



IRA

# INSURANCE REGULATORY AUTHORITY

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*“Bima bora kwa Taifa”*

## Who Are The Players In The Insurance Market In Kenya

This article seeks to help you understand the insurance market by providing you with information on the how the insurance market is structured and how it operates.

For simplicity, we will use, throughout this article, the term insurer(s) to mean insurance company or companies.

### Insurance Products

Products sold by insurers are divided into two main categories. Short Term or General insurance products provide protection for one year and below. Examples of short term products are medical, funeral and motor insurance. Long Term or Life insurance products provide protection for more than one year. Examples include whole life assurance, annuities and endowment insurance.

### Buyers of insurance

Buyers of insurance can be divided into three main categories. Individual clients include you and me. Corporate clients include registered companies and the Government. The other category are the foreign clients. Foreign clients buy Kenyan insurance services by buying cover from Kenyan insurers.

**Insurance Companies:** The main role of insurance companies is taking away risks or fears from you and promising to pay you for any losses or damage that may affect your property or life. Presently there are 49 registered insurance companies in Kenya. , some offering general insurance, some life insurance while composite insurers sell both life and general. The products offered by insurance companies are generally the same although each company has a set of value added services for consumers. It is important that you seek advice before buying a policy as this will enable you buy a policy that will meet your needs.

**Reinsurance Companies:** The way you are afraid of losses arising and adversely affecting your daily life, possessions or business is the same way insurers fear receiving claims that they may not be able to pay alone. They also buy insurance protection, this time from reinsurers. There are three locally incorporated reinsurers in Kenya include Kenya Reinsurance Corporation, East Africa Reinsurance Company and Continental Reinsurance. There are also two regional reinsurers including

Africa Reinsurance Corporation and PTA Reinsurance (Zep Re).

**Insurance Intermediaries:** Ordinarily, insurance companies do not sell their products directly to consumers but often use intermediaries. Intermediaries are insurance agents, insurance brokers and medical insurance providers. The three are called intermediaries because they do not have products of their own to sell but only sell products of and on behalf of insurance companies. All intermediaries must be registered with the IRA and are issued with licenses every year. The difference between agents and brokers is that while agents only sell products of insurers they are authorized to represent, brokers are professionals who offer professional advice on insurance to their clients.

Others may include the medical insurance providers (MIP) are brokers who specialize in medical insurance business.

### Other players in the Insurance Market

**Loss Adjusters:** Are specialized in adjusting loss amounts on behalf of

insurers.

**Insurance Surveyors:** Are appointed by insurers to survey, mostly properties to be insured against fire in order to advise insurers about the exact risk characteristics. This helps insurers to underwrite the risks appropriately

**Motor Assessors:** Like surveyors, they are appointed by insurers to assess your motor vehicle before the insurer can underwrite and insure it.

**Risk Managers:** Are appointed by insurers to provide advice on loss prevention mechanisms. Their advice enables insurers to set terms, conditions and warranties in the policy that must be observed by the insured to minimize loss.

**Insurance Investigators:** Investigate losses on behalf of insurers after they have occurred.

### Conclusion

Knowledge of the insurance market is very important for you as we have noted that many policyholders

do not know whom their insurers are. Some insurance agents and brokers often refer to themselves as insurance companies. Brokers and medical insurance providers only sell products belonging to insurers and are not directly responsible for paying your claims. Ask an agent which insurance companies they represent. Brokers and medical insurance providers must also tell you where they have placed your business.



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