

# KENYA

## INSURANCE MARKET REPORT

by Hussein Elsayed



**Official Name:** The Republic of Kenya  
**Surface Area:** 580,367 km<sup>2</sup>  
**Capital:** Nairobi  
**Population:** 53,771,300  
**Religion:** Mostly Christianity  
**Official Language:** English | Swahili  
**Currency:** Kenyan shilling  
**Exchange Rate:** as at 31/12/2019: 1 KES = 0.00978 US\$ ;  
at 31/12/2020: 1 KES = 0.00910 US\$

With its large population, diverse economy and an insurance penetration rate of less than 3% of GDP in 2020, compared to a global average of more than 7%, Kenya holds significant promise as an insurance arena. Recent years have seen the government and the industry regulator attempt to realize this potential by developing a micro-insurance framework, increased training for insurance agents and the promotion of technology in transacting insurance business. In the shorter term solid growth forecasts for the Kenyan economy bode well for the prospects of continued premium growth in the sector.

The Kenyan insurance industry recorded GWP of KES 235.31 Billion compared to KES 231.30 Billion in 2019. Despite this growth, insurance penetration has declined to 2.30% in 2020 from 2.37% in 2019.

Developing new non-traditional insurance products that suit customer demands to help expand market reach especially among low income earners and those in less accessible areas could lead to higher penetration numbers.

GWP for life insurance business stood at KES 102.61 Billion compared to KES 97.85 Billion in 2019, while for non-life business stood at KES 132.70 Billion compared to KES 133.45 Billion in 2019. Non-life insurance continues to dominate at 56.39% of total GWP while life insurance is at 43.61%.

Profits after tax stood at KES 3.99 Billion compared to KES 12.71 Billion in 2019.

According to Fitch Solution key view (Kenya Insurance Report Q2\_2022), There is solid growth potential on offer in Kenya's insurance industry in the short-term. The country's economy has recovered well from the disruption caused by the onset of the Covid-19 pandemic. Despite high case numbers in early 2022 the government has ruled out a new lockdown which will help to protect the economy over the coming quarters. This backdrop of healthy economic growth is expected to translate to greater consumer spending power which will spur demand for key products such as motor insurance, while higher employment rates will also increase uptake of life insurance and, to a lesser extent, personal accident insurance. Health insurance will remain the priority, however, for those households which can afford cover.

# Country Socio-Economic

## COUNTRY ECONOMIC FORECAST

Long-term economic & social development				
	1990	2000	2010	2020*
GDP per capita (US\$)	504.6	517.9	1,080.3	1,880.3
Inflation (%)	15.6	9.9	4.1	5.4
Population (mn)	23.7	32.0	42.0	53.8
Urban population (% of total)	16.8	19.9	23.6	28.0
Life expectancy (years)	57.4	50.9	61.0	66.7

Source : Oxford Economics & World Bank

\* 2020 or latest available year

Structure of GDP by output	
	2020
Agriculture	21.3%
Industry	19.8%
Services	58.9%

Source : Oxford Economics

Long-term sovereign credit ratings & outlook		
	Foreign currency	Local currency
Fitch	B+ (Negative)	B+ (Negative)
Moody's	B2 (Negative)	B2 (Negative)
S&P	B (Stable)	B (Stable)

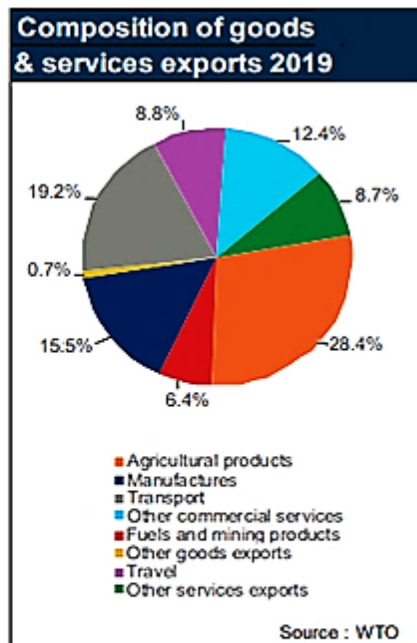
Corruption perceptions index 2020	
	Score
Developed economies (average)	74.3
Emerging economies (average)	38.6
<b>Kenya</b>	<b>31.0</b>
Africa	32.5

Source: Transparency International

Scoring system 100 = highly clean, 0 = highly corrupt

Structural economic indicators				
	1990	2000	2010	2020*
Current account (US\$ million)	530.0	-250.4	-2,300.9	-4,602
Trade balance (US\$ million)	997.6	-1,266.0	-5,810.7	-8,428
FDI (US\$ million)	57.5	110.9	1,116.5	245.0
Debt service (US\$ million)	790.9	592.9	401.9	2,142.5
Debt service (% of exports)	35.6	21.4	4.5	21.9
External debt (% of GDP)	58.9	37.1	19.5	37.8
Oil production (000 bpd)	0.0	0.0	0.0	0.0
Oil consumption (000 bpd)	41.9	46.2	62.5	119.6

Source : Oxford Economics / World Bank / EIA



Source : WTO

Destination of goods' exports 2020	
European Union	16.0%
Uganda	11.5%
Pakistan	8.8%
United Kingdom	8.0%
Other	55.7%

Source : IMF DOTS

 OXFORD ECONOMICS





<b>Factors affecting risk scores: Kenya</b>						
<b>Overall risk: 6.7/10</b>						
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Market demand rating: 7.9/10</b>						
Domestic demand, % y/y	5.3	-1.1	5.7	4.6	4.2	4.5
Government balance, % of GDP	-7.1	-8.7	-8.4	-6.9	-6.2	-5.6
Gross government debt, % of GDP	62.7	67.7	69.8	71.2	73.0	73.5
Policy interest rate, %	8.9	7.1	7.0	7.6	8.1	8.5
Domestic credit, % of GDP	32.4	32.7	33.1	33.4	33.7	34.1
Fixed investment, % of GDP	18.7	19.4	19.6	19.5	19.4	19.3
Output gap, % of GDP	0.1	-2.0	-1.9	-0.5	-0.5	-0.4
Real GDP per capita, 2010 US\$	1,600.5	1,560.2	1,617.5	1,651.1	1,687.2	1,726.9
<b>Market cost rating: 6.9/10</b>						
Nominal unit wage costs, 2008=100	233.3	231.0	235.1	252.0	269.6	287.2
Real fuel imports % total imports	11.8	12.8	11.6	11.5	11.6	11.6
Energy use per unit of GDP PPP	129.4	128.1	126.7	125.4	124.1	122.8
Exchange rate, average, LCU per US\$	102.0	106.5	109.5	113.9	118.8	125.1
Output gap, % of GDP	0.1	-2.0	-1.9	-0.5	-0.5	-0.4
Unemployment rate, %	23.6	26.7	27.2	26.6	26.1	25.8
Real GDP per capita, 2010 US\$	1,600.5	1,560.2	1,617.5	1,651.1	1,687.2	1,726.9
<b>Exchange rate rating: 6.0/10</b>						
Exchange rate, average, LCU per US\$	102.0	106.5	109.5	113.9	118.8	125.1
Exchange rate, avg, PPP, LCU per US\$	42.0	43.7	43.4	45.9	47.3	49.2
Current account of BOP, % of GDP	-5.0	-4.5	-5.4	-5.1	-4.4	-4.2
External debt, % of GDP	34.7	37.8	40.8	41.9	43.5	44.9
Policy interest rate, %	8.9	7.1	7.0	7.6	8.1	8.5
FX reserves, months of imports	6.5	7.4	5.9	5.7	5.6	5.6
<b>Sovereign credit rating: 5.8/10</b>						
GDP, real, % y/y	5.0	-0.3	6.1	4.4	4.4	4.6
GDP per capita, PPP, US\$	4,021.3	3,920.0	4,063.8	4,148.3	4,239.1	4,338.9
Government balance, % of GDP	-7.1	-8.7	-8.4	-6.9	-6.2	-5.6
Gross government debt % of GDP	62.7	67.7	69.8	71.2	73.0	73.5
<b>Trade credit rating: 7.0/10</b>						
GDP, real, % y/y	5.0	-0.3	6.1	4.4	4.4	4.6
External debt, % of GDP	34.7	37.8	40.8	41.9	43.5	44.9
GDP per capita, PPP, US\$	4,021.3	3,920.0	4,063.8	4,148.3	4,239.1	4,338.9

Source: Country Economic Forecast – by Oxford Economics, 1 March 2022



## Natural Hazards

**Earthquake and Other Geological Hazards:** The incidence of damaging earthquakes in Kenya has for many years been relatively low. The area with the highest earthquake potential is the Great Rift Valley.

Many earthquakes are felt in Kenya with origins outside its borders, mainly from Northern Tanzania, but also from the Indian Ocean. The rate for earthquake is 0.25%. The rate would generally include the risk of tsunami.

**Subsidence:** There is no major insured exposure to subsidence in Kenya.

**Hail:** Although incidents of significant hail damage are rare in Kenya, parts of the country are regularly exposed to hailstorms. The most exposed area is believed to be the tea growing region in western Kenya. but that the insurance market usually receives little by way of substantial claims.

**Bushfire:** Bushfire is a considerable risk to farmers in rural areas and also to safari camps and other tourist facilities, but it has rarely affected insurers.

**Windstorm:** Kenya is not subject to severe windstorms and this does not constitute a particular hazard locally. The only areas which are exposed to this peril are around Lake Victoria and (on rare occasions) the coastal strip, which feels the influence of the tails of cyclones which develop in the Indian Ocean.

**Flood:** The regions around Lake Victoria near the Ugandan border, particularly Kisumu and Busia and parts of the coastal zone, are the most exposed to flooding due to their flat topography, particularly in the rainy seasons, but there is little insurance in these areas.

The most serious hazard to insurers and reinsurers is in the capital Nairobi, which can quickly become flooded due to blocked drains.

Flood is covered under the special perils endorsement and the rating is usually incorporated in the overall fire rate with cover given virtually free of charge.

**Drought:** Drought is considered one of worst Natural Catastrophess face Kenya and Eastern Africa which leading to parching landscapes, killing livestock and creating a humanitarian crisis. Driven by climate change, it's also leading to civil strife, as shepherding communities battle each other for scarce resources. The October to December 2021 short rains have largely failed, marking the third consecutive below-average season across pastoral and marginal agricultural areas of eastern and northern Kenya.

In 2022, and FEWS NET expects 3-4 million people will be in need of humanitarian food assistance in Kenya. Large-scale humanitarian assistance and livelihoods support are urgently required to cover current needs in northern and eastern Kenya, and assistance should be sustained throughout 2022.



# Kenyan Insurance Market

## HISTORICAL DEVELOPMENT:

- **1900** Agencies of British companies were established.
- **1935** The first record of the minutes of the Insurance Association of East Africa was made, although it is known that the association was in force well before that year.
- **1940s** Late in the decade New India and certain other Indian insurers established themselves in the market. Jubilee and Pan Africa (1946) were the first local Asian-owned companies to be formed. Both are now quoted on the Nairobi stock exchange.
- **1964** The first American company, Alico, entered the Kenyan market.
- **1965** The government-owned Kenya National Assurance Company was formed.
- **1970** The Kenya Reinsurance Corporation was incorporated and started operations the following year.
- **1974** Localization of insurance caused certain foreign insurers to withdraw from the market.
- **1984** An insurance law was passed providing, inter alia, for the Office of the Commissioner to supervise insurance operations.
- **1987** New insurance legislation was introduced which has subsequently undergone various amendments.
- **1998** A change in the constitution of the Association of Kenya Insurers was introduced.
- **2007** Kenya Re was part-privatized in July, with the flotation of a 40% stake on the Nairobi Stock Exchange. The chief executive officer and financial director were suspended earlier in the year on corruption charges.  
The Insurance Regulatory Authority (IRA) came into operation on 1 May 2007.
- **2011** Kenya's first takaful company was licensed - Takaful Insurance of Africa Ltd.
- **2013 to 2014** Foreign insurers returned to Kenya or increased their presence. From March 2014 the definition of local ownership was expanded to include citizens of other East African Community states.
- **2015** New increased capital levels were introduced to be complied with by 2018. Unclaimed financial assets, including insurance proceeds such as death proceeds from personal accident policies, were required to be paid to the Unclaimed Financial Assets Authority (UFAA) by the end of 2015.
- **2016-17** Legislation was passed in 2016 to require a risk-based capital approach and the corresponding guidelines relating to the calculation of a capital adequacy requirement, prudent investments, the calculation of technical provisions for life offices and the calculation of reserves for non-life offices were issued in early 2017.
- **2017** The deadline for compliance with the new minimum capital levels was extended to 2020.
- **2019** Insurance fraud was brought within scope under amendments to the governing Insurance Act. Broker premium retention was abolished, though the measure is stayed presently following legal action initiated by the Association of Insurance Brokers of Kenya (AIBK).
- **2020:** The most significant is the Insurance (Micro insurance) Regulations 2020 that has had a direct impact on the industry as it has given clear guidance on an emerging area of insurance that previously had no regulations.

The Business Laws (Amendment) Bill was enacted in 2020 to facilitate the ease of doing business by introducing the electronic signature as an identifier for a signatory in the law of contract and electronic stamping of documents in the Registration of Documents act and Stamp Duty Act.

## Regulatory Environment and Market Structure

### Key Legislation

- Insurance Act, 2020
- Retirement Benefits Act
- The Companies Act

### Changes in Legal and Regulatory Framework:

*In 2020, there were a number of regulatory changes in the insurance industry. They include:*

#### **1- The Insurance (Micro-insurance) Regulations, 2020 (Legal Notice No. 26 of 2020).**

These regulations provide a framework for the operation of micro insurance business in Kenya. This is based on the need for enhanced access to insurance at affordable rates to the low-income population, including the underserved markets.

#### **2 - The Insurance (Group-Wide Supervision) Regulations, 2020 (Legal Notice No. 25 of 2020)**

The purpose of the regulations is to provide a framework for the supervision of insurance companies within a group company in Kenya. This is meant to ensure that an insurance entity within a group is monitored to protect it from contagion risk as may arise in the group.

#### **3 - The Insurance (Bancassurance) Regulations, 2020 (Legal Notice No. 24 of 2020)**

These regulations provide a framework for the registration, supervision and requirements for Bancassurance business in Kenya. Bancassurance is an insurance distribution channel for insurance products through financial institutions. This is aimed at enhancing access to insurance services.

#### **4. The Insurance (Anti-Money Laundering & Combating Financing of Terrorism) Guidelines, 2020 (Legal Notice No. 23 of 2020)**

The purpose of these regulations is to provide a framework for the prevention of money laundering and combating financing of terrorism in the insurance sector. The regulations aim to provide a legal guidance for the regulated entities in their attempts to prevent the sector from being misused for money laundering and terrorism financing activities.



### Industry Circulars:

- IC 01/2020 – Reporting of fire and engineering risks with sums insured above KES 1 billion and group life business;
- IC 02/2020 – COVID-19 Insurance Business Impact Template;
- IC 03/2020 - Renewal of Registration of Insurance Agents under the Insurance Act, Cap 487 for the Year 2021
- BAI 04/2020 - Applications for Registration of Bancassurance Intermediary for the Year 2021
- IB & MIP 05/2020 - Applications for Renewal of Registration of Insurance Brokers and Medical Insurance Providers for the Year 2021
- ISP 06/2020 - Applications for Renewal of Registration of Insurance Service Providers for the Year 2021
- IC/RE/IB/IA/ISPS/07/2020 - Communication to the Insurance Industry in the Advent of Covid-19 Pandemic
- IC&RE/08/2020 - Continuous Monitoring of Insurers Risk Profiles and Premium Rates
- IC&RE/09/2020 - Renewal of Reinsurance Contracts for the Year 2020
- IC & RE 07/2020 – To Insurance companies, reinsurance companies and reinsurance brokers on dealings with reinsurers and reinsurance brokers not registered under the Insurance Act.



## Supervisory Authority

- The Insurance Industry is regulated by the **Insurance Regulatory Authority (IRA)** which is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry.



Through the Insurance Act and its attendant Guidelines/Regulations. IRA is responsible for:

- Ensure compliance by insurance/reinsurance companies and intermediaries with legal requirements and sound business practices;
  - Promote voluntary compliance;
  - Set clear objectives and standards of intervention for insurance/reinsurance companies and intermediaries or type of intervention;
  - Protect consumers and promote high degree of security for policyholders;
  - Promote efficient, fair, safe and stable markets;
  - Maintain the confidence of consumers in the market;
  - Ensure insurance/reinsurance companies and intermediaries remain operationally viable and solvent; and
  - Establish a transparent basis for timely, appropriate and consistent supervisory intervention, including enforcement.
  - Licensing, regulating and developing the insurance sector in Kenya.
- The Pensions business within the insurance industry is regulated by the **Retirement Benefits Authority (RBA)** through the Retirement Benefits Act.

*Since 2014 the government has maintained plans to unite four regulatory bodies - the IRA, the Capital Markets Authority, the Sacco Societies Regulatory Authority and the Retirement Benefits Authority - into a single entity. The proposal was announced in 2014 but it was not until May 2016 that Kenya's Treasury published the first draft of the financial services authority bill. The bill was then approved by cabinet in April 2017, but progress has since stalled.*

## Professional Bodies

### **The Association of Kenya Insurers (AKI)**

AKI was established in 1987 as an independent non-profit making consultative and advisory body for insurance industry.



- Board committees are directly responsible for five areas: public relations, secretariat, ethics and self-governance, statutory and legal affairs, and liaison with underwriters and brokers. The two councils are responsible for the various committees run for the life and non-life sections.
- Membership is not obligatory but in practice all direct writing companies belong and therefore the AKI is an effective lobbying organisation for the insurance industry. The AKI is heavily involved in assisting the IRA with the drafting of revised insurance legislation that seeks to modernise the existing law and bring it into line with international standards.
- The AKI is also co-operating with the IRA with regards to expansion of the insurance market and has particularly influenced the production of new business in the group market.

### **Association of Insurance Brokers of Kenya (AIBK)**

- The Association of Insurance Brokers of Kenya (AIBK) is the umbrella Trade Association for all Insurance Brokers in Kenya. The body has evolved since inception in 1970 when it was referred to as Association of Insurance Brokers of East Africa (AIBEA), serving Kenya, Uganda and Tanzania before becoming a Kenyan affair after the dissolution of the East African Community in 1977.
- The mission of AIBK is to lead on Consume Protection and on all issues of members common interest and uphold professionalism and ethics in insurance brokerage Industry.



**The Association of Kenya Reinsurers:** Founded 2005. IRA, in collaboration with AKR, monitors the premium rates for fire, engineering and bonds risks by setting the minimum rates which insurers must charge. The minimum rates are determined and embedded in treaty cover notes as warranties which act as a pre-condition for any treaty cession.

**The Actuarial Society of Kenya (TASK)**, was originally registered in 1993, but not launched until 2005. Actuarial qualification may be achieved by means of the Institute and Faculty of Actuaries in the UK or the Society of Actuaries in the US. The Commissioner of Insurance may also recognise other actuarial qualifications on an ad hoc basis.

## Pools

The pools operating in the Kenyan market are described below.

- **Yellow Card Pool** - Yellow Cards are issued to Kenyan motor insurance policyholders should they wish to visit a neighbouring Common Market for East and Southern Africa (COMESA) country. The Yellow Card provides the basic act cover required in the country visited. Policyholders from COMESA countries, such as Uganda and Ethiopia, buy a Yellow Card in their own country and show it on crossing the border into Kenya. The Yellow Card scheme is run by ZEP-RE on a similar basis to the European Green Card system. Each of the COMESA countries has a bureau to which the local insurers submit returns. These returns are then sent to ZEP-RE. Kenya Re is the Kenyan local bureau and all non-life insurers are members of the pool.
  - **Crop Insurance Pool** - a crop insurance pool was formed comprising a small number of underwriters with reinsurance and technical expertise supplied by Swiss Re. The crop insurance pool was active for a period, but has since been discontinued.
  - **EAC Customs Bond Pool** - is run along similar lines to the COMESA Yellow Card Pool for regional motor insurance. The pool is run by ZEP-RE and Kenya Re is the Kenyan local bureau. Kenyan market non-life insurers are members of the pool.
- *The Association of Kenya Insurers continues to be involved in the establishment of a local political riot, sabotage and terrorism risks market pool. Market sources have indicated that the pool has yet to be established.*
  - *The government of Kenya is a member of the African Trade Insurance Agency (ATI) which is based in Nairobi and was founded in the year 2000. ATI offers customized political risk, credit risk and export credit insurance products.*
  - *It is anticipated that the development of hydrocarbon reserves in the country will in future have a significant impact on the growth of the non-life sector and may, in due course, result in the formation of an energy or oil and gas pool.*

## Registration Requirements:

### Insurer Registration Requirements

- Certified copy of the certificate of incorporation of the company.
- Certified copy of the Articles and Memorandum of Association of the company.
- A feasibility study report as outlined under Regulation 7 of the Insurance Regulations.
- Paid up share capital as prescribed in the Insurance Act: as may apply under: (a). Long term insurance business of Ksh. 400 million (b). General Insurance business Kshs. 600 million (c). Reinsurance business Ksh. 1 Billion
- Details of the shareholders and share holding structure of the company.
- Curriculum Vitae of the principal officer
- A statement of all the classes of business the proposer intends to transact. The classes of business are prescribed in the schedules to the Insurance Act.
- Specimen proposal and policy forms for all the classes of business the proposer intends to transact.
- The premium rates the proposer intends to apply under each class of business during the year of registration.
- A certificate in connection with the long term insurance business by an actuary that the premium rates terms and conditions are sound and workable.
- A detailed statement of assets and liabilities in Kenya at the date of application.
- Proposed Reinsurance arrangements.
- A certificate from Central Bank of Kenya specifying the amounts and details of deposits under section 32 of the Insurance Act (equivalent to 5% of the total admitted assets).
- The proposed contract documents with Insurance Agents and Brokers.
- A statement of how the company intends to cover its initial administrative costs.





### Re/Insurance Brokers:

The registration requirements for Insurance Brokers, Reinsurance Brokers and Medical Insurance Providers (MIPs) are detailed in Section 150 to section 156 of the Insurance Act Cap 487 of the Laws of Kenya and include the following:

- Bank guarantee of KES. 3 million from a commercial bank in the prescribed format, or a Government bond of at least two years in favor of the Authority.
- A Professional Indemnity Insurance Policy with a minimum limit of KES 10 million. All professional indemnity policies must expire on 31st December of the year of registration.
- A minimum paid-up share capital of KES. 1 million.
- CR-12 form detailing the shareholding structure of the company.
- At least 60% of the shares shall be held by Kenyan citizen(s).
- A Certified copy of the certificate of incorporation.
- New applicants should submit a 3-year business plan.
- All Directors should submit Identification Documents and duly completed fit and proper forms.

**Capital Requirements:**  
Paid up share capital as prescribed in the Insurance Act:

1. Long term insurance business of Ksh. 400 million
2. General Insurance business Kshs. 600 million
3. Reinsurance business Ksh. 1 Billion

### Agents

- Log in to Online portal
- The applicant or its Principal Officer must have passed or been exempted from Certificate of Proficiency (COP) examination for Insurance Agents. The examination is offered by the College of Insurance.
- Registration fee Kshs.1,000 payable to the Insurance Regulatory Authority.
- Documents as proof of nationality. Note that all agents must be East African citizens.
- Confirmation by the Principal Officer of the Insurer for whom the applicant proposes to act as an agent certifying that the applicant has the knowledge and experience necessary to act as an agent.
- Where applicable, a certified copy of the certificate of registration of business name reflecting the kind of business applied for. In case of a Corporate Agent, the following will also be required:
  - a certified copy of the certificate of registration of business name reflecting the kind of business the applied for or a certificate of incorporation;
  - a copy of the Articles of association or rules and regulation;
  - Details of the shareholders or partners.



### Compulsory Insurances

- Motor third party liability in respect of bodily injury.
- Workers' compensation.
- Aviation liability (for commercial aircraft insurance must cover passenger liability, cargo, baggage and mail risks).
- Shipowners' liability for marine oil pollution (financial guarantee or insurance).
- Professional indemnity cover for insurance brokers.
- Clinical trials liability, including PI for investigators and liability insurance for clinical trials host institutions.

### Solvency Margin:

- Kenya has adopted a risk based capital regime (RBC) that utilizes a model that prescribes capital requirements for insurers based on the risk profile of the insurers.

## Taxation:

- **Non-life:** Corporation tax rate of 30%;
- **Life insurer:** 30% of surplus distributed to shareholders plus 30% of excess (over the permitted) management expenses.



## Reinsurance Business:

- Five (5) locally incorporated reinsurers transacted reinsurance business in Kenya in 2020. These are Kenya Reinsurance Corporation Limited, East Africa Reinsurance Company Limited, Continental Reinsurance Company Limited, Ghana Reinsurance Company Kenya Limited and Waica Reinsurance Kenya Limited.

Two (2) reinsurers operating under regional charters also operated in the Kenyan market. These are ZEP-RE (PTA Reinsurance Company) and Africa Reinsurance Corporation. ZEP-RE and Africa Reinsurance Corporation receive mandatory cessions of 10% and 5% respectively of all Kenyan insurance business while the Kenya Reinsurance Corporation receives mandatory cessions of 20%.

One reinsurer, CICA-Re operates a liaison office in Kenya. However, the company has applied for registration as a reinsurer.

Africa Trade Insurance Agency (ATI) is a Pan-African institution established under a regional charter to facilitate the development of trade, investments and other productive activities in African states through the provision of insurance, coinsurance, reinsurance or guarantees against political, commercial and non-commercial risks. It's based in Nairobi.

- In terms of Section 20 of the insurance act, no insurer, broker, agent or other person shall directly or indirectly place any Kenyan reinsurance business with an insurer not registered under the insurance act, with the following exceptions:
  - in the case of treaty reinsurance, with the approval of the commissioner and subject to any restrictions he or she may apply
  - in the case of facultative reinsurance, subject to the prior approval in writing of the commissioner in respect of each individual risk.

Reinsurers do not have to be admitted or put up deposits but are usually vetted by the commissioner of insurance before approval is given to a reinsurance programme. This would involve the submission of three years' balance sheets for an unknown company. The overseas reinsurance broker often handles the vetting although the office of the commissioner also has its own procedures.



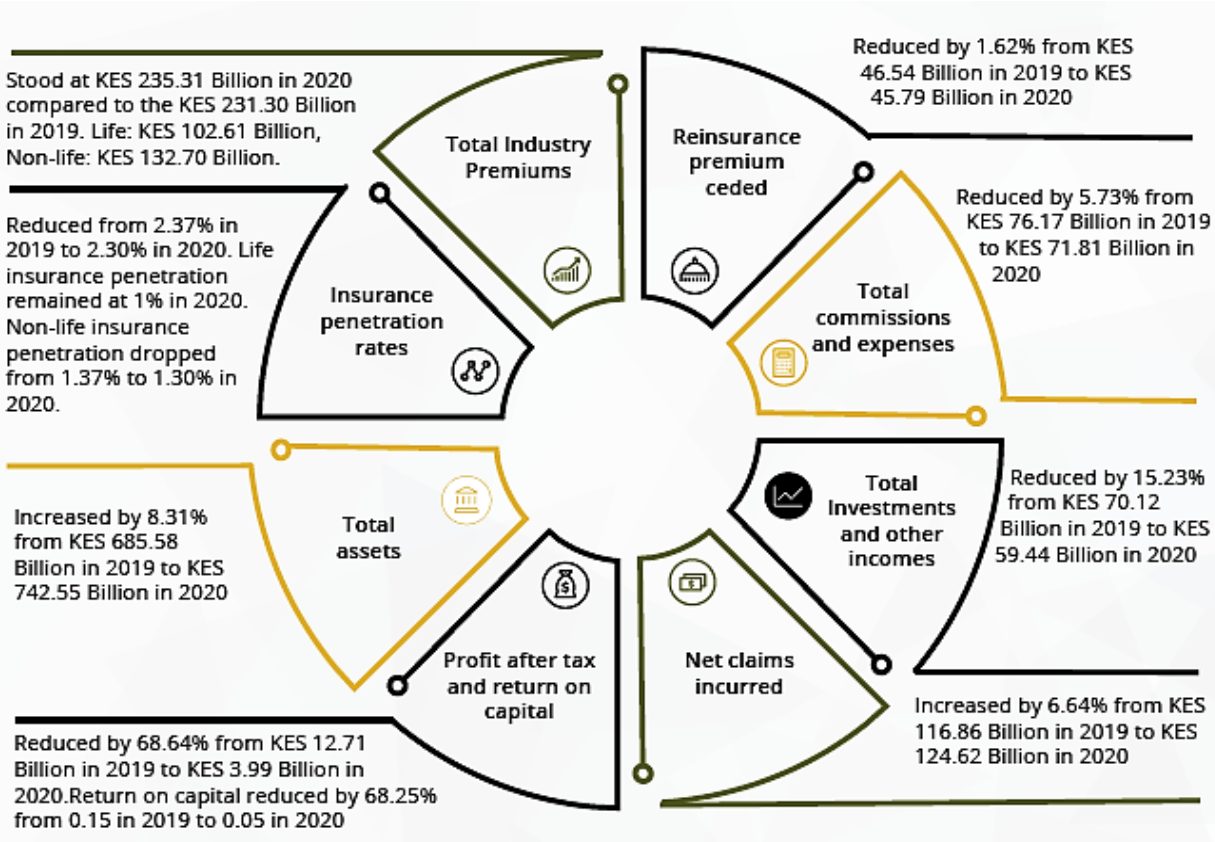
- Both life and non-life reinsurance premiums ceded abroad were subject to the 5% tax payable by both local insurers and local reinsurers, until 21 March 2014, when the tax was abolished under the Insurance (Amendment) Act, 2014. It has been reintroduced effective 1 July 2018. This can be regarded as a move to retain more premium in the local market, but it remains to be seen what the ultimate effect will be.
- The basis for calculating the risk-based capital was contained in Section 12 of the Insurance (Capital Adequacy) Guidelines, 2017. Amounts recoverable from reinsurance arrangements are counted as admissible assets, but subject to a capital charge.
- Annual renewal of registration is no longer required, but annual approval of the reinsurance arrangements by the IRA is. This requirement was amended to include "strategies" under the Insurance (Amendment) Act, No 1 of 2014, effective 21 March 2014, which would allow alternative risk transfer mechanisms.



# Insurance Market Statistics and Performance



## Industry Performance - At a Glance



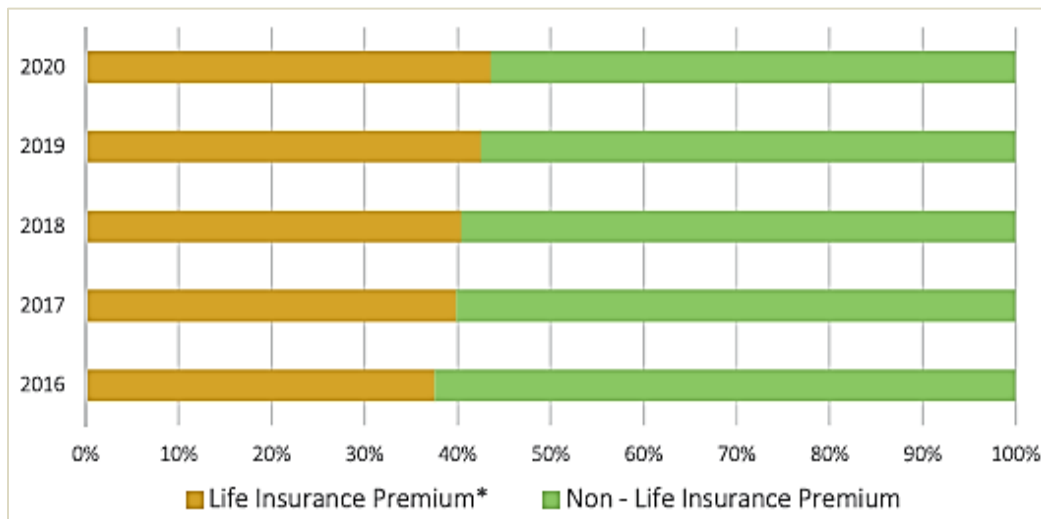
## Kenya's Insurance Industry Players, 2016-2020

	2016	2017	2018	2019	2020
Insurance Companies	51	52	54	54	56
Reinsurers	3	4	5	5	5
Reinsurance brokers	3	4	14	16	18
Agents	6,481	9,320	8,955	9,262	11,138
Brokers	186	221	216	213	204
Insurance investigators	123	142	145	131	150
Medical Insurance Providers (MIPs)	29	31	33	31	34
Insurance Surveyors	27	32	36	30	33
Risk Managers	7	9	11	9	10
Loss Adjusters	31	32	31	28	31
Motor Assessors	98	126	123	123	128

### Insurance Performance Relative to Gross Domestic Product, 2016-2020

	2016	2017	2018	2019	2020
Gross Direct Premium (KES Bn)	195.2	207.6	214.9	227.9	233.1
Gross Direct Premium Growth Rate (%)	13.2	6.3	3.2	6.1	2.3
GDP (Current Prices in KES Bn)	7,594.1	8,483.4	9,340.3	10,255.7	10,753.0
GDP (at Constant Prices) Growth Rate (%)	4.2	3.8	5.6	5.0	-0.3
Insurance Penetration Ratio (%) (at Current Prices)	2.57	2.68	2.43	2.34	2.17
Insurance Density (GDP/Population) KES	4,300	4,455	4,525	4,788	4,787
Real Gross Direct Premium Growth (%)	6.4	-1.5	-1.5	0.8	-2.9

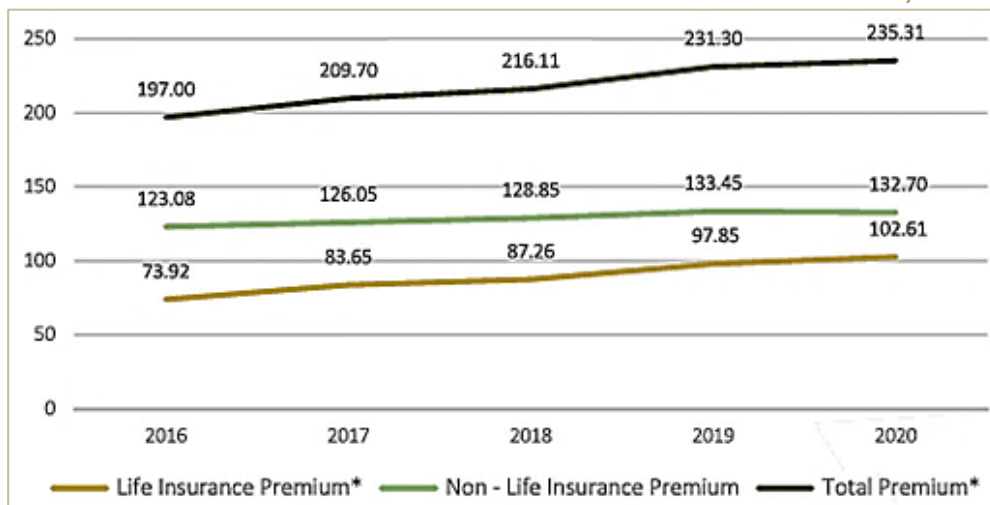
### GWP Representation for Life and Non-Life Insurance Proportions 2016-2020



\* Includes deposit administration and unit linked contribution

**Non-life insurance** which is largely dominated by motor and medical classes has been dominating the market for the past 6 years and represented 56.39% of the total premiums in 2020. The proportion of **life insurance** premiums has been increasing slightly every year from 35.59% in 2015 to 43.61% in 2020.

### Gross Written Premium Trend for Life and Non-Life Combined, 2016-2020 in KES bn



\* Includes deposit administration and unit linked contributions

Industry combined premiums recorded an increase in each of the 5 years considered. Both Life and non-life insurance recorded the same trend.



**Statement of Comprehensive Income, 2016-2020**  
in KES Billions

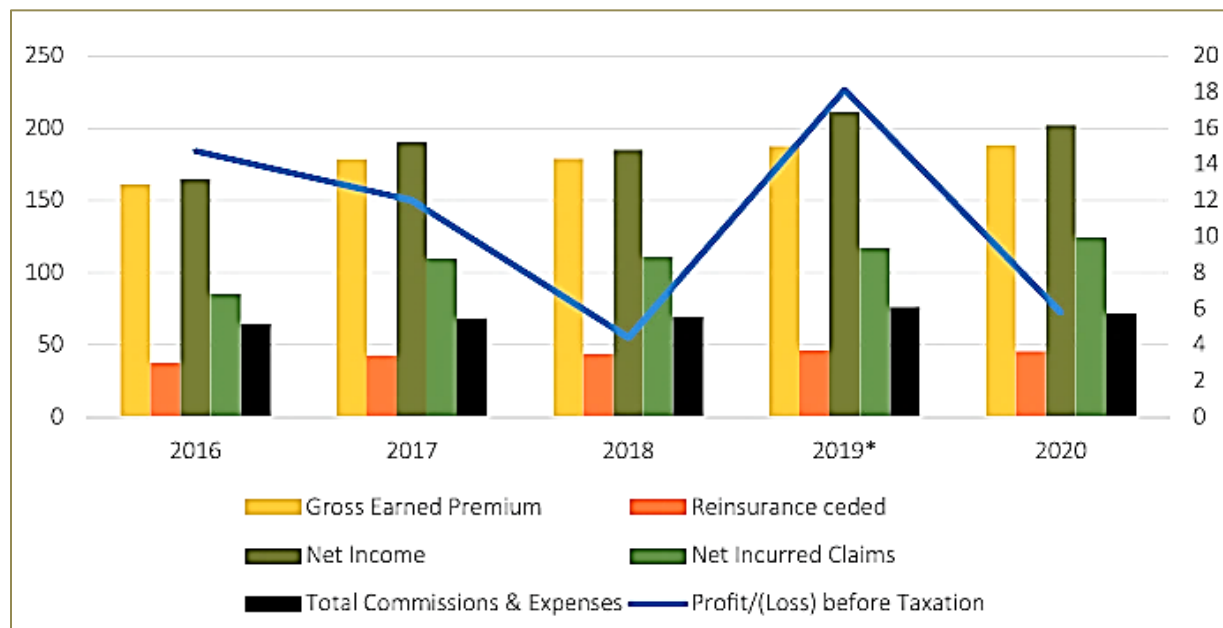
	2016	2017	2018	2019*	2020**	2019 - 2020 Growth	2016 - 2020 CAGR
Gross Earned Premium	160.96	178.48	178.80	187.57	188.55	0.52%	3.22%
Reinsurance ceded	37.45	43.22	43.99	46.54	45.79	-1.62%	4.10%
Net Earned Premium	123.51	135.27	134.81	141.03	142.76	1.23%	2.94%
Investment & Other Income	41.09	55.28	50.23	70.12	59.44	-15.23%	7.66%
Net Income	164.60	190.54	185.04	211.14	202.20	-4.24%	4.20%
Net Incurred Claims	85.41	110.00	111.01	116.86	124.62	6.64%	7.85%
Total Commissions & Expenses	64.43	68.53	69.63	76.17	71.81	-5.73%	2.19%
Profit/(Loss) before Taxation	14.75	12.01	4.40	18.12	5.78	-68.12%	-17.09%
Provision for Taxation	5.18	2.66	1.40	5.41	1.79	-66.89%	-19.14%
Profit/(Loss) after Taxation	9.57	9.35	3.00	12.71	3.99	-68.64%	-16.07%

\* Restated

\*\* Excludes financial results from one insurance company as their figures were not available when this report was being prepared. However, the impact of excluding the figures is minimal.

In 2020, gross earned premium increased by 0.52% from KES 187.57 Billion in 2019 to KES 188.55 Billion in 2020.

Reinsurance ceded reduced by 1.62%. Net incurred claims increased by 6.64% compared to 2019. Profit took the biggest hit with a 68.12% decline in the industry before and a 68.64% decline after tax.



Gross earned premium has been relatively constant over the past 5 years. Net income includes net earned premium and investment and other incomes and has been increasing over the years but dropped slightly in 2020. Profit before tax was on a decreasing trend from 2016 to 2018 but increased significantly in 2019 then dropped in 2020. Net incurred claims have been increasing constantly over the past 5 years. Total commissions and expenses have also been increasing over the years but dropped slightly in 2020.

**Statement of Financial Position, 2016-2020**  
in KES Billions

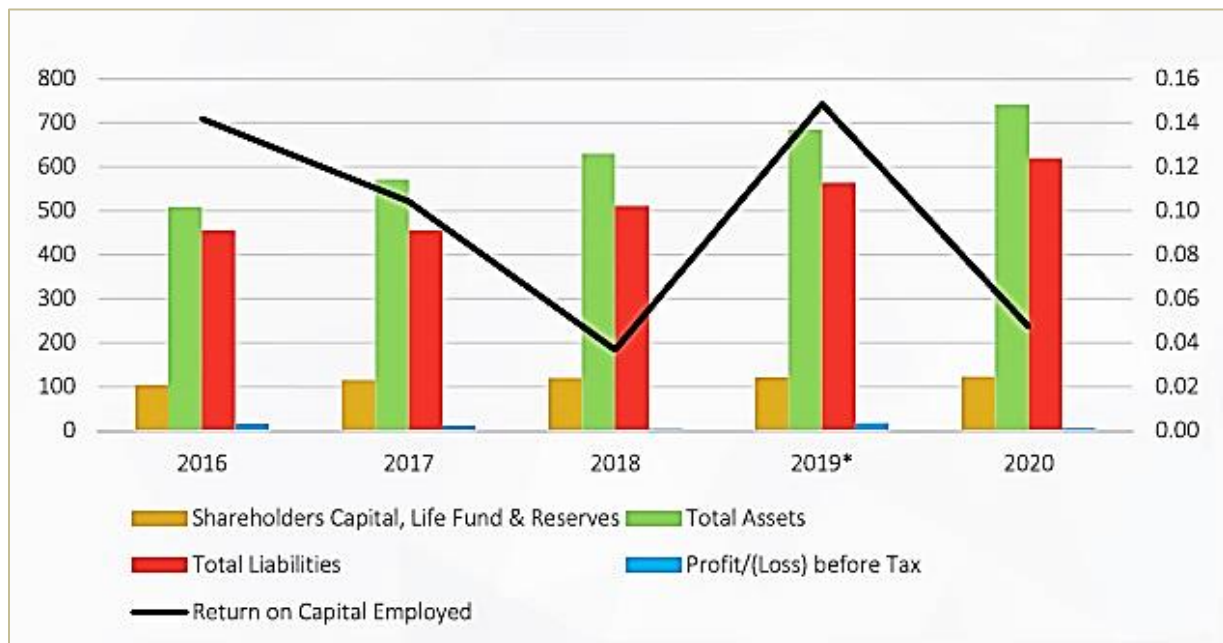
	2016	2017	2018	2019*	2020**	2019-2020 Growth	2016-2020 CAGR
Shareholders Capital, Life Fund & Reserves	103.88	115.65	119.28	121.92	122.43	0.42%	3.34%
Total Assets	508.95	571.96	630.72	685.58	742.55	8.31%	7.85%
Total Liabilities	456.30	456.30	511.45	563.61	620.12	10.03%	6.33%
Net Assets	103.88	115.65	119.28	121.92	122.43	0.42%	3.34%
Profit/(Loss) before Tax	14.75	12.05	4.40	18.12	5.78	-68.12%	-17.09%
Return on Capital Employed	0.14	0.10	0.04	0.15	0.05	-68.25%	-19.77%

\* Restated

\*\* Excludes financial results from one insurance company, as their figures were not available when this report was being prepared. However, the impact of excluding the figures is minimal.

Total assets and liabilities increased from KES 685.58 Billion and KES 563.61 Billion to KES 742.55 Billion and KES 620.12 Billion respectively. Shareholders Capital, Life Fund & Reserves increased slightly from KES 121.92 Billion to KES 122.43 Billion registering a growth of 0.42%.

Shareholders Capital, Life Fund & Reserves has been constant over the 5 years. Total assets have been increasing constantly over the period. Total liabilities have also had the same trend as total assets over the 5-year period. Return on capital employed followed a similar trend to profit before tax with a decreasing trend from 2016 to 2018, a significant increase in 2019 then decreased in 2020.



## General Insurance Business

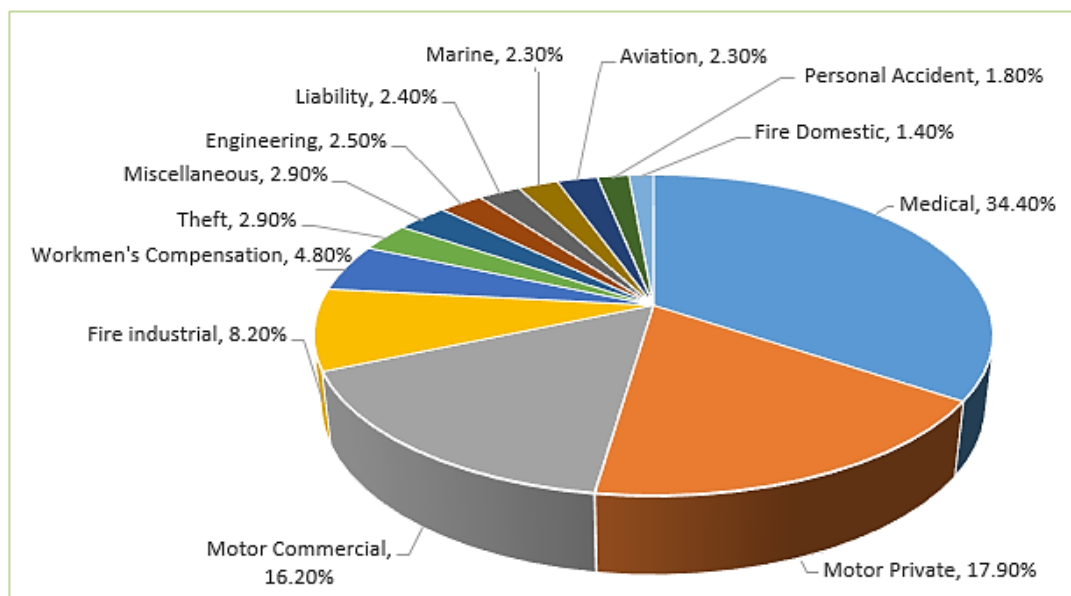
### ➤ Gross Direct Premium Income

General insurance business premium grew marginally by 0.4% to KES 131.06 billion in 2020 compared to KES 130.52 billion in 2019.

Aviation class of general insurance business grew from KES 2.11 billion in 2019 to KES 2.96 billion in 2020, an increase of 40.5% while personal accident class had the highest decrease in premium of 28.1% to KES 2.36 billion in 2020 from KES 3.28 billion in 2019.

Class of business						<i>In KES'000'</i>	
	2016	2017	2018	2019	2020	2019/2020 growth %	2020 Market Share %
Medical	38,515,454	38,337,371	40,195,984	42,348,102	45,061,539	6.4	34.40%
Motor Private	20,460,256	21,484,964	22,495,605	23,431,002	23,449,022	0.1	17.90%
Motor Commercial	24,025,770	23,226,291	23,593,081	23,049,684	21,279,353	-7.7	16.20%
Fire industrial	10,062,935	11,130,626	10,824,386	10,870,577	10,776,438	-0.9	8.20%
Workmen's Compensation	5,601,571	5,675,906	6,225,354	6,358,473	6,233,992	-2	4.80%
Theft	3,781,127	3,784,701	3,863,654	3,835,945	3,851,366	0.4	2.90%
Miscellaneous	3,710,221	3,763,080	3,635,343	3,741,207	3,847,235	2.8	2.90%
Engineering	3,473,125	4,190,323	3,691,508	3,502,268	3,249,381	-7.2	2.50%
Liability	2,520,106	2,817,584	2,728,902	3,124,267	3,124,468	0	2.40%
Marine	2,597,963	3,555,639	3,370,608	3,188,714	3,063,641	-3.9	2.30%
Aviation	1,476,801	1,726,496	2,134,254	2,109,320	2,963,413	40.5	2.30%
Personal Accident	4,002,267	3,516,204	3,157,233	3,283,857	2,362,292	-28.1	1.80%
Fire Domestic	1,482,865	1,570,425	1,595,804	1,672,639	1,795,320	7.3	1.40%
<b>Total</b>	<b>121,710,461</b>	<b>124,779,610</b>	<b>127,511,716</b>	<b>130,516,055</b>	<b>131,057,460</b>	<b>0.4%</b>	<b>100%</b>

### Non-Life Insurance Market Share per Class, 2020



## Non Life Insurance Companies: Ranking per Turnover in 2020

Figures in thousands

Company	2020 turnover		2019 turnover		2019-2020 evolution <sup>(1)</sup>	2020 Share
	In KES	In USD	In KES	In USD		
<b>UAP Insurance</b>	10605343	96509	9278624	90745	14.30%	8.11%
<b>CIC General</b>	10196750	92790	10536834	103050	-3.23%	7.79%
<b>APA Insurance</b>	9508815	86530	9337232	91318	1.84%	7.27%
<b>Jubilee Health <sup>(2)</sup></b>	8336809	75865	7884054	77106	5.74%	6.37%
<b>Britam</b>	8253939	75111	8208739	80282	0.55%	6.31%
<b>GA Insurance</b>	7840648	71350	6520029	63766	20.25%	5.99%
<b>ICEA Lion General</b>	6057393	55122	5783450	56562	4.74%	4.63%
<b>Heritage</b>	5765206	52463	5562586	54402	3.64%	4.41%
<b>AAR Insurance</b>	5683964	51724	5861920	57330	-3.04%	4.34%
<b>Geminia</b>	5157207	46931	4871078	47639	5.87%	3.94%
<b>Resolution</b>	4287042	39012	5357625	52398	-19.98%	3.28%
<b>Madison</b>	4228696	38481	4202334	41099	0.63%	3.23%
<b>First Assurance</b>	4144458	37715	3596967	35178	15.22%	3.17%
<b>Sanlam</b>	4066095	37001	2859045	27962	42.22%	3.11%
<b>Mayfair</b>	3300416	30034	2891392	28278	14.15%	2.52%
<b>Jubilee General <sup>(2)</sup></b>	3063523	27878	4293340	41989	-28.64%	2.34%
<b>AIG</b>	3045831	27717	3530310	34526	-13.72%	2.33%
<b>Occidental</b>	2812086	25590	2810253	27484	0.07%	2.15%
<b>Directline</b>	2626423	23900	3353253	32795	-21.68%	2.01%
<b>Kenindia</b>	2470756	22484	2423362	23701	1.96%	1.89%
<b>The Kenyan Alliance</b>	2136881	19446	1634568	15986	30.73%	1.63%
<b>Fidelity Shield</b>	2060190	18748	2406861	23539	-14.40%	1.58%
<b>Saham</b>	2035610	18524	2195213	21469	-7.27%	1.56%
<b>The Monarch</b>	1496358	13617	1265080	12372	18.28%	1.14%
<b>Pacis</b>	1445894	13158	1480965	14484	-2.37%	1.11%
<b>Kenya Orient</b>	1444111	13141	1293472	12650	11.65%	1.10%
<b>Tausi</b>	1180207	10740	1191812	11656	-0.97%	0.90%
<b>Metropolitan Cannon</b>	1130829	10290	884760	8653	27.81%	0.86%
<b>Intra Africa</b>	1105381	10059	1201248	11748	-7.98%	0.84%
<b>African Merchant AMACO</b>	1069483	9732	1474182	14418	-27.45%	0.82%
<b>Corporate</b>	932958	8490	490739	4799	90.11%	0.71%
<b>Allianz</b>	929346	8457	910744	8907	2.04%	0.71%
<b>Pioneer</b>	883817	8043	847497	8289	4.29%	0.68%
<b>MUA</b>	828145	7536	709649	6940	16.70%	0.63%
<b>Trident</b>	705810	6423	653680	6393	7.97%	0.54%
<b>Xplico</b>	-	-	1440828	14091	-	-
<b>Takaful</b>	-	-	1272336	12443	-	-
<b>Total Non-Life</b>	<b>130836420</b>	<b>1190611</b>	<b>130516061</b>	<b>1276447</b>	<b>0.25%</b>	<b>100%</b>

<sup>(1)</sup> Growth rate in local currency

<sup>(2)</sup> Ex. Barclays Life

Exchange rate as at 31/12/2020: 1 KES = 0.00910 USD at 31/12/2019 : 1 KES = 0.00978 USD



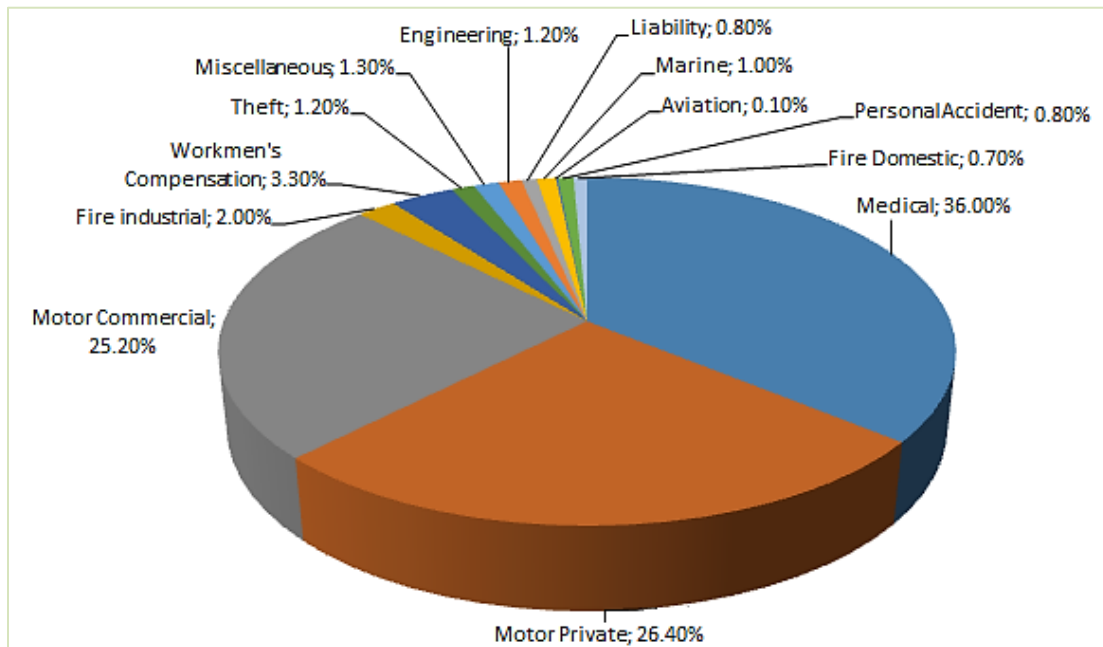
➤ **Incurred Claims**

In 2020, general insurance business underwriters incurred claims amounting to KES 58.31 billion compared KES 58.96 billion claims incurred in 2019, a slight decrease of 1.1%. Motor and Medical classes had the largest share of claims incurred at 51.7% and 36.0% respectively. A summary of incurred claims under general insurance business is shown in Table 25.

*In KES'000'*

<i>Class of business</i>	2016	2017	2018	2019	2020	2020 Share %
Medical	18,095,201	20,632,162	20,515,402	20,424,313	20,975,226	36%
Motor Private	14,968,463	14,181,895	14,301,162	16,635,527	15,418,425	26.40%
Motor Commercial	12,750,248	12,646,816	13,618,583	15,304,543	14,705,102	25.20%
Fire industrial	988,870	1,100,373	1,141,362	825,219	1,149,283	2.00%
Workmen's Compensation	2,987,439	3,126,587	2,374,487	1,548,271	1,910,300	3.30%
Theft	1,194,596	969,900	1,304,641	887,812	722,603	1.20%
Miscellaneous	430,640	653,554	740,981	781,086	752,126	1.30%
Engineering	448,796	431,756	411,244	597,785	697,881	1.20%
Liability	661,618	340,822	597,548	399,152	462,135	0.80%
Marine	500,636	725,376	669,398	669,464	598,869	1.00%
Aviation	69,815	(48,571)	28,336	9,285	43,775	0.10%
Personal Accident	1,237,378	1,081,310	747,352	464,566	481,601	0.80%
Fire Domestic	523,792	309,981	477,500	414,559	394,133	0.70%
<b>Total</b>	<b>54,857,492</b>	<b>56,151,961</b>	<b>56,927,996</b>	<b>58,961,582</b>	<b>58,311,459</b>	<b>100%</b>

**Class-wise distribution of incurred claims 2020**



## Life Insurance Business

### ➤ Gross Direct Premium Income

Gross Written Premium was KES 102.61 Billion in 2020 compared to KES 97.85 Billion in 2019, an increase of 4.87%. Life insurance penetration rate remained at 1.00% in 2020. The average growth rate from 2016 to 2020 stands at 10.79%.

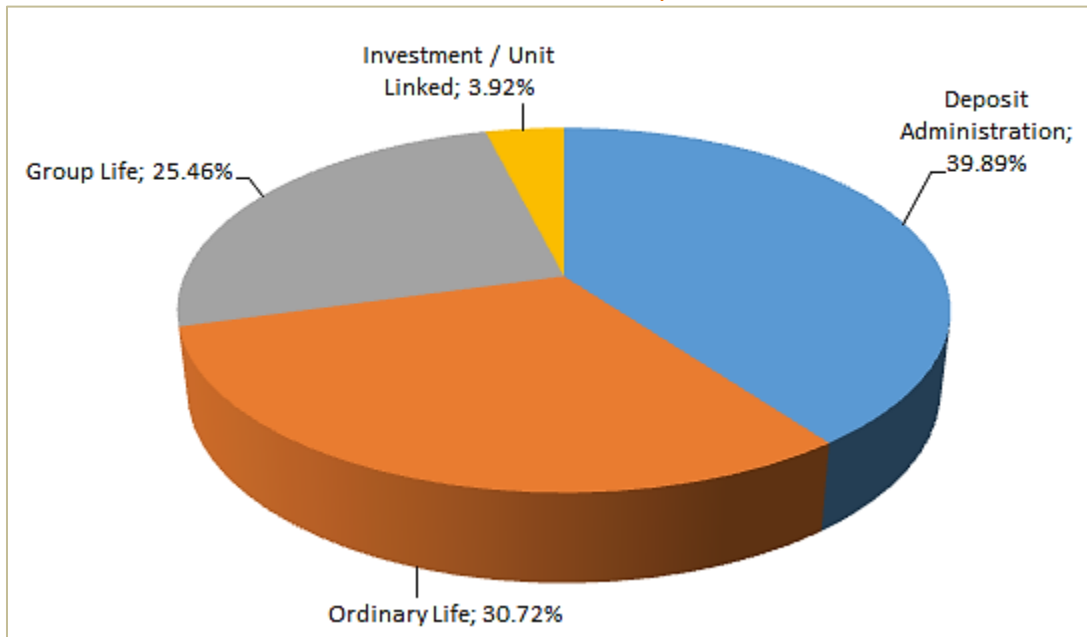
Pensions, Group Life and Unit Linked premiums and contributions increased by 10.89%, 4.04% and 29.52% respectively. Ordinary life premiums decreased by 3.64%.

Deposit Administration has dominated the life insurance industry with 39.89% share followed by Ordinary Life at 30.72% then Group Life at 25.46%.

The total life insurance premium has been increasing in the last 5 years though the growth rate was smaller in 2020. The life insurance premium growth rate was 4.87% in 2020 as compared to the 12.13% growth rate in 2019.

Class of business	<i>In KES'000'</i>						2019/2020 growth %	2020 Market Share %
	2016	2017	2018	2019	2020			
Deposit Administration	28,380,518	29,363,388	33,260,652	36,917,072	40,937,326	13.27%	39.89%	
Ordinary Life	28,380,518	24,676,591	26,607,009	32,718,330	31,527,302	9.84%	30.72%	
Group Life	20,895,506	25,241,070	23,167,732	25,109,989	26,124,621	8.74%	25.46%	
Investment / Unit Linked	2,104,547	4,164,268	4,230,851	3,107,048	4,024,390	29.52%	3.92%	
<b>Total</b>	<b>73,723,454</b>	<b>83,445,317</b>	<b>87,266,244</b>	<b>97,852,439</b>	<b>102,613,639</b>	<b>4.87%</b>	<b>100%</b>	

Life Insurance Market Share per Class, 2020



## Life Insurance Companies: Ranking per Turnover in 2020

Figures in thousands

Company	2020 turnover		2019 turnover		2019-2020	2020
	In KES	In USD	In KES	In USD	evolution <sup>(1)</sup>	Shares
<b>Britam Life</b>	23326320	212270	23941687	234150	-2.57%	22.84%
<b>ICEA Lion Life</b>	14820301	134865	13040900	127540	13.64%	14.51%
<b>Jubilee Insurance</b>	13313829	121156	14133786	138228	-5.80%	13.04%
<b>Kenindia</b>	7372207	67087	5612172	54887	31.36%	7.22%
<b>Sanlam Life</b>	5910436	53785	4579718	44790	29.06%	5.79%
<b>CIC Life</b>	5908970	53772	6072127	59385	-2.69%	5.79%
<b>Liberty Life</b>	5069693	46134	5064690	49533	0.10%	4.96%
<b>Pioneer</b>	4119744	37490	5479485	53589	-24.82%	4.03%
<b>Madison</b>	3971901	36144	3683018	36020	7.84%	3.89%
<b>GA Life Assurance</b>	3449048	31386	2924019	28597	17.96%	3.38%
<b>ABSA Life Assurance <sup>(2)</sup></b>	3275273	29805	2375712	23235	37.86%	3.21%
<b>Old Mutual</b>	2211260	20122	2163140	21156	2.22%	2.17%
<b>UAP Life</b>	1786005	16253	2399629	23468	-25.57%	1.75%
<b>APA Life Assurance</b>	1749599	15921	1517723	14843	15.28%	1.71%
<b>Kenya Orient Life</b>	1133397	10314	697941	6826	62.39%	1.11%
<b>Geminia</b>	1003320	9130	996557	9746	0.68%	0.98%
<b>The Kenyan Alliance</b>	959688	8733	788631	7713	21.69%	0.94%
<b>KUSCCO Mutual</b>	791773	7205	449632	4397	76.09%	0.77%
<b>Prudential Life</b>	777476	7075	638775	6247	21.71%	0.76%
<b>Capex Life</b>	394360	3589	310511	3037	27.00%	0.39%
<b>Metropolitan Cannon</b>	336539	3063	-	-	-	0.33%
<b>Corporate</b>	275752	2509	294319	2878	-6.31%	0.27%
<b>The Monarch</b>	130733	1190	71307	697	83.34%	0.13%
<b>Saham</b>	28832	262	58235	570	-50.49%	0.03%
<b>First Assurance</b>	-	-	93236	912	-	-
<b>Takaful Insurance of Africa</b>	-	-	8560	84	-	-
<b>Total Life</b>	<b>102116456</b>	<b>929260</b>	<b>97395510</b>	<b>952528</b>	<b>4.85%</b>	<b>100%</b>

<sup>(1)</sup> Growth rate in local currency

<sup>(2)</sup> Ex. Barclays Life

Exchange rate as at 31/12/2020: 1 KES = 0.00910 USD at 31/12/2019 : 1 KES = 0.00978 USD

### ➤ Incurred Claims

Life insurance claims and benefits have been slowly increasing over the last 5 years from KES 39.59 Billion in 2016 to KES 62.73 Billion in 2020.

Ordinary life claims contributed 29.48%, Group life 19.27% while Deposit Administration contributed the biggest share of 51.25%. Ordinary life claims increased by 5.12% in 2020. Group life claims decreased by 0.18% while Deposit Administration claims increased by 35.96% in 2020.

Total claims and benefits paid on average increased by 12.96% from 2016 to 2020.

In KES'000'

Class of business	2016	2017	2018	2019	2020	2020 Market Share %
Deposit Administration	17,754,842	20,770,872	24,509,152	23,646,247	32,148,828	51.25%
Ordinary Life	11,330,787	10,600,782	10,221,060	17,588,954	18,490,183	29.48%
Group Life	10,500,798	11,554,533	11,163,494	12,110,006	12,087,677	19.27%
<b>Total</b>	<b>39,586,427</b>	<b>42,926,187</b>	<b>45,893,705</b>	<b>53,345,207</b>	<b>62,726,688</b>	<b>100%</b>

## Reinsurance Business:

### General Insurance Business

In 2020, inward reinsurance premium amounted to KES 1.64 billion an increase of 3.3% from KES 1.59 billion reported in 2019. Outward reinsurance premium amount to KES 40.17 billion from KES 39.31 billion recorded in 2019.

The industry's average retention ratio remains relatively stable at about 70% which is within the global acceptable range.

General Business Reinsurance	2016	2017	2018	2019	2020
<i>Inward Reins (In KES'000')</i>	1,406,192	1,413,853	1,341,651	1,588,150	1,640,259
<i>Outward Reins (In KES'000')</i>	32,606,415	37,289,229	36,890,778	39,311,827	40,171,647
<i>Retention Ratios (%)</i>	73.5%	70.5%	71.4%	70.2%	69.7%

### Long-Term Reinsurance Business

Long-term reinsurance business registered a total premium income of KES 3.16 billion, a decrease of 17.0% from KES 3.79 billion reported in 2019. Out of this group life accounted for KES 2.91 billion while life assurance accounted for KES 239.01 million. In 2020, reinsurance companies ceded premium amounting to KES 328.28 million compared to KES 398.76 million in 2019. Out of this, group life business accounted for 97.3%

Long-term Reinsurance	2016	2017	2018	2019	2020
<i>Life Assurance Inward Reins (In KES'000')</i>	152,658	179,830	239,839	246,317	239,008
<i>Life Assurance Outward Reins (In KES'000')</i>	17,602	22,747	10,701	10,826	60,950
<i>Group Life Inward Reins (In KES'000')</i>	2,247,254	2,591,325	3,014,166	3,545,208	2,906,584
<i>Group Life Outward Reins (In KES'000')</i>	305,800	303,096	324,320	387,934	267,328

### Reinsurance Companies: Ranking per 2020 Turnover

	in thousands USD					
	Turnover 2019	Turnover 2020	Shareholder's equity 2019	Shareholder's equity 2020	Net result 2019	Net result 2020
<b>Zep Re (PTA Re)</b>	207110	208160	262320	275752	28765	17260
<b>Kenya Re</b>	171359	168671	312478	313016	38791	26781
<b>East Africa Re</b>	45623	36431	49646	48878	5764	3734
<b>Continental Re Kenya</b>	33379	33188	18530	20737	2636	3497
<b>Ghana Re Kenya</b>	5913	7449	11074	11472	672	1168
<b>Waica Re Kenya</b>	3343	6556	10271	10472	-261	915



KENYA RE



CONTINENTAL REINSURANCE



Ghana Re

WAICA Re  
WAICA REINSURANCE (KENYA) LIMITED



## Kenyan Insurance Market: Global and Regional Position

Globally, **Kenya** ranks No. 58 among global insurance market in terms of total premiums in 2020 with share of world 0.03%, according to the latest sigma report from Swiss Re.

At the level of Africa, Kenya ranks No. 4 among insurance markets in Africa in terms of total premiums in 2020 with share of Africa 3.65% but came in No.4 in terms of insurance penetration.

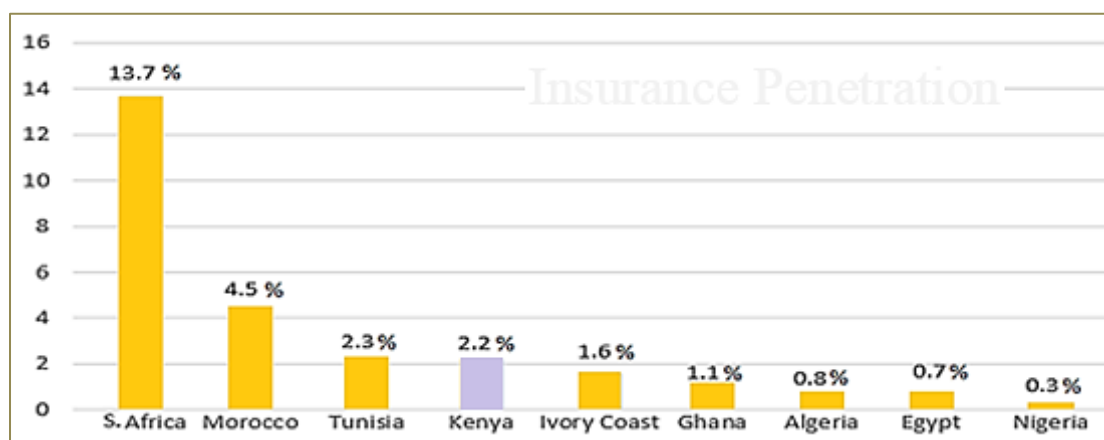
The following table shows the premium volume of the top 9 insurance markets in Africa as is presented in the sigma report.

World Ranking		Country	Premium in US\$ mn		Change %		Share of world %	
			2020	2019	2019/2020	Inflation-adjusted	2020	2019
2020	2019							
19	19	South Africa	*40,635	*46,421	-12.5	-3.4	0.65	0.65
49	50	Morocco	**5,080	4,646	9.3	7.3	0.08	0.07
57	61	Egypt	*2,390	1,899	25.9	8.8	0.04	0.03
58	58	<b>Kenya</b>	+ 2,199	2,235	-1.6	-2.5	0.03	0.04
72	66	Nigeria	+ 1,213	1,565	-22.5	-14.8	0.02	0.03
75	73	Algeria	**1,065	1,248	-14.7	-11.3	0.02	0.02
81	84	Tunisia	**900	817	10.1	-0.1	0.01	0.01
85	87	Ghana	*759	673	12.7	10.0	0.01	-
87	88	Ivory Coast	**685	663	3.4	-	0.01	-
<b>World</b>			<b>6,287,044</b>	<b>6,284,360</b>	<b>0.0</b>	<b>-1.3</b>	<b>100%</b>	<b>100%</b>

### Insurance Penetration (premiums as a % of GDP in 2020)

The following table shows the insurance penetration rate in the top 9 markets in Africa listed in the sigma report for 2020:

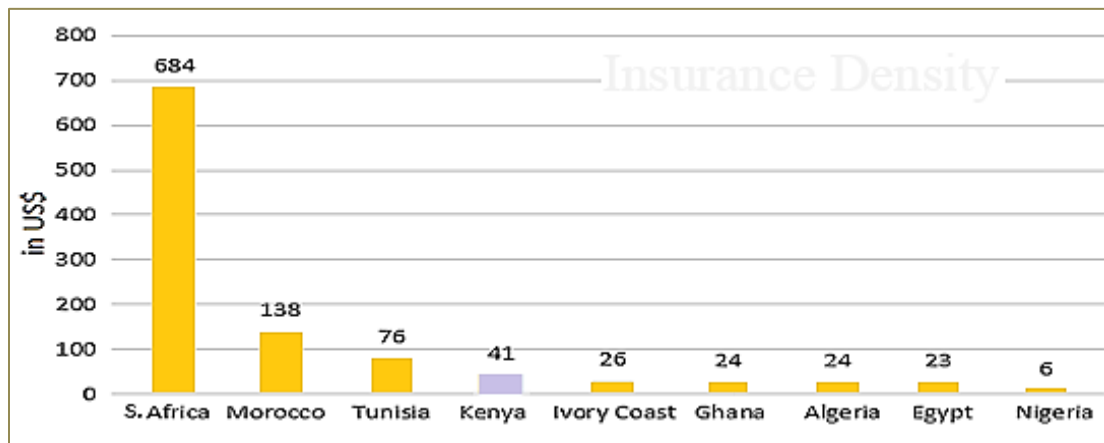
World Ranking		Country	Insurance Penetration 2020		2020	2019	
			Life %	Non-life %			
2020	2019						
4	4	South Africa	11.2 *	2.5 *	13.7 *	13.4 **	
34	41	Morocco	2.0 **	2.5 **	4.5 **	3.9 **	Key:
55	60	Tunisia	0.5 **	1.8 **	2.3 *	2.2 **	+ provisional
57	55	<b>Kenya</b>	1.0 +	1.2 +	2.2 +	2.3 +	* estimated
69	-	Ivory Coast	0.7 **	0.9 **	1.6 **	--	** estimated US\$ value
78	-	Ghana	0.5 +	0.6 *	1.1 *	--	assuming constant insurance penetration
82	80	Algeria	0.1 **	0.7 **	0.8 **	0.7 **	Source:
85	84	Egypt	0.3 *	0.4 *	0.7 *	0.6	World insurance reports 2020,
88	87	Nigeria	0.2 *	0.1 *	0.3 *	0.3 *	2019, Swiss Re
<b>World</b>			<b>3.3%</b>	<b>4.1%</b>	<b>7.4%</b>	<b>7.2%</b>	



## Insurance Density (premiums per capita)

The following table shows the insurance density in the top 9 markets in Africa listed in the sigma report for 2020:

World Ranking	Country	Insurance Density_in US\$		2020	
		2020	2020		
		Life	Non-life	Total %	
34	South Africa	560 *	124 *	684 *	
65	Morocco	61 **	77 *	138 **	<u>Key:</u>
73	Tunisia	18 **	58 *	76 **	+ provisional
<b>81</b>	<b>Kenya</b>	<b>18 +</b>	<b>23 +</b>	<b>41 +</b>	* estimated
82	Ivory Coast	11 **	15 **	26 **	** estimated US\$ value assuming constant insurance penetration
83	Ghana	12 +	13 *	24 *	
84	Algeria	2 **	22 **	24 **	<u>Source:</u>
85	Egypt	11 *	13 *	23 *	<u>Source:</u>
88	Nigeria	3 *	3 *	6 *	World insurance reports 2020, 2019, Swiss Re
	<b>World</b>	<b>360</b>	<b>449</b>	<b>809</b>	



## Key View and Forecast: Fitch Solutions

Low levels of take-up of both life and non-life products mean that Kenya's insurance market, although relatively well developed by regional standards (with more than USD2bn of annual premiums written), has strong long-term growth potential.



While the Covid-19 pandemic made 2020 a difficult year for the insurance sector, as slower economic growth constrained corporate spending, and rising unemployment put downward pressure on household incomes, there was a significant rebound in premium growth in 2021, driven primarily by the larger non-life sector. Over the long term, however, we expect the smaller and less competitive life sector to outperform in terms of premium growth. competitive life sector to outperform in terms of premium growth.

### Life Insurance Key View:

The life insurance market in Kenya offers considerable ongoing growth potential. The country is home to a large, youthful population and also has a fast-growing middle class which is a key target for life insurance providers. Though limited affordability will continue to put a cap on growth in the short to medium-term, a backdrop of stable economic growth and diversification, as well as improving life expectancy trends, suggests a market which is attractive to insurers looking to make a relatively early entry in order to take advantage of long-term growth potential.

### Non-Life Insurance Key View:

Kenya is home to a relatively well developed non-life insurance market, in regional terms, with written premiums boosted by solid demand in the leading health and motor insurance segments. The core outlook for the non-life market remains positive as a backdrop of healthy economic growth is expected to equate to improvement employment and income rates, creating greater spending power among potential consumers. Affordability does remain a barrier, however, with many users likely to look to more affordable microinsurance products as an entry way into traditional insurance covers.

GROSS INSURANCE PREMIUMS WRITTEN (KENYA 2020-2025)						
Indicator	2020e	2021e	2022f	2023f	2024f	2025f
Total gross premiums written, KESbn	226.46	242.33	255.83	271.82	288.44	305.89
Total gross premiums written, KES, % y-o-y	-0.6	7.0	5.6	6.2	6.1	6.0
Gross life premiums written, KESbn	92.08	97.46	102.75	108.16	113.95	119.99
Gross life premiums written, KES, % y-o-y	-5.5	5.8	5.4	5.3	5.4	5.3
Gross non-life premiums written, KESbn	134.37	144.86	153.09	163.66	174.49	185.90
Gross non-life premiums written, KES, % y-o-y	3.0	7.8	5.7	6.9	6.6	6.5

*e/f = Fitch Solutions estimate/forecast. Source: National Sources/Fitch Solutions*

GROSS INSURANCE PREMIUMS WRITTEN (KENYA 2026-2031)						
Indicator	2026f	2027f	2028f	2029f	2030f	2031f
Total gross premiums written, KESbn	324.27	342.62	359.70	376.95	394.00	409.02
Total gross premiums written, KES, % y-o-y	6.0	5.7	5.0	4.8	4.5	3.8
Gross life premiums written, KESbn	126.75	133.40	139.13	144.80	149.85	154.12
Gross life premiums written, KES, % y-o-y	5.6	5.2	4.3	4.1	3.5	2.9
Gross non-life premiums written, KESbn	197.52	209.22	220.57	232.14	244.16	254.90
Gross non-life premiums written, KES, % y-o-y	6.3	5.9	5.4	5.2	5.2	4.4

*f = Fitch Solutions forecast. Source: National Sources/Fitch Solutions*

