



The SACCO Family union

KENYA UNION OF SAVINGS AND CREDIT CO-OPERATIVES LIMITED

P.O. Box 28403, Tel: 2130191/2722927/0202712595, Fax: 0202721274 Nairobi

RISK MANAGEMENT AGREEMENT

Kenya Union of Savings and Credit Co-operatives (KUSCCO) Limited and

.....SACCO Society Ltd.

P.O. Box

Telephone Number.....

Organisation

Physical Address

Do hereby enter into an agreement of Risk Management. KUSCCO Ltd will take care of the following risks:-

- (a) In the event of a member dying with a loan balance, such a loan balance shall, subject to the General Provisions in this agreement, be taken care of by KUSCCO Ltd.
- (b) In the event of a member dying, the saving's balances will be taken care of by KUSCCO Ltd as stipulated in the General Provisions of this agreement.
- (c) In the event of a member being declared permanent and totally disabled, in accordance with the General Provisions of this agreement KUSCCO Ltd will take care of the loan balance.

All the above risks will be administered by KUSCCO Ltd and in consideration KUSCCO Ltd will charge a payment which will be paid by.....

SACCO Society in advance. The agreement will become effective upon receipt of the first payment, which will be called " a charge" Thereafter KUSCCO Ltd will be advising the.

.....
SACCO Society about subsequent charges.....

SACCO Society undertakes to submit statistics in the form of Coverage Reports to KUSCCO Ltd to facilitate the determination of amounts of charges to be paid in future by.....

.....SACCO Society

A SACCO Society may decide to take all or one of the mentioned risks. In such a case payment and benefits will apply as the case may be.

In witness whereof KUSCCO Ltd has accepted to undertake the risk as defined above and in accordance with co-operative principles and subject to the General Provisions stated in this agreement.

.....
SACCO Society has from this..... day of20
entered into an agreement with KUSCCO Ltd to cover the following risks:-

- (i) Members Savings
- (ii) Members loan balances both in times of death and permanent and total disability:-
- (iii) Funeral Expenses of Kshs.....

Please delete risk not mutually agreed with the SACCO Society

We, the undermentioned officials of..... SACCO Society do hereby accept the terms and conditions of the Risk Management Agreement and will abide by its terms and all the General Provisions.

Dated this.....day of20.....

NAME	SIGNATURE
Chairman	
Secretary.....	
Treasurer.....	

Rubber Stamp

.....

FOR OFFICIAL USE ONLY

Examined by.....

Signed by.....

Managing Director

GENERAL PROVISIONS OF THE RISK MANAGEMENT AGREEMENT

1. MEMBER:

The term member or members refer to a member or members of the primary SACCO Society. The benefits payable under this agreement due to a death or total and permanent disability shall apply only to a valid member of a SACCO Society and such a member should be an active member of the SACCO Society.

2. ELIGIBLE LOAN BALANCE:

The eligible loan balance is the total balance of the member owing to the SACCO Society up to a MAXIMUM of Kshs. 6,000, 000 or as per special agreement with KUSCCO Ltd for each member; and for which a charge has been paid by the SACCO Society. The eligible loan balance excludes the following:-

- (i) All loan balances owing by any member whose age is 66 and above
- (ii) All loan balances of other natural persons
- (iii) Loans granted contrary to the provisions of the Co-operative Societies Amendment Act (2004) and related circulars and guidelines as may be issued by the Commissioner of Co-operative Development from time to time
- (iv) Where the loan balance exceeds the maximum loan balance of Kshs. 6,000,000 or as agreed in writing between KUSCCO Ltd and each individual Society

3. ELIGIBLE SAVINGS BALANCE:

The eligible savings balance under this agreement shall mean the total deposits, savings and shares to the credit of the member's personal account up to a maximum of Kshs 2,000,000 or shall be mutually agreed in writing between KUSCCO Ltd and the SACCO Society.

4. AGREEMENT COVERAGE:

Under this agreement both member's savings and loan balance as per stipulates maximums are covered and should risk occur, then benefits shall be paid by KUSCCO Ltd to the affected SACCO Society. However a SACCO Society may opt to choose either to enter into an agreement to cover both loans and savings or loans only as it may deem fit.

5. AGREEMENT BENEFITS:

KUSCCO Ltd will make payments to the SACCO Society amounts equivalent to the total loan balances plus interest standing in the member's personal account at the time of death or the time of permanent and total disability. The the maximum loan clause will apply.

1. STIPULATION:

The primary purpose for KUSCCO Ltd offering an agreements of Risk Management to SACCO Societies is to enhance and provide a forum for horizontal co-operation and to assist SACCO Societies to effectively manage risks that are likely to affect their members in a co-operative manner.

7 REBATES:

Under this agreement of Risk Management provided by KUSCCO Ltd. rebates shall be paid on yearly basis to SACCO Societies whose claims are below 45% of the total charge paid during the year under consideration. Such rebates will be paid by the 30th of June of the following year. The society with arrears in settlement of charges will not qualify for rebates.

8. TOTAL AND PERMANENT DISABILITY:

The payment of a benefit because of total and permanent disability of a member shall be made solely for the reason that the member, prior to his 65th birthday is totally and permanently disabled and by reason of a medically determined impairment, is unable to engage in any occupation or against activity for remuneration of profit. The payment of a benefit because of such total and permanent disability of a member shall forthwith terminate the said member's coverage under this agreement and benefit will be for loan balance only

9. CONDITIONS:

(a) Charge

Under this agreement a charge will be paid by the SACCO Society to KUSCCO Ltd in consideration for managing the risk. KUSCCO Ltd will from time to time be reviewing the charge and should there be any change, then KUSCCO Ltd will inform the SACCO Societies in writing giving 30days notice of such a change.

(b) Renewal of Agreement

The agreement will initially cover 12 months. After expiry of this period, through mutual agreement KUSCCO Ltd and the participating SACCO Society will renew the Agreement. Silence will be construed by KUSCCO Ltd to mean that the agreement has been renewed and is still in force.

(c) Society Records:

The SACCO Society shall make available to KUSCCO Ltd at any time on request any books and records pertaining to the total savings and loan balances and the list of all members covered under this agreement.

(d) Notice of benefits:

Incase of a risk occurring, the affected SACCO Society shall inform KUSCCO Ltd in writing 30days from the date of or total and permanent disability or as is reasonably possible but not later than six months. Upon receipt of the written notice of the risk that has occurred KUSCCO Ltd will notify the SACCO Society on the requirements for proof to obtain benefits and thereafter pay as soon as possible.

- (e)** It is expressly agreed that the monthly charge rate will increase the following year if total claims exceeds total annual charges.

10. RISKS NOT COVERED:

Earthquakes, floods, riot and civil wars.

11. Funeral cover will provide either of the following benefits:

Kshs. 10,000

Kshs. 20,000 Kshs.

30,000 Kshs. 40,000

Kshs. 50,000

or as mutually agreed in writing between KUSCCO and the SACCO Society.

