

# **KENBRIGHT ACTUARIAL AND FINANCIAL SERVICES LIMITED**

## **ACTUARIAL WORK REVIEW POLICY**

### **INTERNAL DOCUMENT**

VERSION 1.0

JANUARY 2025

KAFS POLICY

**kenbright**

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## OUR REF

\Kenbright\Policy Documents\Actuarial Work Review Policy

## DOCUMENT PURPOSE

The document has been produced to serve as the Actuarial Work Review Policy for staff working under Kenbright Actuarial and Financial Services Limited

## DOCUMENT OWNERSHIP

The owner of this document is Kenbright Actuarial and Financial Services Limited

# TABLE OF CONTENTS

|  |    |
|--|----|
| <b>1 INTRODUCTION</b>                    | 5  |
| Background                               | 5  |
| Purpose                                  | 5  |
| Scope                                    | 5  |
| Applicability                            | 6  |
| <b>2 POLICY STATEMENT</b>                | 7  |
| Applying Work Review                     | 7  |
| Scope of Review & Roles                  | 7  |
| Timing of the Review                     | 7  |
| Objectivity                              | 8  |
| Resolution of Issues                     | 8  |
| Record of the Review                     | 8  |
| Training                                 | 8  |
| Quality Assurance Committee              | 8  |
| <b>3 GOVERNANCE FRAMEWORK</b>            | 9  |
| Board of Directors                       | 10 |
| Management                               | 10 |
| Employees                                | 10 |
| Quality Assurance Committee              | 10 |
| <b>4 POLICY AWARENESS AND ENGAGEMENT</b> | 11 |
| Induction and Training Programs;         | 11 |
| Ongoing Communication and Engagement     | 11 |
| Review of Policy                         | 11 |
| Enforcement                              | 11 |
| <b>5 APPROVAL</b>                        | 12 |

# ABBREVIATIONS

| NAME                  | DEFINITION   |
|-----------------------|--|
| <b>Actuarial Work</b> | Work undertaken by an Employee in their capacity as a person with actuarial skills on which the intended recipient of that work is entitled to rely. |
| <b>APS</b>            | Actuarial Professional Standards, issued by the IFoA   |
| <b>CPD</b>            | Continuous Professional Development  |
| <b>Employee</b>       | An employee of KAFS  |
| <b>IFoA</b>           | Institute and Faculty of Actuaries (UK)  |
| <b>KAFS</b>           | Kenbright Actuarial & Financial Services Limited   |
| <b>Member</b>         | Member of the Institute and Faculty of Actuaries   |
| <b>PPD</b>            | Personal and Professional Development  |
| <b>QAS</b>            | Quality Assurance Scheme   |
| <b>Reviewer</b>       | An Employee in charge of reviewing work  |

# 1 INTRODUCTION

## Background

- 1.1. In line with the Actuarial Professional Standard (APS) X2, all Staff, Consultants and Directors are required to consider whether it would be appropriate and proportionate to apply Work Review to Actuarial Work for which they are responsible for. The Standard also requires that particular consideration is given as to whether the review should take the form of an independent peer review.
- 1.2. When determining whether and to what extent the Work Review should be applied to Actuarial Work, the following consideration will be made in all relevant circumstances, including:
  - a) The degree of difficulty of the piece of work and its complexity;
  - b) The significance of the piece of work, including any financial, reputational or other consequences for the person(s) for whom the work is produced;
  - c) Whether the circumstances of the piece of work make it more likely that errors could be made;
  - d) The reasonable expectations of the person(s) for whom the work is produced;
  - e) The extent to which judgment and/or analysis is required;
  - f) The application of other quality assurance controls to the piece of work; and
  - g) The desirability of assuring public confidence in the quality of work in question.

## Purpose

- 1.3. The Policy has been developed to provide a framework for review of work undertaken by Kenbright Actuarial & Financial Services Limited (KAFS).
- 1.4. This Policy will give guidance on the following issues within KAFS:
  - a) identifying the need for Work Review;
  - b) ensuring proper, objective and timely Work Review;
  - c) resolution of issues arising from Work Review; and
  - d) recording instances of Work Review.

## Scope

- 1.5. This policy applies to the following categories of actuarial work requiring actuarial judgement:
  - a) Valuation of insurance liabilities for both General and Life insurance
  - b) Financial Condition Reports for both General and Life insurance

- c) Premium certificates
- d) Reinsurance certificates
- e) Pricing and Product Development
- f) Risk Modelling and Capital Assessments
- g) Financial Projections and Planning

#### **Applicability**

- 1.6. This policy applies to all employees of KAFS, either permanent, temporary, Consultants as well as the Board and other stakeholders of the company regardless of their location.
- 1.7. The Policy requires that all Staff, Consultants and Directors be in a position to justify the approach they have taken when handling Actuarial Work.

## 2 POLICY STATEMENT

### Applying Work Review

- 2.1. As a requirement, ALL Actuarial Work undertaken by a Staff, Consultant or Director of KAFS will be reviewed in line with the terms of this Policy.
- 2.2. The work will first undergo peer review before it is reviewed by the Actuarial Manager or Chief Actuary as may be applicable.

### Scope of Review & Roles

- 2.3. Where a review process is carried out, the Staff, Consultant or Director will provide all information regarding the work to the reviewing individual(s) and a clear context within which the work is to be undertaken.
- 2.4. The Staff, Consultant or Director responsible is required to ensure that everyone involved in the review process clearly understands their relevant role.
- 2.5. Among the activities that may be carried out as part of the review process include:
  - a) Checking the accuracy and reliability of the data used in line with the Company's Data & Checks manual;
  - b) Checking the calculations and/or their accuracy;
  - c) Review of the methodology and assumptions underlying the work;
  - d) Review of the reasonableness of the results;
  - e) Review of the extent to which the work has been carried out in accordance with the Actuaries' Code, Actuarial Professional Standards, the FRC's Technical Actuarial Standards (where applicable), the local legislative and regulatory requirements;
  - f) Review of the clarity and/or quality of communication associated with the piece of work; and/or
  - g) Review of the extent to which the work is suitable for the needs and reasonable expectations of the user of the work or of the outputs to which it gives rise.

### Timing of the Review

- 2.6. The appropriate timing of the Work Review is when it can influence the conclusions and output of the work under consideration.
- 2.7. Besides the review of work being undertaken at the end of the piece of work, it can also form part of the ongoing process which will require incorporating adequate time in the workplan.

## Objectivity

- 2.8. The Staff, Consultant or Director responsible for the Actuarial Work is tasked with ensuring that objectivity is met during Work Review. As such, individual(s) undertaking the review should not only be in a position but also be seen to undertake the review with appropriate objectivity.

## Resolution of Issues

- 2.9. Issues that may arise as a result of differences in the opinions of the Employee and the Reviewer can be resolved through discussions and further analysis.
- 2.10. In instances where the disagreement is significant, a third-party opinion on the work should be sought.

## Record of the Review

- 2.11. Employees should be able to demonstrate that review has taken place by keeping a record of the issues raised (if any), details on resolution of issues, date of the review and the name of the Reviewer, on the KAFS Discussion Log and Sign-Off Template.
- 2.12. The Reviewer should send a written notice to the Staff, Consultant or Director confirming that they have undertaken the Work Review.

## Training

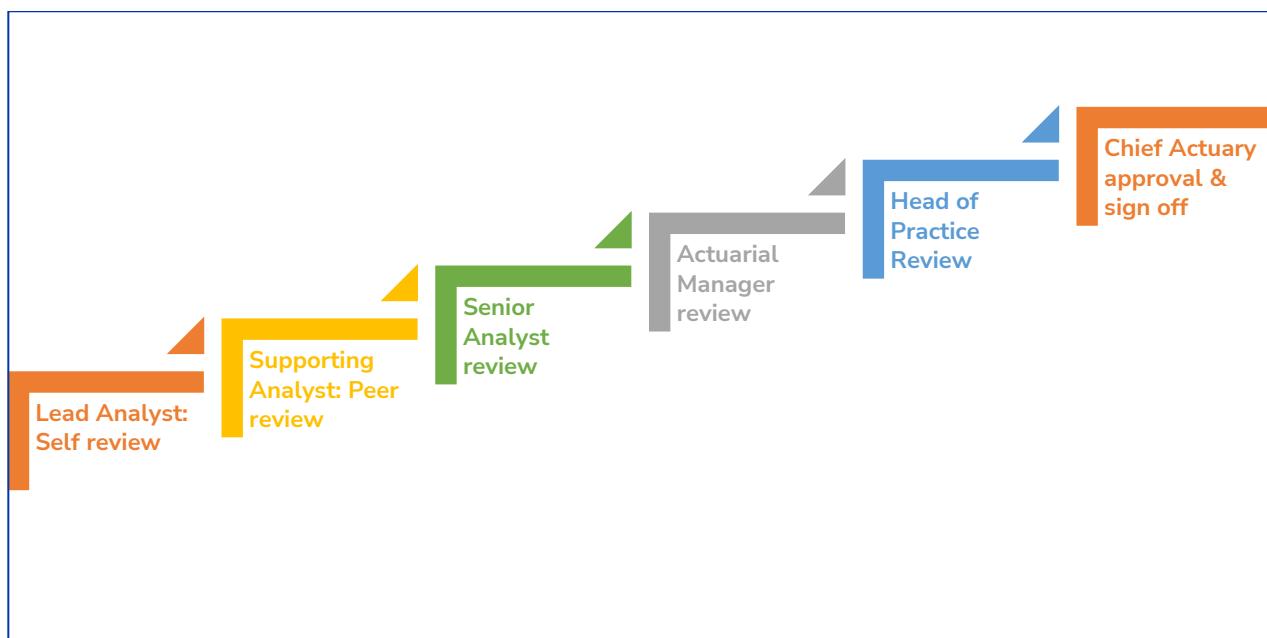
- 2.13. Regular training should be provided to all staff undertaking actuarial work and reviews to ensure that the staff are:
- well aware of the Technical Actuarial Standards
  - familiar with the review processes
  - familiar with their responsibilities
  - adequately equipped with the necessary technical and professional skills

## Quality Assurance Committee

- 2.14. The QAC shall oversee the adherence of high-quality actuarial work, while ensuring compliance with established actuarial principles, regulatory requirements, and industry standards.
- 2.15. The committee shall comprise of:
- Chief Actuary
  - Head of Practice
  - Actuarial Manager

## 3 KAFS WORK REVIEW FRAMEWORK

3.1. The chart below gives an overview of the work review process at KAFS.



3.2. The image illustrates a stepwise review and approval process for actuarial work.

3.3. It consists of six stages, starting from the Lead Analyst's Self-Review and progressing through multiple levels of peer and managerial review before final approval. The key steps include:

- i. Lead Analyst - Self Review
- ii. Supporting Analyst - Peer Review
- iii. Senior Analyst Review
- iv. Actuarial Manager Review
- v. Head of Practice Review
- vi. Chief Actuary - Approval & Sign-Off

## 4 GOVERNANCE FRAMEWORK

- 4.1. An effective Quality Assurance System is one in which all Actuarial Work is proportionately reviewed to assure users of the quality of work. To ensure this, all personnel at all levels need to understand their roles and responsibilities.

### Board of Directors

- 4.2. The Board should ensure that a governance framework is established and maintained within the company.
- 4.3. Ensure that Management design and implements an effective Work Review program for the company.

### Management

- 4.4. Management has the overall responsibility for the design and implementation of a program which includes:
- Setting the tone at the top for the rest of the organization;
  - Develop, review and maintain this Policy;
  - Implement internal controls to monitor staff adherence to actuarial standards;
  - Ensuring implementation of the Policy in the organization;
  - Allocating sufficient resources for employee training and development; and
  - Reporting to the Board on what actions have been taken on the effectiveness of the program.

### Employees

- 4.5. The employees must:
- Familiarize themselves with and adhere to this Policy;
  - Be alert to the need for and implement effective Work Review; and
  - Report breaches of this Policy and any associated procedures to the Management

### Quality Assurance Committee

- 4.6. The committee shall conduct periodic reviews of KAFS's actuarial models and assumptions in line with regulatory requirements and actuarial standards.
- 4.7. The committee shall also oversee the training and development of KAFS's technical team providing guidance on best practices.

## 5 POLICY AWARENESS AND ENGAGEMENT

- 5.1. To ensure that the Policy is well understood and is incorporated into the company's corporate culture, the following activities have been identified:

### Induction and Training Programs;

- 5.2. These programs are aimed at:

- a) Educating new KAFS members (Staff, Consultants and Directors) about the Policy;
- b) Having the members sign an annual acknowledgement statement confirming that they understand the Policy; and
- c) Reminding employees via annual online or in-person training to reinforce the Policy and Management's decision.

### Ongoing Communication and Engagement

- 5.3. These are aimed at continuously building awareness within the staff and the organization in general. These include:

- a) Email alerts to remind employees on developing or important issues on the policy; and
- b) Interactive engagement methods.

### Review of Policy

- 5.4. The policy shall be subject to review by the KAFS management on an annual basis or at any other time as the need may be, subject to approval by the Board.

### Enforcement

- 5.5. This policy shall come into force from the date of the Chief Actuary approval, or any other date as directed by the Board.

## 6 APPROVAL

Thus, adopted and signed by the management and Chief Actuary of KAFS in January 2025.

### APPROVED BY

Ezekiel Macharia

Chief Actuary & Managing Director – Kenbright Actuarial and Financial Services Limited

Date: January 2025

Signed:



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