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Ref. No. **OP/CAB.9/1A/Vol. XX(132)**  
and date

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NAIROBI

20th June, 2006 20.....

**Attorney General  
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3/7/06*

**PROCUREMENT OF GROUP INSURANCE COVER FOR  
MEMBERS OF STATE CORPORATIONS' BOARD**

Circular Ref. No.OP.9/1A of 9<sup>th</sup> October, 2002 only provided for Group Accident cover and payment of actual medical bills for Board members of State Corporations. The circular was reinforced in the Guidelines on Terms and Conditions of Service for State Corporations Ref. No. OP/CAB.9/21/2A/LII/43 of 23<sup>rd</sup> November, 2004 under Annex IV, paragraph 'h'. In both cases, the benefits were to apply to Board members who may be injured or fall sick when strictly on official business of the State Corporation.

**2.** Representations have been made by several State Corporations on the need for a review of the circular following their experiences with accidents and sicknesses involving Board members. In virtually all the cases, the application of the circular has proved to be not cost effective.

**3.** After due consideration, and in consultation with the State Corporations Advisory Committee, it has been decided that in addition to Group accident cover, a State Corporation may procure Group Medical Insurance Cover (but not life), and basic funeral expenses cover, for its Board members, subject to:

- i) Procurement of both Medical and Funeral Expenses Covers being within the existing approved budget, and not to be used as basis to seek additional funds from Treasury.
- ii) The procurement being competitive and in compliance with Government rules and regulations.
- iii) Public Officers who represent either Ministries/Departments or State Corporations on a Board as per the relevant enabling legislation and Chief Executive Officers not being covered.
- iv) The facility being restricted to only Board members appointed by name, and only during the tenure of their appointments.
- v) Members' spouses, children or any other dependants not being included in both covers.
- vi) Benefits under the cover not exceeding the following limits:
  - (a) In patient Kshs. 2 million per year
  - (b) Out-patient Kshs.100,000/- per year
  - (c) Funeral expenses (only if a member dies while still in office) Kshs.100,000/-.
- vii) Any excess above the approved limits being the responsibility of the individual Board member and not of the State Corporation.

**4.** This circular, which is effective from 1<sup>st</sup> July, 2006, applies only to Board members of State Corporations, in accordance with Section 2(a) of the State Corporations Act, Cap.446. Circular No.OP/1A of 9<sup>th</sup> October, 2002 is therefore now superceded.

**5.** Paragraph (h) of Annex IV of the Guidelines of 23<sup>rd</sup> November, 2004 is also amended accordingly.

