breach of the Insurance Act.**
- 2) On the prayer that the Committee recommends that Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies, **the Committee recommends that, within ninety (90) days upon tabling of this report, the Insurance Regulatory Authority (IRA) should formulate and submit to the National Assembly comprehensive standards and guidelines, and proposals to amend laws constraining expeditious and practical resolution of disputes and settlement of claims; and implement recommendations of the report of the joint committee on public transport sector safety and insurance..**
- 3) On the prayer that the Committee recommends that IRA compels insurance companies to honour all pending claims to protect the public transport industry, considering the vital role public transport plays in revenue generation in the country, **the Committee recommends that, within ninety (90) days upon tabling of this report, the Authority should compel the insurers to settle valid claims. Failure by the insurer to comply with the determination should trigger escalated enforcement, including criminal prosecution under Section 67H of the Insurance Act and submit a report on all outstanding claims and action taken to the National Assembly.**

Signed: _____



Date: _____

01/04/2026

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

ANNEXURES

Annex 1: The Adoption List

Annex 2: Public Petition No.17 of 2024, regarding the Insurance Regulatory Authority's failure to protect public transport operators in insurance claims.

Annex 3: Minutes of proceedings





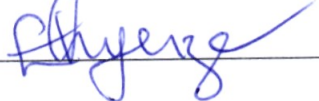
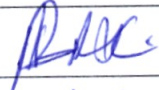
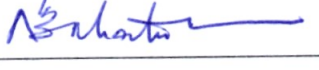
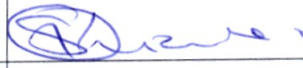

PUBLIC PETITIONS COMMITTEE

ADOPTION LIST

- (i) **Consideration and adoption of the Report on Public Petition No. 17 of 2024 by Hon Caleb Mule, MP, regarding the failure of the Insurance Regulatory Authority to protect Public Transport Operators in insurance claims.**

We, the undersigned, hereby affix our signatures to this Report to affirm our approval:

DATE: 18/03/2026

	HON. MEMBER	SIGNATURE
1.	Hon. Muchangi Karemba, CBS, M.P. (Chairperson)	
2.	Hon. Janet Jepkemboi Sitienei, CBS, M.P. (Vice Chairperson)	
3.	Hon. Patrick Makau King'ola, M.P.	
4.	Hon. Beatrice Kadeveresia Elachi, CBS, M.P.	
5.	Hon. Joshua Chepyegon Kandie, M.P.	
6.	Hon. Maisori Marwa Kitayama, M.P.	
7.	Hon. Edith Vethi Nyenze, M.P.	
8.	Hon. Patrick Ntwiga Munene, M.P.	
9.	Hon. Paul Biego Kibichy, M.P.	
10.	Hon. (Eng.) Bernard Muriuki Nebart, M.P.	
11.	Hon. Peter Mbogho Shake, M.P.	
12.	Hon. Suzanne Ndunge Kiamba, M.P.	
13.	Hon. John Bwire Okano, M.P.	
14.	Hon. Sloya Clement Logova, M.P.	
15.	Hon. Peter Irungu Kihungi, M.P.	



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT (THIRD SESSION)

PUBLIC PETITION

(No. 17 of 2024)

REGARDING THE FAILURE OF THE INSURANCE REGULATORY
AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON
INSURANCE CLAIMS

I, the **UNDERSIGNED**, on behalf of Machakos Matatu Owners Association (MAMOA);

DRAW the attention of the House to the following:

- THAT**, MAMOA represents over 4,000 public service vehicles operating in the Lower Eastern region of Kenya. The Association and its members have consistently complied with all relevant laws governing the public transport industry;
- THAT**, the Insurance Regulatory Authority (IRA) is mandated by the Insurance Act to among others, formulate and enforce standards for the conduct of insurance and reinsurance business in the country;
- THAT**, the grievances by the operators stem from the recurring and persistent financial losses they suffer caused by insurance companies that failed to uphold their legal and contractual obligations;
- THAT**, although all their vehicles fully comply with the required terms and conditions for partnerships with insurance companies, they have been unjustly subjected to severe economic hardships, leading to the loss of property and livelihoods;
- THAT**, the following insurance companies regulated by the IRA have consistently refused to honour claims from the operators in the event of accidents namely *INVESCO, AMACO* and *Directline Insurance Companies*;

AHIFEX(1)

Approved
SNA
3/10/24

H on SNA
Young
approva
2/10/24

DLPS
2
3/10/24

RECEIVED
03 OCT 2024
DEPUTY CLERK
P.O. Box 41842 - 00100, NAIROBI

NATIONAL ASSEMBLY
RECEIVED
03 OCT 2024
CLERK'S OFFICE
P.O. Box 41842, NAIROBI

NATIONAL ASSEMBLY
RECEIVED
02 OCT 2024

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

6. **THAT**, despite payment of monthly premium to these insurance companies, securing compensation for accident victims has proven extremely difficult due to the inefficiency and ineffectiveness of the aforementioned insurers;
7. **THAT**, in many cases of accidents involving their fleets, these operators face double expenses because, despite paying premiums, they are forced to compensate accident victims themselves, contrary to the legal framework;
8. **THAT**, these issues have plagued them for decades and have been perpetuated by the regulator's failure to exercise its legal mandate to regulate the insurance companies mentioned;
9. **THAT**, in addition to failing to honour claims, these insurance companies have not provided legal representation in pending court cases when needed, leading to the defeat of many accident cases in court due to the absence of legal representation;
10. **THAT**, MAMOA has suffered irreparable harm due to the failure of these insurance companies to honour claims, resulting in more than 10 of the members now facing court orders to show cause why they should not be committed to civil jail for failing to compensate accident victims; and
11. **THAT** the issues in respect of which this Petition is raised are not pending before any Court of law or any constitutional or legal body.

THEREFORE, your humble Petitioners pray that the National Assembly through the Public Petitions Committee;

- (i) Intervenes on behalf of the operators and urgently addresses the issues surrounding the compensation of valid accident claims by the aforementioned insurance companies;

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

- (ii) Recommends that Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies;
- (iii) Recommends that IRA compels insurance companies to honour all pending claims to protect the public transport industry, considering the vital role public transport plays in revenue generation in the country; and,
- (iv) Makes any other recommendation or action it deems fit in addressing the plight of the Petitioners.

And your **PETITIONERS** will ever pray.

PRESENTED BY:


HON. CALEB MULE, MP

MEMBER FOR MACHAKOS TOWN CONSTITUENCY

DATE: 1 / 10 / 2024

MINUTES OF THE 18TH SITTING OF THE PUBLIC PETITIONS COMMITTEE HELD ON WEDNESDAY, 18TH MARCH, 2026 IN FRANGAPINI CONFERENCE ROOM, SERENA HOTEL, MOMBASA COUNTY AT 2.30 P.M.

PRESENT

- 1. Hon. Eric Muchangi Karemba, CBS M.P. - **Chairperson**
- 2. Hon. Janet Jepkemboi Sitienei, CBS, M.P. - **Vice-Chairperson**
- 3. Hon. Joshua Chepyegon Kandie, M.P.
- 4. Hon. Maisori Marwa Kitayama, M.P.
- 5. Hon. Edith Vethi Nyenze, M.P.
- 6. Hon. (Eng.) Bernard Nebart Muriuki, M.P.
- 7. Peter Mbogho Shake, M.P.
- 8. Hon. Suzanne Ndunge Kiamba, M.P.
- 9. Hon. Paul Biego Kibichiy, M.P.
- 10. Hon. Peter Irungu Kihungi, M.P.
- 11. Hon. Sloya Clement Logova, M.P.

APOLOGIES

- 1. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.
- 2. Hon. Patrick Makau King'ola, M.P.
- 3. Hon. Patrick Ntwiga Munene, CBS, M.P.
- 4. Hon. John Bwire Okano, M.P.

IN-ATTENDANCE

SECRETARIAT

- 1. Mr. Victor Weke - Principal Clerk Assistant II
- 2. Ms. Miriam Modo - Clerk Assistant I
- 3. Mr. Bernard Toroitich - Clerk Assistant III
- 4. Ms. Kafuyai Wamae - Clerk Assistant III
- 5. Mr. Clinton Sindiga - Legal Counsel II
- 6. Ms. Nancy Akinyi - Research Officer III
- 7. Mr. Arkan Mumin - Research Officer III
- 8. Mr. Collins Mahamba - Audio Officer
- 9. Mr. Calvin Karungo - Media Relations Officer III
- 10. Ms. Felistas Muiya - Public Communications Officer
- 11. Mr. Paul Shana - Serjeant at Arm

MIN./PPC/2026/094:

PRELIMINARIES

The Chairperson called the meeting to order at 2:30 pm and said a word of prayer.

MIN./PPC/2026/095:

ADOPTION OF AGENDA

The proposed agenda was adopted having been proposed by Hon. Hon. Suzanne Ndunge Kiamba, M.P and seconded by, Hon. Maisori Marwa Kitayama, M.P.

AGENDA

1. Prayer and Preliminaries
2. Adoption of the Agenda
3. Confirmation of previous Minutes
4. Matters Arising
5. **Consideration and adoption of the following Public Petition Reports:**
 - i. **P/No.17/2024 regarding the failure of the Insurance Regulatory Authority to protect Public Transport Operators in insurance claims; and**
 - ii. **P/No.11/2024 regarding the waiver of the Elgeyo Border Settlement Scheme No.45 Settlement Fund Trustees Loan by Hon.(Prof.) Phyllis Bartoo, M.P.**
6. Any Other Business
7. Adjournment.

MIN./PPC/2026/096: CONFIRMATION OF MINUTES

This agenda item was deferred to the next sitting.

MIN./PPC/2026/097: CONSIDERATION AND ADOPTION OF PUBLIC PETITIONS

- i. **P/No.17/2024 regarding the failure of the Insurance Regulatory Authority to protect Public Transport Operators in insurance claims;**
The Committee considered the draft report and it recommended that the Insurance Regulatory Authority takes action actions on those found in breach of the Insurance Act. It was further recommended to present comprehensive guidelines and proposals to amend laws constraining expeditious and practical resolution of disputes and settlement of claims within ninety (90) days of tabling of the report.
- ii. **P/No.11/2024 regarding the waiver of the Elgeyo Border Settlement Scheme No.45 Settlement Fund Trustees Loan by Hon. (Prof.) Phyllis Bartoo, M.P**
The committee considered the draft report and recommended that the Ministry of Lands, Public Works, Housing and Urban Development ensures gazettelement of the waiver of the accumulated debt of Elgeyo Border Settlement Scheme and the completion of the titling process to be completed within one year of adoption of this report.

Adoption

The Committee unanimously adopted the two reports having been proposed by Hon. Maisori Marwa Kitayama, M.P and seconded by Hon. Edith Vethi Nyenze, M.P:

MIN./PPC/2026/098: ADJOURNMENT

There being no other business, the meeting was adjourned at 4:00 p.m.

Sign:



Date 01/04/2026

HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

MINUTES OF THE 14TH SITTING OF THE PUBLIC PETITIONS COMMITTEE HELD ON TUESDAY APRIL 29 2025, IN COMMITTEE ROOM 16, 3RD FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS AT 3.00. PM

PRESENT

1. Hon. Ernest Ogesi Kivai, M.P.	Chairperson
2. Hon. Janet Jepkemboi Sitienei, CBS, M.P.	Vice-Chairperson
3. Hon. Joshua Chepyegon Kandie, M.P.	Member
4. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.	Member
5. Hon. Maisori Marwa Kitayama, M.P.	Member
6. Hon. Edith Vethi Nyenze, M.P.	Member
7. Hon. Bidu Mohamed Tubi, M.P.	Member
8. Hon. (Eng.) Bernard Nebart Muriuki, M.P.	Member
9. Hon. Peter Irungu Kihungi, M.P.	Member
10. Hon. Sloya Clement Logova, M.P.	Member

APOLOGIES

1. Hon. Patrick Makau King'ola, M.P.	Member
2. Hon. Nimrod Mbithuka Mbai, M.P.	Member
3. Hon. Peter Mbogho Shake, M.P.	Member
4. Hon. Suzanne Ndunge Kiamba, M.P.	Member
5. Hon. John Bwire Okano, M.P.	Member

SECRETARIAT

1. Ms. Anne Shibuko	Clerk Assistant I
2. Ms. Roselyne Ndegi	Senior Serjeant-At-Arms
3. Ms. Patricia Gichane	Legal Counsel II
4. Mr. Isaac Nabiswa	Legal Counsel II
5. Mr. Willis Obiero	Clerk Assistant III
6. Mr. Calvin Karungo	Media Relations Officer
7. Ms. Nancy Akinyi	Research Officer III
8. Mr. Peter Mutethia	Audio Officer

PETITIONERS (OLJORAI COMMUNITY)

1. Hon. Martha Wangari, MP	Petitioner
2. Mr. John Tepelian Oseina	Former Councillor
3. Mr. Benson Mutel Karbolo	Resident
4. Ms. Joyce Wangari Kiragori	Resident
5. Mr. Paul Nadio Lebenyo	Resident

PETITIONERS (CHUKA COMMUNITY)

1. Hon. Patrick Munene, MP Petitioner
2. Mr. Eustace Nkoroi Nyaga
3. Bishop (Dr.) Patrick Mutegi Rindik
4. Mr. Pastasio Mutema
5. Rev. Samuel Riungu Muratha
6. Mr. Oswald Mwenda Gitari

MIN./PPETC/2025/071: PRELIMINARIES

The Chairperson called the meeting to order at 3:00 p.m. and began the proceedings began with prayers.

MIN./PPETC/2025/072: ADOPTION OF AGENDA

AGENDA

1. Prayer
2. Adoption of the Agenda
3. Confirmation of minutes of previous sittings
4. Matters Arising
5. Consideration of P/No.19/2024 regarding Settlement of residents of Oljorai Community in Oljorai Farm in Nakuru Country
 - Meeting with the Petitioner (Hon. Martha Wangari, MP)
6. Consideration of P/No.9 of 2025 regarding Recognition of the Chuka Community as a tribe in the Republic of Kenya;
 - Meeting with the Petitioner (Hon. Patrick Munene, MP)
7. Any Other Business
8. Adjournment

The Agenda was adopted to constitute business of the Meeting having been proposed by Hon. Janet Jepkemboi Sitienei, CBS, M.P. and seconded by Hon. (Eng.) Bernard Nebart Muriuki, M.P.

MIN./PPETC/2025/073: CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS

The Agenda was deferred.

MIN./PPETC/2025/074: CONSIDERATION OF P/NO.19/2024 REGARDING SETTLEMENT OF RESIDENTS OF OLJORAI COMMUNITY IN OLJORAI FARM IN NAKURU COUNTRY

The Petitioners represented by Hon. Martha Wangari, MP appeared before the Committee and submitted as follows—

1. Oljorai Farm, previously an Agricultural Development Corporation (ADC) farm, is located in Nakuru County, Gilgil Sub- County, and spans 28,000 acres, divided

equally in 1990 into Phase I and Phase II, with Phase I allocated to the Maasai and other minority communities;

2. The Petitioners and their families have resided on the Oljorai land for nearly 40 years, during which time they have established permanent and semi-permanent structures, schools, markets, and other social amenities, contributing to the development of the area;
3. In 1997, the ADC allegedly sold 8,000 acres of the 14,00 acres (Phase I) to Solai Ruyobei Farm Limited, creating tension and protests among the residents, who had been promised settlement and title deeds by the government;
4. Several high-level meetings have been held since 2014 involving the Office of the President, the National Land Commission (NLC), the Ministry of Lands, Public Works, Housing and Urban Development, the Nakuru County Government, and community representatives to resolve the dispute, but no resolution has been implemented to date;
5. In 2016, the Government Directed the NLC to finalize the settlement and issuance of title deeds to the yet no action has been taken;
6. The failure to resolve the dispute has left the residents vulnerable to potential displacement, exacerbating historical land injustices and undermining the residents social and economic stability;
7. The matter presented in this petition was not pending before any tribunal, court of law, or any constitutional or legal body.

Petitioners' Prayers

The Petitioners prayed that the Committee—

8. Engages the Ministry of Lands and Physical Planning, Public Works, Housing, and Urban Development; and, other relevant authorities with a view to investigating and ensuring that agreements reached in prior meetings between the Government and the residents is adhered to;
9. Ensure that the residents of Oljorai Farm in Nakuru County are issued with title deeds and permanently settled on the land they have resided in for the last thirty-three (33) years; and,
10. Make any other necessary recommendation the Committee deems fit to address the issues raised in this Petition.

Background

The Petitioners further submitted a background to the Petition as follows—

11. The total acreage of the former ADC farm was 28,000 acres. In early 1990s, the government divided the land equally (14,000 acres each) into Phase I and II. Phase II was further sub divided and majorly given to the Kalenjin Community. Through

the intervention of the Maa Community leaders including the late Hon. William Ole Ntimama, the late Rift Valley PC Ishmael Chelang'a and the then Nakuru District DC Wilson Wanyanga, the government allocated the remaining 14,000 acres to majorly the Maasai Community and the minor communities in the area such as Turkanas, Kalenjins, Kikuyus, Kisiis, Boranas, Merus, Kambas, Samburus, Somalis, Luhyas, Luos and others.

12. Thereafter, the aforementioned communities settled in the 14,000 acres awaiting official land demarcation by the government. The communities lived harmoniously and begun developing the area. The area developed to have markets, schools, as well as infrastructure and amenities. The population therefore grew and the communities have been giving birth and also buying their loved ones in the land over the years.

13. In 1997, the ADC through its former Director Mr. Siror informed the occupants of the 14,000 acres (Phase I) that 8000 acres had been sold to a group in Solai, Baringo County referred to as Ruyobei. The Oljorai community who had lived in the land for about eight years awaiting subdivision became got worried of the information of a group from outside the area demanding ownership of the land. This sparked demonstrations by Oljorai residents demanding to know why the land had been sold without their consent.

14. In 1998, the government intervened and assured the Oljorai Community that they were the rightful occupants of the land and that subdivision would be conducted and the titles of the 14,000 acres issued. The intervention came after the government assured the Ruyobei group that they would be given another land hived from another ADC lands in Laikipia or Naivasha.

Committee Concerns

Background on land ownership and dispute involvement

15. The Petitioners clarified that Lari Nyakinyua was a development company based in Kiambu County, which purchased 8,000 acres of land in Solai from colonial authorities. However, the company was unable to take possession of the land, as another group known as Ruyobei had already occupied it and claimed ownership. In response, the Ruyobei group referred Lari Nyakinyua to an equivalent 8,000-acre parcel in Oljorai, which had previously been sold to Ruyobei after being subdivided from Agricultural Development Corporation (ADC) land.

16. Despite this arrangement, Lari Nyakinyua was unable to occupy the Oljorai land as it was already inhabited by local residents, leading to resistance. Although Lari Nyakinyua held the title deed to the 8,000-acre parcel in Oljorai, obtained through a swap with Ruyobei in compensation for the Solai land, the occupation by Oljorai residents prevented their settlement.

Status of the Oljorai land

17. Initially, the Oljorai land measured 28,000 acres and was divided into two equal parts. The government allocated the first 14,000 acres (Phase I) to various communities, who settled there and were issued title deeds—this portion is not

under dispute. Subsequently, 6,000 acres of the remaining 14,000 acres were also subdivided and settled without contention. However, the remaining 8,000 acres have remained disputed, as the Oljorai community has not been issued title deeds due to Lari Nyakinyua's claim of ownership. Therefore, only 8,000 acres of the total 28,000 remain contentious.

Parties involved in the dispute

18. The Petitioners identified the key parties involved in the disputed 8,000-acre parcel as the Oljorai community (the Petitioners), Ruyobei, and the Lari Nyakinyua group.

Historical land injustice

19. On the issue of why some members of the Oljorai community did not receive title deeds, the Petitioners explained that they were excluded and asked to wait. This has been described as a classic example of historical land injustice.

Demographics and government recommendations

20. The Petitioners stated that the 8,000 acres are currently occupied by approximately 3,000 households, comprising around 10,000 individuals. Public participation and data collection exercises have been conducted, and the residents have been verified and documented. In 2014, the National Land Commission (NLC) recommended that Lari Nyakinyua be compensated for the Oljorai land, and that the land be used to formally settle the current occupants. However, implementation has been delayed due to competing interests, including attempts by some actors to inflate the list of beneficiaries contrary to the wishes of the local community.

Petitioner representation

21. The Petitioners clarified that they represent the residents of the disputed 8,000-acre land and have established a committee to follow up on the matter.

Timeline of government engagement

22. According to the Petitioners, the community first engaged the government in 1997, when a delegation approached the then-President for assistance. However, those initial engagements were verbal and undocumented. It was not until 2014 that the NLC issued formal recommendations regarding the dispute.

Position on resettlement

23. The Petitioners asserted that the Lari Nyakinyua group has never occupied the land, whereas the Oljorai community has lived there for over thirty-three (33) years. Consequently, they rejected the idea of resettlement, proposing instead that the appropriate resolution would be to compensate Lari Nyakinyua and issue title deeds to the current residents.

Committee Resolution

Following deliberations, the Committee resolved to engage relevant stakeholders, including the Ministry of Lands, Public Works, Housing and Urban Development, the National Land Commission, Lari Nyakinyua, and Ruiyobei Farmers Ltd.

MIN./PPETC/2025/075: CONSIDERATION OF P/NO.9 OF 2025 REGARDING RECOGNITION OF THE CHUKA COMMUNITY AS A TRIBE IN THE REPUBLIC OF KENYA

The Petitioners led by Hon. Patrick Munene appeared before the Committee and submitted as follows—

1. The Constitution of Kenya in its preamble affirms the national pride in the ethnic, cultural and religious diversity as the bedrock of unity of a Sovereign nation;
2. Article 44 of the Constitution recognizes that “every person has the right to use the language, and to participate in the cultural life, of the person's choice” and, a person belonging to a cultural or linguistic community has the right, with other members of that community to enjoy the person's culture and use the person's language;
3. The Chuka community has a population of more than one hundred and seventeen thousand (117,000) people who are primarily located in Tharaka Nithi County and owing to the historical, cultural, social and economic aspects of the Chuka community, there is need to formally recognize them as a distinct tribe in the Republic of Kenya;
4. The Chuka community traces their origins to the coastal region of Kenya, from where they migrated inland and eventually settled in the southeastern slopes of Mount Kenya and have a cultural and historical claim to the land known as *Magundu Ma Chuka*, which is now part of Mount Kenya National Park and Forest Reserve;
5. Although the Chuka community has maintained governance structures, economic activities and cultural practices that distinguish them from their neighbors, the Chuka community has not been recognized as a tribe;
6. The members of the Chuka community have their own unique language that has unique phonetic characteristics, that are substantially distinct from those of its neighboring tribes; including the naming system and circumcision rites that makes it distinct from the neighboring tribes unique and historical governance and leadership system comprising Councils of elders such as *Kiama gia Nkome* and *Kiama kia Mugongo* which have been and still are crucial in providing community leadership and direction and in resolving conflicts involving the Chuka community;
7. The Chuka community plays a fundamental role in Kenya's socio-economic growth and the enhancement of Kenya's economy primarily through agriculture and trade;

8. Efforts to have this matter addressed by relevant authorities have been futile; and that the matter presented in this petition is not pending before any Court of law, or any constitutional or legal body.

Petitioners' Prayers

The Petitioners prayed that the Committee—

9. Inquire into the matter with a view to securing urgent recognition of the Chuka community of Kenya as a tribe of the Republic of Kenya; and
10. Make any other recommendations or actions it deems fit in addressing the plight of the Petitioners.

The Petitioners submitted the following:

11. The recognition of the Chuka community as a distinct tribe in Kenya is a longstanding historical concern. The Chuka people have historically been grouped together with other communities such as the Meru and Tharaka, despite being a distinct ethnic group residing in Tharaka Nithi County.
12. Literature and educational materials in the Chuka language are severely lacking. Most publications in local languages are available only in Kikuyu or Meru, and the National Cohesion and Integration Commission (NCIC) does not recognize Chuka as a separate tribe in its official records. As a result, even Chuka children are taught in other languages, contributing to an identity crisis.
13. Efforts toward recognition of the Chuka identity began many years ago, particularly through the initiative to translate the Holy Bible into the Chuka language.
14. Currently, Chuka is not recognized as a community or a distinct tribe. Most Chuka children grow up learning and speaking other languages, and many are unable to express themselves in their mother tongue. This has led to a significant cultural and linguistic identity crisis. There is minimal literature or documentation available on Chuka language or ethnicity.
15. Scholarly work on the Chuka includes a thesis by Prof. Mwaniki Henry titled "*A Precolonial History of the Chuka of Mount Kenya c.1400-1908*". Additionally, American author Jeffrey A. Fadiman wrote a book titled "*When We Began There Were Witch Men: An Oral History from Mount Kenya.*" However, it is alleged that out of 103 individuals interviewed for the book, 100 were from the Meru community and three were white men, with no Chuka representation.
16. In "*The Vanishing Tribes of Kenya*" by Major G. St. J. Orde-Browne, the Chuka were described as a community quickly being assimilated into larger neighboring tribes such as the Kikuyu and Meru. The author warned that without careful and sympathetic intervention, the Chuka would lose their language and cultural identity.

17. The Chuka Religious Community has also faced challenges in communication, especially in Protestant churches, where the Kikuyu Bible is still widely used. Recognizing this gap, Bible Translation and Literacy (BTL)—a Christian organization founded in 1981—established the need for a Chuka Bible in 2010. Given the linguistic differences, religious communication has been difficult. The Chuka community, in partnership with BTL, has since developed the Chuka language, and the New Testament is soon to be launched in Chuka.

18. The Chuka language is unique, with seven distinct vowels that differ from those of neighboring communities. The language of the communities under which Chuka has been previously classified appears foreign even to the Chuka people. This linguistic and cultural disconnect has further complicated identity, especially during cultural rites such as marriage, where the Chuka are not officially recognized as a distinct tribe.


19. The Petitioners emphasized the urgent need for the Chuka language to be officially registered and for the Chuka to be recognized as a distinct tribe. This would support the development of educational materials, cultural preservation, and formal recognition in national identity.

Committee Observation

Upon deliberation, the Committee observed that several other smaller communities in Kenya also lack official recognition as tribes. The Committee noted that tribal recognition is important not only for cultural and linguistic preservation but also for economic inclusion and equitable representation—particularly in areas such as government recruitment, where ethnicity and cultural identity play a significant role.

MIN./PPETC/2025/076: ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at 5:30 p.m. The date of the next meeting will be Wednesday, 30th April 2025.

Sign: 

(CHAIRPERSON)

Date: 19-06-2025



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

**MINUTES OF THE 23RD SITTING OF THE PUBLIC PETITIONS COMMITTEE
HELD ON WEDNESDAY, 18TH JUNE, 2025, IN COMMITTEE ROOM 22, FIFTH
FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS AT 12.00 NOON**

PRESENT

1. Hon. Janet Jepkemboi Sitienei, CBS, M.P. Vice-Chairperson
2. Hon. Edith Vethi Nyenze, M.P.
3. Hon. (Eng.) Bernard Nebart Muriuki, M.P.
4. Hon. Bidu Mohamed Tubi, M.P.
5. Hon. Suzanne Ndunge Kiamba, M.P.
6. Hon. John Bwire Okano, M.P.
7. Hon. Maisori Marwa Kitayama, M.P.

APOLOGIES

1. Hon. Ernest Ogesi Kivai, M.P. Chairperson
2. Hon. Patrick Makau King'ola, M.P.
3. Hon. Nimrod Mbithuka Mbai, M.P.
4. Hon. Joshua Chepyegon Kandie, M.P.
5. Hon. Beatrice Kadeveresia Elachi, CBS, M.P.
6. Hon. Peter Mbogho Shake, M.P.
7. Hon. Peter Irungu Kihungi, M.P.
8. Hon. Sloya Clement Logova, M.P.

SECRETARIAT

- | | |
|-------------------------|------------------------------|
| 1. Mr. Ahmed Kadhi | Principal Clerk Assistant II |
| 2. Ms. Roselyn Ndengi | Senior Serjeant at Arms I |
| 3. Ms. Miriam Modo | Clerk Assistant I |
| 4. Ms. Anne Shibuko | Clerk Assistant I |
| 5. Ms. Patricia Gichane | Legal Counsel II |
| 6. Mr. Calvin Karungo | Media Relations Officer |
| 7. Ms. Nancy Akinyi | Research Officer III |
| 8. Mr. Peter Mutethia | Audio Officer |

PARE COMMUNITY

1. Hon. John Bwire Member for Taveta Constituency
2. Ms. Mchikirwa Ndelidai Member of the Pare Community

KENYA NATIONAL BUREAU OF STATISTICS

1. Dr. Macdonald Obudho Director General
2. Mr. Francis Kundu Senior Manager, Demography
3. Mr. Paul Waweru Manager, Population Statistics

MIN./PPETC/2025/126:

PRELIMINARIES

The Chairperson called the meeting to order at 11:00 am. and proceedings began with prayers by Hon. (Eng.) Bernard Nebart Muriuki, M.P.

MIN./PPETC/2025/127:

ADOPTION OF AGENDA

AGENDA

1. Prayer
2. Adoption of the Agenda
3. Confirmation of minutes of previous sittings
4. Matters Arising
5. Meeting with the Director General, Kenya National Bureau of Statistics (KNBS)
 - *Consideration of—*
 - a) *P/No. 1/2025 on Recognition of the Pare people as a tribe in Kenya*
 - b) *P No. 9/2025 on Recognition of the Chuka Community as a tribe in the Republic of Kenya*
6. Consideration of P/No. 32 of 2023 on Tarmacking of Kiganjo-Mugutha- Gwakairu Link Road
 - *Meeting with the Petitioner*
7. Adoption of report on P/No. 52 of 2023 regarding the Ban of the Use Asbestos as a Roofing Material
8. Adoption of report on P/No. 59 of 2023 regarding Settlement of Ontulili Mount Kenya Forest Squatters
9. Any Other Business
10. Adjournment

MIN./PPETC/2025/128:
SITTINGS

CONFIRMATION OF MINUTES OF PREVIOUS

The Agenda was deferred.

MIN./PPETC/2025/129:
OF THE

PARE PEOPLE AS A TRIBE IN KENYA AND P/NO. 9/2025
ON RECOGNITION OF THE CHUKA COMMUNITY AS A
TRIBE IN THE REPUBLIC OF KENYA

Meeting with the Kenya National Bureau of Statistics (KNBS)

The Director General, Kenya National Bureau of Statistics (KNBS) appeared before the Committee and submitted as follows—

1. Ethnicity and tribal data collected through censuses and surveys serve several important purposes, especially in diverse nations like Kenya. These purposes include Resource allocation; Representation and inclusion; Cultural and historical documentation; Policy development; and Conflict resolution and social integration.
2. Over the years, various ethnic communities living in the country have sought to be recognized as distinct tribes or sub-tribes of Kenya. This has mainly been driven by the desire to get statistical information, claim rights and advance community interests. Recent

examples include the Makonde, Kenyans of Asian Heritage, Shona and Pemba communities who were given formal recognition during the last decade.

3. These communities were granted recognition after formally submitting petitions requesting the Government to recognize them as ethnic communities of Kenya.
4. Since independence, the Kenya National Bureau of Statistics (KNBS) has collected data on ethnicity and tribes with the aim of enhancing understanding of the diverse nature of the people of Kenya and advancing equitable development in all spheres of life.
5. In order to ease the production of statistics on ethnicity and tribes, KNBS assigns codes to the various ethnic/tribal communities at the beginning of any statistical project that seeks to collect data on ethnicity.
6. These codes are purely for statistical purposes and do not imply legal authority on the part of KNBS to confer official recognition of ethnic and tribal communities living in Kenya.
7. During the 1969, 1979, 1989, 2009 and 2019 Kenya Population and Housing Census (KPHC) the number of ethnic/tribal communities enumerated varied between 37 and 42. This was mainly due to inclusion of more ethnic/tribal communities and relegation of some to sub-communities.
8. In 1999, data on ethnicity was not collected during the census.

	1969	1979	1989	1999	2009	2019
No. of main ethnic communities	42	38	40	N/A	37	42
No. of Sub-Ethnic Communities	0	0	0	N/A	71	75

Table 1: Trend in the Number of Ethnic/Tribal Communities Enumerated during past KPHCs (Source Kenya Population and Housing Census, 1969-2019)

9. The process used by KNBS to assign statistical codes to ethnic communities is guided by the following:
 - i. Gazette notices issued by the Government recognizing ethnic communities as an integral part of the tribes of Kenya; and
 - ii. Recommendations made to KNBS by the National Gender and Equality Commission (NGEC) recommending the collection, analysis and dissemination of data on ethnic communities whose interests need to be protected and promoted. These ethnic communities include those that are regarded as minorities and marginalized.
10. Distinct data on Pare and Chuka communities is hardly available due to the fact that these two communities have been enumerated as part of larger communities. The Pare are currently enumerated as part of the communities that are stateless while the Chuka are enumerated under the larger Meru ethnic community.

a) Pare Community

11. The Pare community living in Kenya are mainly found in Taveta constituency of Taita Taveta County. During the 2019 KPHC, members of this community were enumerated among the 6,272 Stateless persons living in the country at the time. Other communities enumerated as Stateless during this census exercise included the Shona, Wanyarwanda and Wapemba communities. These two communities have since been granted recognition as tribes of Kenya.

b) Chuka Community

12. The Chuka community are mainly found in Tharaka-Nithi County. Chukas are one of the nine sub-groups of the larger Meru ethnic community. The other sub-groups of the Meru ethnic community are Igoji, Imenti, Tigania, Mitine, Igembe, Mwimbi, Muthambi and Tharaka.

13. Tharaka ethnic community is currently being enumerated distinctly from the rest of the sub-groups of the Meru ethnic community. Table 2 shows the population of Meru and Tharaka communities enumerated in Tharaka-Nithi county during the 2009 and 2019 KPHC. The population of Meru ethnic community includes members of the Chuka sub-ethnic community.

	2009	2019
Meru	199,731	205,279
Tharaka	145,424	163,273

Table 2: Population of Meru and Tharaka ethnic Communities enumerated in Tharaka-Nithi County in 2009 and 2019

Source: Kenya Population and Housing Census, 2009 and 2019

14. Once the two petitions are endorsed by the National Assembly and gazetted as so, KNBS will go ahead to distinctly enumerate the two communities in the 2029 KPHC.

15. The Bureau requested the leaders to encourage their community members to always identify themselves with the correct name of their preferred ethnic community whenever they participate in censuses and surveys undertaken by KNBS. This will enable the Bureau to collect, analyze and disseminate more accurate and comprehensive statistical information on these communities.

Committee concerns

- i. **On the criteria used to recognise tribes and sub tribes**, the Director General explained that KNBS depended on the precedence of the tribes established in the ethnic enumeration during the 1969 Kenya Population and Housing Census. In subsequent years, tribes and sub tribes were granted based on petitions made to government agencies.
- ii. **On what categorises stateless persons-** a person not recognised as a citizen of the country and the country of origin too. Still counted in census as they fall within the count defined boundary (Kenya) within the specific time in point, because of need for resource distribution.
- iii. **On what benefits are lost by stateless persons**, the Director General explained that they have no identification documents hence have difficulty accessing services that require identification.

- iv. Regarding why the Petitioners were regarded as stateless in the 2019 Census despite issuance of Code 2J in the year 2001 by the National Registration Bureau, and issuance of Identification cards to most members of the community, the Director General reiterated that during the 2019 KPHC, members of this community were enumerated among the 6,272 Stateless persons living in the country at the time and that the code 2J given to Pare number was not captured under KNBS records.

Committee Resolution

Upon listening to the stakeholder, the Committee resolved to engage—

- i. the Ministry of Interior and National Administration to give further explanation on the definition of a tribe, as they recommend issuance of Gazette Notices for formal recognition as a tribe; and
- ii. The State Department of Immigration to explain the interpretation of statelessness.

MIN./PPETC/2025/130:

CONSIDERATION OF P/NO. 32 OF 2023 ON TARMACKING OF KIGANJO-MUGUTHA-GWAKAIRU LINK ROAD

The Agenda was deferred.

MIN./PPETC/2025/131:

ADOPTION OF REPORT ON P/NO. 52 OF 2023 REGARDING THE BAN OF THE USE ASBESTOS AS A ROOFING MATERIAL

The Agenda was deferred.

MIN./PPETC/2025/132:

ADOPTION OF REPORT ON P/NO. 59 OF 2023 REGARDING SETTLEMENT OF ONTULILI MOUNT KENYA FOREST SQUATTERS

The Agenda was deferred.

MIN./PPETC/2025/133:

ADJOURNMENT AND DATE OF NEXT MEETING

The Chairperson adjourned the meeting at 02:10 p.m. The date of the next meeting will be Thursday 19th June, 2025 at 12.00 noon.


HON. MUCHANGI KAREMBA, CBS, M.P.
CHAIRPERSON, PUBLIC PETITIONS COMMITTEE

Date: 20/7/25

THE ASSOCIATION OF KENYA INSURERS

AKI Centre, Mimoso Road, Muchai Drive, Off Ngong Road.

P.O. Box 45338 - 00100, Nairobi

Tel: 254 709640000

Mobile: 0722-204 149, 0733 610 325

Email: info@akinsure.com

Website: www.akinsure.com

AAAFEX (3)



PUBLIC PETITION

(NO. 17 of 2024)

REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE

Over the past two decades insurance industry in Kenya has grappled with major challenges related to the underwriting of Public Service Vehicles (PSVs). These challenges have had severe financial implications, leading to the collapse of several insurance companies. Among those that have exited the market due to unsustainable operations in the PSV segment are:

1. Blueshield Insurance
2. United Insurance
3. Concord Insurance
4. Standard Insurance
5. Lakestar Insurance
6. Invesco Assurance
7. Xplico Insurance

REASONS FOR THE COLLAPSE OF PSV INSURANCE PROVIDERS

The downfall of these companies can be attributed to the following core issues:

i. Non-Compliance with Traffic Rules and Increased Road Accidents

A significant number of PSV drivers fail to observe traffic regulations, resulting in frequent road accidents. This has led to a sharp rise in third-party personal injury and property damage claims, putting immense financial pressure on insurers.

ii. Limited Number of PSV Insurance Providers

There are only a few insurance companies willing to underwrite PSVs due to the associated risks. As a result, these few underwriters are overburdened with numerous claims, further straining their financial resources.

iii. Widespread Fraudulent Activities

Fraud has been a critical issue within the PSV insurance sector. There is often collusion among various stakeholders—including police officers, lawyers (commonly referred to as “ambulance chasers”), judicial officers, hospitals and doctors, motor vehicle assessors, inspectors, and auctioneers—to fabricate false insurance claims. These orchestrated schemes result in exaggerated or fictitious claims and inflated court awards, draining insurer finances significantly.

iv. Severe Premium Undercutting

Fierce competition among PSV underwriters has led to rampant undercutting of premium rates. This practice weakens the financial base of insurers, leaving them unable to meet claim obligations, even for minor incidents.

IMPLICATIONS OF THESE CHALLENGES

The challenges outlined above have led to serious repercussions for both the insurance industry and the broader economy, including:

a) Decline in the Number of PSV Insurance Providers

Several insurers have been forced to shut down or withdraw from the PSV segment, leaving a very limited pool of providers in the market.

b) Erosion of Public Trust in Insurance Companies

Frequent failures to honor claims and the collapse of insurance companies have led to general mistrust among the public and policyholders toward insurance providers.

c) Increased Exposure of Policyholders

The collapse or exit of insurers leaves policyholders vulnerable, especially in the event of accidents or losses, as they may struggle to obtain compensation.

d) Instability in the Financial Sector

The recurrent collapse of insurance companies undermines confidence in the financial system and affects its overall stability.

e) Negative Impact on the Public Transport Sector

With limited insurance options and increased operational risks, the public transport industry faces higher costs and regulatory scrutiny, which can affect service delivery and affordability.

MITIGATION MEASURES THAT HAVE BEEN PUT IN PLACE BY THE GOVERNMENT

In response to the persistent challenges and systemic failures, the Government of Kenya has taken various steps to stabilize the PSV insurance sector. These include:

1. Formation of Specialized Taskforces

Several government-led taskforces were established to assess the issues affecting the PSV insurance segment and propose practical solutions. Many of the recommendations from these taskforces have been adopted and implemented.

2. Establishment of the Insurance Fraud Investigation Unit (IFIU)

To combat the rampant fraud in the insurance sector, the Government created the **Insurance Fraud Investigation Unit (IFIU)**. This specialized unit works closely with law enforcement agencies, the insurance regulator, and other stakeholders to investigate and prosecute fraudulent activities.

3. Integration of the “Michuki Rules” into Insurance Legislation

The proposal to embed the “Michuki Rules”—which relate to the regulation of public transport safety and order—into the insurance legal framework. Specifically, these rules were incorporated into the *Insurance Act* and *Cap 405* through subsidiary legislation, aligning insurance practices with public transport standards.

4. Review of Legal Framework

One of the major recommendations from the taskforces was to amend the *Insurance (Motor Vehicle Third Party Risks) Act, Cap 405*. The proposed changes included:

- Introduction of a **structured compensation scheme** to ensure uniformity in payouts.
- Imposition of **caps on liability** to limit the financial exposure of insurers, particularly in relation to third-party claims.

This amendment aimed to minimize fraudulent claims and improve the sustainability of the PSV insurance business.

This amendments to the law was found unconstitutional by the court and overturned.

PROPOSALS THAT THE INDUSTRY WILL SHARE WITH THE RELEVANT GOVERNMENT BODIES.

1. Empowering the Insurance Regulator to Issue Premium Guidelines

Empowering the Insurance Regulatory Authority (IRA) the authority to issue **premium pricing guidelines**. This measure aims to prevent undercutting and promote fair competition, ensuring insurers price risks appropriately.

2. Proposal of a Two-Cheque Payment System

Implementing a two-cheque system for personal injury and death claims offers several significant benefits to the insurance industry and the general public which includes the following:

- **Enhanced Transparency and Accountability:** Ensures that compensation reaches the rightful beneficiaries and therefore reducing complaints from the public in relation to unpaid compensation.
- **Reduction of Fraudulent Claims:** By minimizing fraudulent payouts, insurers can reduce the overall cost of claims and therefore payment of genuine claims in good time. Reduced cost of claims will also lead to discounted premiums and therefore a saving for policyholders.
- **Compensation Fulfils the Intended Purpose:** Payment reaches the intended recipient in good time as there would be no reason to hold a cheque in a different person's name.
- **Sustainability of PSV Insurance:** The PSV sector has been experiencing unsustainable losses mainly due to fraud. The two cheque system would go along way in making this class of business sustainable.

3. Review of Small Claims Court Jurisdiction on Insurance Matters

There is an urgent need to revisit the timelines of Small Claims Courts in relation to personal injury cases, especially where they conflict with the **Insurance (Motor Vehicle Third Party Risks) Act, Cap 405** and the **Insurance Act**. Currently, we have two different rulings where one court says that injury claims should not be the subject of the small claims court and another saying the contrary.

Key Issues:

- **Timelines:** The small claims court is subject to a 60-day resolution timeline that is often impractical.
- **Investigation Challenges:** The limited timeframe hinders thorough investigations, crucial for verifying the legitimacy of claims.
- **Evidence Limitations:** Time constraints make it difficult to gather essential documents such as medical reports, X-rays, treatment notes, and legal documentation for fatal claims (e.g., letters of administration, postmortem reports e.t.c).
- **Witness Availability:** Most of the times this is problematic especially when expert or multiple witnesses are needed within the short timeframe.
- **Statutory Conflicts:**
 - Section 10(3A) & (3B) of the Insurance (Motor Vehicle Third Party Risks) Act allows insurers to request medical examinations and verify documents prior to judgment—processes requiring more than 60 days.
 - Section 203(1)(d) of the Insurance Act mandates claim settlement within 90 days of report submission or court determination.
- **Evidentiary Flexibility:** Section 32 of the Small Claims Court Act permits courts to bypass strict rules of evidence, potentially compromising the fairness and accuracy of judgments in insurance matters.

Recommendation: removal of Personal Injury matters from the small claims courts to ensure fairness, sufficient investigation time, and proper administration of justice in insurance-related claims.

4. Training of Judicial Officers on Cap 405 Matters

To ensure consistent and informed adjudication of claims under Cap 405, it is proposed that **judicial officers handling such cases receive specialized training**. This training should cover:

- The legal framework of Cap 405 and related statutes.
- Evaluation of medical and expert evidence in personal injury cases
- Understanding timelines, documentation, and insurer obligations under the law

Such capacity-building will enhance judicial efficiency, improve the quality of decisions, and reduce inconsistencies in the handling of motor vehicle third-party claims.

5. **Review of the Auctioneers' Act (CAP 526):**

There has been a lot of malpractice by auctioneers which has led to losses to PSV owners and the insurance companies. The Act requires an overhaul to provide for proper regulation of auctioneers. Some of the cases include the following:

- **Failure to serve proclamation notices:** Auctioneer proceeds with attachment and seizure without serving the mandatory proclamation notices.
- **Exaggerated auctioneers fee:** This leads to unjustified financial burden to PSV operators and the insurers.
- **Undervaluation of property:** Property sold far below the fair market value and sold in secrecy.
- **Vandalism during attachment:** Property is destroyed during attachment. Using excessive force also contributes to damage to property.

**PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE
REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON
INSURANCE CLAIMS**

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT (THIRD SESSION)

PUBLIC PETITION

(No. 17 of 2024)

**REGARDING THE FAILURE OF THE INSURANCE REGULATORY
AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON
INSURANCE CLAIMS**

TO:

**The Clerk of the National Assembly
Parliament Buildings
Nairobi, Kenya**

**PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE
REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON
INSURANCE CLAIMS**

We, the undersigned, the Federation of Public Transport Sector (FPTS), signatures and identification particulars appear appended hereunder, **draw the attention of the House to the following:**

1. **THAT** the issues in respect of which the petition is made are as follows:
 - a) The application of the Small Claims Court framework to personal injury claims arising from road traffic accidents is procedurally inadequate. The requirement for simplified pleadings, documentary-only evidence, 60 days resolution requirement from the date of filing a suit, deny parties the right to cross-examination and restricts the presentation of critical information such as medical reports, third-party liability, and contributory negligence. This has contributed to inflated and potentially fraudulent awards, undermining both judicial fairness and insurer rights.

ANNEX(4)

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

- b) Section 10(2) of the Insurance (Motor Vehicle Third Party Risks) Act mandates a 30-day pre-litigation notice to insurers. However, such notice is often issued too late for meaningful intervention or investigation. Frequently, claims emerge long after the financial year-end, distorting insurer solvency, affecting shareholder confidence, and limiting anti-fraud measures.
- c) There is no centralized digital infrastructure to support claims transparency and accountability across the motor insurance industry. This gap encourages abuse in the form of fake insurance certificates, duplication of claims, forum shopping, and coordinated fraud by cartels and unscrupulous service providers.
- d) Unethical practices, including manipulation of service affidavits, ghost claimants, and inflated legal fees, by a small group of legal practitioners continue unchecked due to lack of a national advocate claim conduct registry.
- e) The current single-cheque settlement practice allows legal representatives to deduct disproportionate legal fees, depriving injured parties of their rightful compensation and encouraging unethical fee extraction.
- f) The absence of verifiable passenger manifests in PSVs facilitates fraudulent personal injury claims by individuals alleging travel in vehicles without proof. The continued use of manual, cash-based fare systems exacerbate this vulnerability.
- g) Unsustainable premium undercutting, especially in high-risk vehicle classes, has led to insurer insolvency, delayed claim settlements, and increased fraud, with no statutory mechanism for risk-based premium pricing.
- h) The use of manual Occurrence Books (OBs) for accident reporting allows for manipulation, data loss, and systemic delay. Without digitization, accurate and timely claim verification is severely hampered.
- i) Many commercial and PSV vehicles continue to operate without routine mechanical inspection, contributing to road accidents and unverifiable insurance claims. It is crucial to reintroduce road licenses after mandatory annual inspection of vehicles, which exercise shall guide the National Transportation Safety Authority to maintain verifiable national vehicle data.

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

- j) The lack of mandatory dashboard camera and vehicle telematics installation in PSVs and commercial vehicles limits accountability, claims verification, and road safety enforcement.
 - k) In situations where insurance companies have been liquidated and/or are under statutory management, the insureds whose claims were yet to be settled by the company prior to it undergoing insolvency proceedings are exposed to pay judgment sums and are mercilessly executed against for any amount in excess of Kshs. 250,000 that would ordinarily be paid by the Policyholders Compensation Fund (PCF). These insureds need to be safeguarded against execution of judgments against them where PCF has already remitted funds toward settlement of the claim.
 - l) Section 27A (b) requires that all members of the board of an insurer must, in the opinion of the Commissioner, have knowledge and experience in matters relating to insurance, actuarial studies, accounting, finance, or banking. Modern corporate governance emphasizes the importance of diverse board composition to strengthen strategic oversight and corporate decision-making. The insurance industry is no longer limited to actuarial and financial expertise. Digital transformation, sustainability, customer experience, legal compliance, and technological innovation now play significant roles. Restricting board membership to traditional fields may exclude well-qualified professionals with critical skills relevant to modern insurer operations. Additionally, the current restriction may inadvertently discriminate against qualified individuals who have years of relevant industry or corporate governance experience but do not hold a degree in the specified fields.
2. **THAT**, efforts have been made to engage relevant authorities including the Insurance Regulatory Authority (IRA), National Transport and Safety Authority (NTSA), and the National Police Service. However, these efforts have not yielded satisfactory or comprehensive responses.
3. **THAT**, issues in respect of which the petition is made are not pending before any court of law, or constitutional or legal body.

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

THEREFORE, your humble Petitioners pray that Parliament:

1. Amend Section 12 of the Small Claims Court Act, to expressly exclude personal injury and fatal accident claims arising from motor vehicle use from its jurisdiction:
"The Court shall not have jurisdiction over claims for personal injury, pain and suffering, or fatal accidents arising from the use or operation of a motor vehicle.
2. Amend section 10(2) of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90-day notice to insurers prior to filing motor injury claims unless the claimant is otherwise incapacitated. Enactment of Insurance (Motor Claims Early Notification) Regulations, 2025 under Section 180 of the Insurance Act.
3. Amend section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90-day negotiation period between the claimant and the insurer for purposes of an out of court settlement.
4. Amend section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 7 day period during which service of a judgment delivered against the insured must be served on the insurance company.
5. Amend section 10 of the Insurance (Motor Vehicle Third Party Risks) Act to require a 90-day stay of execution period after the date judgment is delivered against the insured
6. Amend the Insurance Act to provide for regulations that will introduce the development and implementation of a centralized, digitized National Claims Database overseen by the IRA and collated from all relevant stakeholders, including, the judiciary, National Police Service, Association of Kenya Insurers, insurers, agents, brokers, owners and public transport operators.
7. Amend the Insurance Act to establish an Advocate Claims Conduct Registry (ACCR) under the oversight of the Insurance Regulatory Authority (IRA). The registry will log behavioral indicators of advocates involved in insurance litigation, including frequency of default judgments, disproportionate volumes of claims from specific clinics, questionable service affidavits, or settlements with recurring irregularities. This is not a disciplinary tool but a sectoral risk and conduct monitoring system. Insurers and regulators will use the registry to detect trends, flag anomalies, and inform referrals to the LSK or ACC when thresholds

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

of concern are crossed. It will foster greater accountability among legal practitioners and restore ethical equilibrium to insurance litigation.

8. Amend the Insurance Act to mandate a cashlite fare collection system for all PSVs, using QR-code and USSD-enabled payment channels.
9. Amend the Traffic Act to introduce a cashlite fare payment system across all licensed PSVs, using a dual-mode approach: QR code-based mobile payment for smartphone users and USSD payment functionality for basic phone users.
10. Amend Insurance Act to allow IRA enforce a risk-based pricing model for motor insurance premiums. Specifically, insert under Section 67C (4) of the Insurance Act:
"The Authority shall prescribe minimum premium benchmarks for high-risk classes of motor vehicle insurance based on actuarial assessments, including but not limited to factors such as vehicle class, age and experience of the driver, and claims history. Such benchmarks shall serve as minimum thresholds and shall not preclude insurers from applying higher premiums based on individualized risk ratings."
11. Amend National Police Service Act to provide for regulations guiding the mandatory issuance of a unique verification code from IRA to be part of the OB number for road accidents.
12. Amend National Police Service Act to provide regulations guiding **mandatory** nationwide digitization of Occurrence Books used in road accident reporting as well as mandatory issuance of a unique verification code from IRA's national claim database which shall be used in the generation of police abstracts.
13. Amend the Traffic Act to reintroduce mandatory road licenses (road worthiness license/inspection sticker) which shall be acquired after an annual mechanical inspection for all classes of vehicles as defined in the Act.
14. Amend the Traffic Act to ensure that there is at least one (either private or public) licensed inspection center in every county
15. Amend the Traffic Act to require installation of dashboard cameras and telematics in all PSVs, commercial vehicles, and school transport vehicles.

PUBLIC PETITION REGARDING THE FAILURE OF THE INSURANCE REGULATORY AUTHORITY TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

- 16. Amend the Insurance Act to provide that any payments made by the Policyholders' Compensation Fund toward the settlement of any claim be the full and final settlement of that claim.
- 17. Amend the Insurance Act to provide where an insurance company is under statutory management, all claims be directed to the Policyholders' Compensation Fund for full and final settlement without any further reference to the insured.
- 18. Amend Section 27A (b) to include that "*the academic qualifications of directors of insurers shall include any degree from a recognized university or a diploma in relevant studies.*"

We, the undersigned Petitioners, hereby affirm that the contents of this Petition are true to the best of our knowledge, belief, and understanding.

Name	Address	I.D./Passport No.	Signature

Dated this ____ day of _____, 2025.

PUBLIC PETITION (NO 17 OF 2024) REGARDING THE FAILURE OF IRA TO PROTECT PUBLIC TRANSPORT OPERATORS ON INSURANCE CLAIMS

1. INTRODUCTION

The Insurance Regulatory Authority is a State Corporation established under the Insurance Act, CAP 487 of the Laws of Kenya, with the mandate to regulate, supervise and promote development of the insurance industry in Kenya.

The mandate of the Authority as provided for under Section 3A of the Insurance Act includes ensuring the effective administration, supervision, regulation and control of insurance and reinsurance business in Kenya as well as to license all persons involved in or connected with insurance business, including insurance and reinsurance companies.

In Kenya, Public Service Vehicle (PSV) Insurance business is governed by several laws including the Insurance Act CAP 487 Laws of Kenya, The Traffic Act CAP 403 Laws of Kenya, The National Transport and Safety Authority Act No 33 of 2012 and The Insurance (Motor Vehicles Third Party Risks) Act CAP 405 Laws of Kenya.

Currently there are only three licenced insurance companies who transact PSV Insurance Business namely:

- 1) Directline Assurance Company Limited;
- 2) Africa Merchant Assurance Company Limited; and
- 3) Definite Assurance Company Limited

The PSV Insurance mainly provides cover for third partly liability such as death, permanent disability, medical expenses, and/or supplementary expenses due to occurrence of an injury caused by a motor vehicle (motorcycle). It does not cover the vehicle or the person who caused the accidents or their family.

Motor third party insurance cover is mandatory for all persons operating motor vehicles on public roads as defined by law.

2. HISTORICAL CONTEXT

In the 1970's a presidential directive was issued that allowed matatus to operate in an unregulated environment. This has continued to date. The consequences therefore, was;

- a) The onset of indiscipline and chaos on our roads, the emergence of ambulance chasing and excessive court awards.
- b) Establishment of a voluntary insurance motor pool by the industry in response to the developments noted above, and its collapse soon after most members exited (due to poor claims experience),
- c) In 1974 establishment of the first compulsory pool Kenya motor insurance pool
- d) 1979 withdrawal of KNAC from the motor pool
- e) 1984 collapse of the first motor pool (compulsory)
- f) 1985 second compulsory pool is set up

- g) 1989 2nd compulsory pool is wound up by the Government after accumulating huge liabilities
- h) Early 1990s United Insurance Company emerges as the 2nd largest PSV insurer after KNAC
- i) 1996 KNAC collapses followed within the next 10 years by Stallion, Lakestar, Liberty, United and more recently Invesco, revived then collapsed again. Other companies that have closed are Standard, Concord, Xplico and BlueShield.

Despite the various laws in place, insurer's transacting in PSV Insurance business faces significant challenges including: -

- a) Ambulance chasing;
- b) Exaggerated court rulings;
- c) Lack of a centralized database for information sharing;
- d) Weak enforcement of traffic laws including highway codes;
- e) Fraud;
- f) Poor risk and claims management; and
- g) Entrenched negative image of PSV underwriters.

As a result, PSV insurance is inherently high risk, and the insurance industry has historically been unable to underwrite this risk at sustainable premium rates due to the competitive market structure. Further, section 8 of the Insurance (Motor Vehicle Third Party Risks) Act CAP 405 nullifies any conditions imposed by a policy of insurance providing that no liability shall arise if the terms conditions of cover are not met thus requiring PSV underwriters settle all claims. As a result, the insurance industry witnessed insolvencies and collapse of several PSV underwriters.

The Authority has taken several steps to protect policyholders and claimants as highlighted in Sections 2 - 4 (all inclusive) of this report.

3. RESPONSE TO PRAYER (i)

Prayer (i) - Intervene on behalf of the operators and urgently address the issues surrounding the compensation of valid accident claims by the aforementioned insurance companies.

ADMINISTRATIVE ACTIONS TAKEN BY THE AUTHORITY

3.1 Placement of Insurers Under Statutory Management

Through the application of Section 67C of the Insurance Act, the Authority has intervened in the management of PSV insurers who have either failed to:

- i. Meet capital requirements.
- ii. Settle insurance claims as they fall due.
- iii. Obtain appropriate reinsurance for their business.
- iv. Take steps to protect the interest of policyholders and the general public.

In such cases the Authority has appointed a competent person familiar with the business of the insurer (referred to as a "Statutory Manager") to assume the management, control and conduct of the affairs and business of an insurer to exercise all the powers of the insurer to the exclusion of its Board of Directors, including the use of its corporate seal.

Upon appointment of a Statutory Manager, an insurers is not authorized to enter into any new insurance contracts thus protecting the general public. In addition, the appointment of the Statutory Manager triggers compensation of policyholders of the affected insurer at KES 250,000 per claimant. The Government is considering increasing this amount to KES 500,000 per claimant.

3.2 Appointment of Directors to the Board of Insurers

The Authority has in the past intervened in the governance of insurers by appointing three directors to sit in the boards of such insurers. The directors are required to ensure:

- i. The insurer has a governance structure that is compliant with the Insurance Act.
- ii. Proper financial management practices by the insurer.
- iii. Effective internal controls and risk management practices are well-implemented.
- iv. Full compliance with the requirements of the Insurance Act.
- v. The interests of the policyholders, insurer, and the public in general are protected

3.3 Prosecution of Management Staff and Board of Directors of Insurers

Where any director, principal officer or management staff of an insurer has failed to:

- i. take all reasonable steps to secure the compliance of an insurer with the Insurance Act; or
- ii. to settle a Judgment or any insurance claim without lawful justification.

The Authority has initiated prosecution of such persons with the aid of the Insurance Fraud Investigations Unit and the Office of the Director of Public Prosecutions.

If found guilty upon conviction, the person is liable to a fine not exceeding five million shillings or to imprisonment for a term not exceeding two years.

4. RESPONSE TO PRAYER (ii)

Prayer (ii) Recommends that the Insurance Regulatory Authority (IRA) formulates and enforces standards of conduct for insurance companies.

4.1 Development of the Legal And Regulatory Framework of Insurance

The legal framework governing insurer conduct, including claims settlement, is principally set out under the Insurance Act, Cap 487.

The Act empowers the Authority to formulate standards and guidelines to regulate the conduct of insurance business. Among the functions of the Authority, as prescribed under Section 3A(1)(g) of the Act, is the issuance of supervisory guidelines and prudential standards for the better administration of insurance business by licensed entities.

Pursuant to this mandate, the Authority has issued various guidelines that are currently in force and continue to guide the regulation of insurer conduct, including in the areas of claims management, corporate governance, reinsurance, risk controls, and market conduct. To enhance their effectiveness, these existing instruments are currently undergoing comprehensive review and revision.

The updated versions, referred to as the 2025 guidelines, seek to address implementation gaps, strengthen enforcement provisions, and align the regulatory framework with evolving market practices and supervisory expectations. The revised drafts include:

- i) Insurance (Corporate Governance) Guidelines, 2025
- ii) Insurance (Risk Management and Control Functions) Guidelines, 2025
- iii) Insurance (Reinsurance Arrangements) Guidelines, 2025
- iv) Insurance (Market Conduct) Guidelines, 2025
- v) Insurance (Claims Management) Guidelines, 2025

The draft guidelines have been reviewed in consultation with the National Treasury and the Office of the Attorney General and are scheduled to undergo public participation within the next month.

4.2 Joint Committee on Public Transport Sector Safety and Insurance

The problem of PSV insurance business is a multi-sectorial issue affecting several players both in government and the private sector.

Following a submission of a Memorandum by the Federation of Public Transport Sector (FPTS) to the Cabinet Secretary, The National Treasury dated 4th November 2023, the CS formed a multi-sectorial committee to look into the challenges facing the sector and make appropriate recommendations.

The Committee in carrying out its mandate analysed the public transport sector legal, regulatory and institutional framework, reviewed various reports and information from the various actors within the public transport sector and made recommendations.

The key areas in public transport insurance that were identified for consideration for review included the KES 3 million limit for compensation that is provided under the Insurance (Motor Vehicle Third Party Risks) Act, Cap 405 that PSV owners decried, was financially exposing them when exorbitant judgments were issued against them in traffic accident cases. Other pertinent recommendations included review of the standardized PSV motor insurance policies and harmonization of industry practices regarding insurance excess to mitigate conditions that were stringent to PSV owners.

The Committee also made various recommendations that should be undertaken by IRA in collaboration with other actors such as AKI including carrying out urgent sensitization initiatives to the public on the importance of insurance particularly Third-Party motor vehicle and personal accident insurance. Noting the rampant issuance of fake insurance certificates, PSV owners and crew would require urgent training on how to verify their authenticity using the AKI Digitally Managed and Verifiable Insurance Certificate System (DMVIC) Application.

In addition, to deal with the cross-cutting corruption amongst the various actors, the Committee noted that the automation of systems within the PSV sector like the NPS, Judiciary and more so the move from a cash-based sector through the introduction of automated fare collection systems, would greatly reduce opportunities for corruption.

To deal with the issues faced by public transport sector players in court processes arising from road traffic accidents, the Committee noted that the Judiciary ought to develop practice guidelines for traffic accident compensation, adopt digital payment options and streamline case management and bail procedures. It was noted that an urgent review of the jurisdiction of the Small Claims Court on personal injury claims and resolving the conflicting timelines with Insurance (Motor Vehicle Third Party Risks) Act, Cap 405.

To deal with challenges propagated by doctors/hospitals that were known to be issuing falsified reports with the intention of committing insurance fraud, the Committee recommended that they are reported to the Kenya Medical and Dentists Practitioners Council for disciplinary action.

Lastly, to deal with challenges propagated by auctioneers, the Committee recommended that the National Association of Kenya Auctioneers should closely monitor auctioneers' behaviour and develop a code of conduct and in the long term, review the Auctioneers Act so as to streamline the operations of auctioneers.

This report is has been submitted to the Cabinet Secretary National Treasury for policy direction.

Due to these challenges, the performance of the PSV insurance business has been loss making as shown in the table below:

Item	2020	2021	2022	2023	2024
Gross Premium	3,574,444,000	5,231,555,000	5,939,384,000	5,383,397,033	4,829,658,000
Incurred Claims/ Expenses	4,002,699,000	5,819,805,000	6,672,784,000	6,308,840,384	-5,921,624,000
Underwriting Losses	-428,255,000	-588,250,000	-733,400,000	-925,443,351	-1,091,966,000

5. RESPONSE TO PRAYER (iii)

Prayer (iii) Recommends that IRA compels insurance companies to honour all pending claims to protect the public transport industry, considering the vital role public transport plays in revenue generation in the county.

COMPLAINTS RESOLUTION PROCEDURES

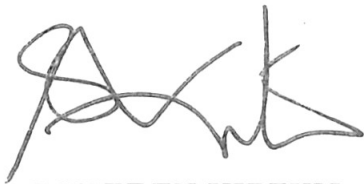
The Insurance Act empowers the Authority to intervene to resolve complaints by policyholders on claims payment issues. Specifically, Section 204A provides a statutory process through which a policyholder or claimant may report a complaint to the Authority.

Upon receiving a complaint, the Authority:

- i). Acknowledges and formally registers the complaint,
- ii). Shares the complaint with the concerned insurer, requiring a written response,
- iii). Collects and reviews all supporting evidence from both the complainant and the insurer, including policy documents, claim records, correspondence, medical/legal documents, etc.,
- iv). Assesses compliance with the terms of the policy and applicable legal and regulatory obligations, and
- v). Makes a determination on the matter, which is then communicated to both parties.

The Authority's determination may include compelling the insurer to settle the claim, where the insurer is found to be in breach of the law or the insurance contract. Failure by the insurer to comply with the determination may trigger escalated enforcement, including criminal prosecution under Section 67H of the Insurance Act.

This process ensures that compulsion to pay claims is evidence-based, procedurally fair, and enforceable under the provisions of the Insurance Act. In addition to the individual complaints resolution mechanism under Section 204A, as previously noted, where an insurer consistently fails to settle claims as they fall due, the Authority may invoke Section 67C of the Insurance Act to place the insurer under statutory management thus triggering compensation by PCF.



GODFREY KIPTUM
COMMISSIONER OF INSURANCE & CHIEF EXECUTIVE OFFICER