



THE REPUBLIC OF KENYA

LAWS OF KENYA

THE INSOLVENCY ACT

NO. 18 OF 2015

Revised Edition 2021 [2015]

Published by the National Council for Law Reporting
with the Authority of the Attorney-General

www.kenyalaw.org

NO. 18 OF 2015**INSOLVENCY ACT**

ARRANGEMENT OF SECTIONS

PART I – PRELIMINARY PROVISIONS

Section

1. Short title and commencement
2. Interpretation
3. Objects and application of this Act

PART II – INSOLVENCY PRACTITIONERS

4. Circumstances in which person acts as insolvency practitioner
5. Consequences of acting without authorisation
6. Qualifications for person to act as insolvency practitioners
7. Duty of Cabinet Secretary to declare certain bodies to be recognised as professional bodies for the purposes of this Act
8. Application to act as insolvency practitioner
9. Grant or refusal of authorisation
10. Power of Official Receiver to revoke authorisation
11. Right to appeal against decisions of Official Receiver

PART III – BANKRUPTCY OF NATURAL PERSONS

Division 1—Bankruptcy: introductory provisions

12. Interpretation: Part III
13. Nature of bankruptcy
14. Alternatives to bankruptcy
15. Who is entitled to make a bankruptcy application
16. Proceedings on a bankruptcy application

Division 2 — Bankruptcy applications by creditors

17. Creditor may apply for bankruptcy order in respect of debtor
18. When court can make bankruptcy order on application by secured creditor
19. Expedited creditor's application
20. Proceedings on creditor's application
21. Creditor's execution process not to be issued or continued
22. Power of relevant court to stay execution processes by other creditors or allow them on terms
23. Execution process issued by other court
24. No restriction on execution process if bankruptcy application withdrawn or dismissed
25. When court may adjudge debtor bankrupt
26. When the Court may stay application
27. Orders if more than one application
28. Orders if there is more than one order
29. Power of the Court to make order staying bankruptcy application, etc.
30. Court may stay application while underlying debt is determined

31. Court may allow one creditor to be substituted for another
Division 3 — Bankruptcy applications by debtors
32. When debtor may make application for bankruptcy order
33. Appointment of insolvency practitioner by the Court
34. Action on report of insolvency practitioner
35. Joint application can be made by two or more debtors
Division 4—Appointment of interim trustee in respect of debtor's property
36. Appointment of interim trustee of debtor's property on application of creditor
37. Additional orders after appointment of interim trustee
38. Notice of appointment of interim trustee to be published
39. Execution process not to be issued after notice of appointment of trustee is published
40. Effect of staying execution
Division 5 — Adjudication of bankruptcy applications
41. Bankruptcy commences on making of bankruptcy order
42. Date and time of bankruptcy order to be recorded
43. Registrar of the Court to notify trustee of bankruptcy order
44. Official Receiver to nominate bankruptcy trustee
45. Presumption that act was done, or transaction was entered into or made, after bankruptcy
46. Bankruptcy order to be binding on all persons
47. Official Receiver to maintain public register of undischarged and discharged bankrupts
Division 6 — What happens on and after bankruptcy commences
48. What happens or is to happen on and after bankruptcy commences
49. Official Receiver to serve notice on bankrupt requiring the bankrupt to lodge statement of the bankrupt's financial position
50. Bankrupt to lodge statement of financial position with bankruptcy trustee
51. Creditors entitled to inspect and take copies of statement of bankrupt's financial position
52. Official Receiver to convene first meeting of creditors
53. Circumstances in which Official Receiver may decide not to convene first meeting of creditors
54. Documents to be sent with notice of meeting
55. Power of creditors to requisition meeting
56. Execution process not to be begin or continue after bankruptcy order advertised
57. Effect of bankrupt's death after bankruptcy order
58. Creditors' role at creditors' meetings
Division 7 — Appointment and functions of bankruptcy trustees
59. Power to appoint bankruptcy trustee
60. Consequences of failure of creditors' meeting to appoint bankruptcy trustee
61. Power of Official Receiver acting as bankruptcy trustee to appoint another person to act instead
62. Special case in which the Court may appoint bankruptcy trustee

63. Powers of bankruptcy trustee
64. Bankruptcy trustee not to sell bankrupt's property before first creditors' meeting
65. Title of purchaser from bankruptcy trustee
66. Bankruptcy trustee to bank money and power to invest surplus
67. Bankruptcy trustee may assign right to sue under this Act
68. Proceedings by bankruptcy trustee when bankrupt is partner in businesspartnership
69. Discharge or transfer of indenture of apprenticeship or articles of agreement on bankruptcy of employer
70. Bankruptcy trustee may apply for directions by the Court
71. Application to the Court to reverse or modify bankruptcy trustee's decision
72. Bankruptcy trustee to keep proper accounting records
73. Bankruptcy trustee's final statement of receipts and payments
74. Audit of bankruptcy trustee's accounts
75. Removal of bankruptcy trustee and vacation of office
76. When Official Receiver is released from obligations as bankruptcy trustee
77. When bankruptcy trustee, not being the Official Receiver, is released from obligation
78. Vacancy in office of bankruptcy trustee
79. General control ofbankrupttrustee by the Court
80. Liability of bankruptcy trustee for misapplication of money, etc.
Division 8—Creditor's' meetings and creditors' committee
81. Kinds of creditors' meetings
82. Subsequent meetings of creditors
83. Meeting and resolution not defective for lack of notice
84. Appointment of chairperson to conduct creditor's' meetings
85. Power of chairperson to adjourn creditors' meeting
86. Bankruptcy trustee to report to creditors' meeting
87. Who can attend creditors' meeting
88. Bankrupt may be required to attend creditors' meeting and be questioned
89. Attendance at creditors' meeting by non-creditors
90. Minutes and record of creditors' meeting
91. Number of persons required for creditors' meeting to be valid
92. Who can represent creditors and bankrupt at creditors' meeting
93. Passing of resolutions at creditors' meetings
94. What votes can be counted for passing of resolutions at creditors' meeting
95. Who may vote at creditors' meeting
96. When secured creditor may vote at creditors' meeting
97. When creditor under bill of exchange or promissory note may vote at creditors' meeting
98. Person disqualified from voting at creditor's meeting through preferential effect
99. Entitlement of partner's creditor to prove debt at creditors' meeting
100. Creditors may appoint expert or committee to assist bankruptcy trustee