

Speaker P.A.	1
Clerk Asst. I	1
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SOCIAL SECURITY SCHEME FOR THE MEMBERS
OF THE NATIONAL ASSEMBLY

At a meeting held on the 21st September, 1966, the KANU Parliament group requested that an examination should be made of the possibility of members of Parliament who, by the nature of their work, were not entitled to any pension, gratuity or any form of social security, being covered by a security fund.

2. The question of members of Parliament joining the existing National Social Security Fund was examined. This would involve an amendment to the National Social Security Fund Act, the effect of which would be to regard members of Parliament as employees of the Government. In view of their position as politicians, it was felt that it would be wrong to regard them for the purposes of the Act, as Government employees. For the same reason and in view of the fact that members' tenure in Parliament is temporary in nature, it was felt that they could not also properly be included in the personal and dependent pension schemes operated by the Government for civil servants.

3. Since the Government is seriously concerned about the members status and future especially of those members who have been injured as a result of accidents or families of those members who have died in the course of their duties as representatives it considers that a savings scheme combined with a personal accident cover would not only meet the needs of the members but would also be legally simple, administratively easy to manage, and financially inexpensive to run. Such a scheme would be contributory and would enable each member to have about shs20,000/- credited to his account and a personal accident

4. The scheme would be managed by the Permanent Secretary to the Treasury. Shillings 200/- per month would be deducted from each member's salary and together with a like amount contributed by the Government he would credit (sh400/- per month) the total to each member's account at an approved savings institution. This would over the 4 years result in a credit of sh19,200/- in each member's account. The interest over the same period (at 6%) would be appx. sh1,700/-. This would mean that at the end of 4 years each member could have a credit in his deposit account of sh20,900/-. The Government contribution and all benefits would be free of income tax.

5. It is proposed that a group personal accident insurance policy be taken out with the Kenya National Assurance Company Limited making the Permanent Secretary to the Treasury the Assured and the members or their dependents the beneficiaries. Under such a group personal accident insurance policy, based on the continental scale, we could cover accidental death or loss of both limbs, eyes, total paralysis, etc. up to sh100,000/-; secure a payment of sh400/- per week up to 100 weeks if the member due to such an accident is unable to pursue his usual occupation; and at least some medical expenses together with some benefits payable in case of loss of fingers or part of a finger, toes and loss of hearing etc. The advantage of a policy based on the continental scale is that ALL parts of the body are covered albeit for varying amounts as opposed to the traditional coverage of death, total loss of hands or other total permanent or temporary disablement which makes it impossible for the injured party to follow his gainful and usual occupation.

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6. The cost of such a cover over the 4 year period would be appx. \$900/- and it is proposed that this be eventually paid from the interest earned on each member's account thereby leaving appx. \$20,000/- in his account at the end of the normal 4 year period.

7. The above scheme has several advantages since it dispenses with the problem of age of the members; it makes provision for members in case of personal injuries; it protects the dependents of a member in case of his sudden accidental death; it makes it possible for a member to receive the funds to his credit whenever Parliament dissolves or whenever he leaves the Parliament; and it makes it possible for re-elected members wishing to continue with such a scheme to do so.

8. Since the present life of Parliament is due to end in June 1970 and if the scheme comes into operation immediately i.e. contributions to start from 1st May, 1968 the total credit to each member's account at the end of May 1970 would be appx. \$10,000/- and would have had personal accident cover in accordance with the scheme, of up to \$100,000/-.

9. Table of benefits under the personal accident cover is attached.

10. Members will become entitled to the benefit of their deposits on dissolution of Parliament, unless they are re-elected and wish then to continue in the scheme; but they will not be entitled either to withdraw from the scheme or to charge their interests therein meanwhile. A maximum of one half of their ultimate benefits (representing contributions from Government) will be liable to deduction of debts then owing to Government or to National Assembly Catering.

11. The contributions to the scheme have already commenced and the Members are invited to give the necessary formal approval to the scheme.

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Minister for Finance

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