



# 2013 OUTLOOK OF KENYA INSURANCE INDUSTRY: A SITUATIONAL ANALYSIS

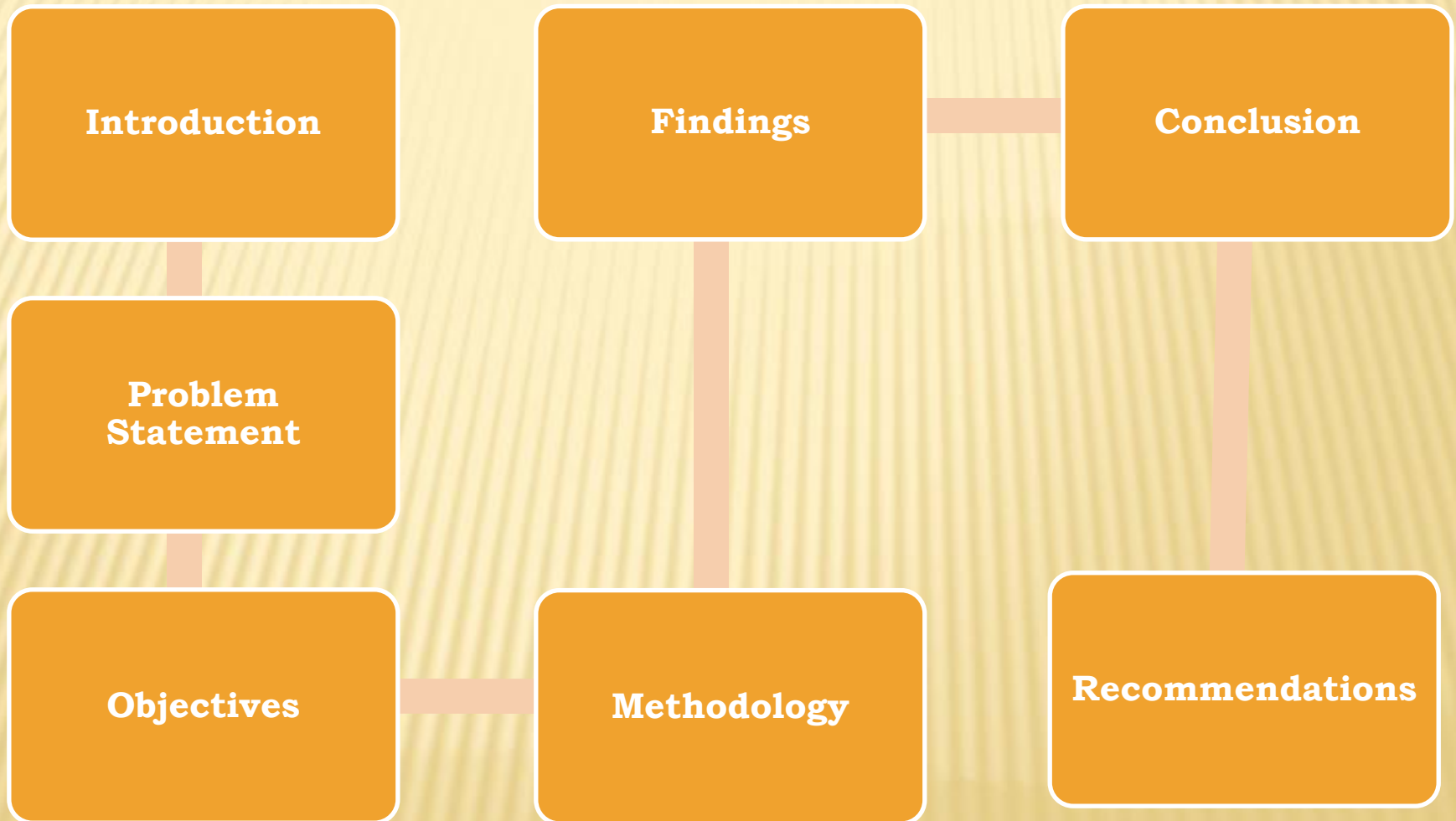
*Victor Mose and Robert Kuloba  
Policy Research and Development Division  
Insurance Regulatory Authority*

---

**A Presentation made during the First Eastern Africa Multi-disciplinary  
Annual Research Conference organised By the United States International  
University, Windsor Hotel, 12 – 14 November 2013**



# OUTLINE OF THE PRESENTATION





## INTRODUCTION AND BACKGROUND

- ❑ Role of insurance in national development
  - ❖ Risk mitigation, Social Security, Investment, Job, GDP,
- ❑ Regulator
  - ❖ Mandate
- ❑ Outlook survey and why?
  - ❖ Indicative of insurance industry developments
  - ❖ Consolidates stakeholders views
  - ❖ Forward looking and reflective of past lessons



# PROBLEM STATEMENT

- ✘ Asymmetry of Information
  - + People holding different levels of information
  - + Consolidate information and make it public
  - + No common document harmonizing views
- ✘ Uncertainty about the Future
  - + People would like to know what the future holds
  - + Predict the future with reliable degree of accuracy
  - + Encourage dialogue on status of stability
  - + Build confidence



## OBJECTIVES OF THE STUDY

- ❑ Main Objective :
  - + 2013 Insurance Forecast & 2012 Experiences Analysis.
- ❑ Specific Objectives :
  - + Assess 2012 industry performance
  - + Analyze 2013 expectations/predictions
  - + Make recommendations.



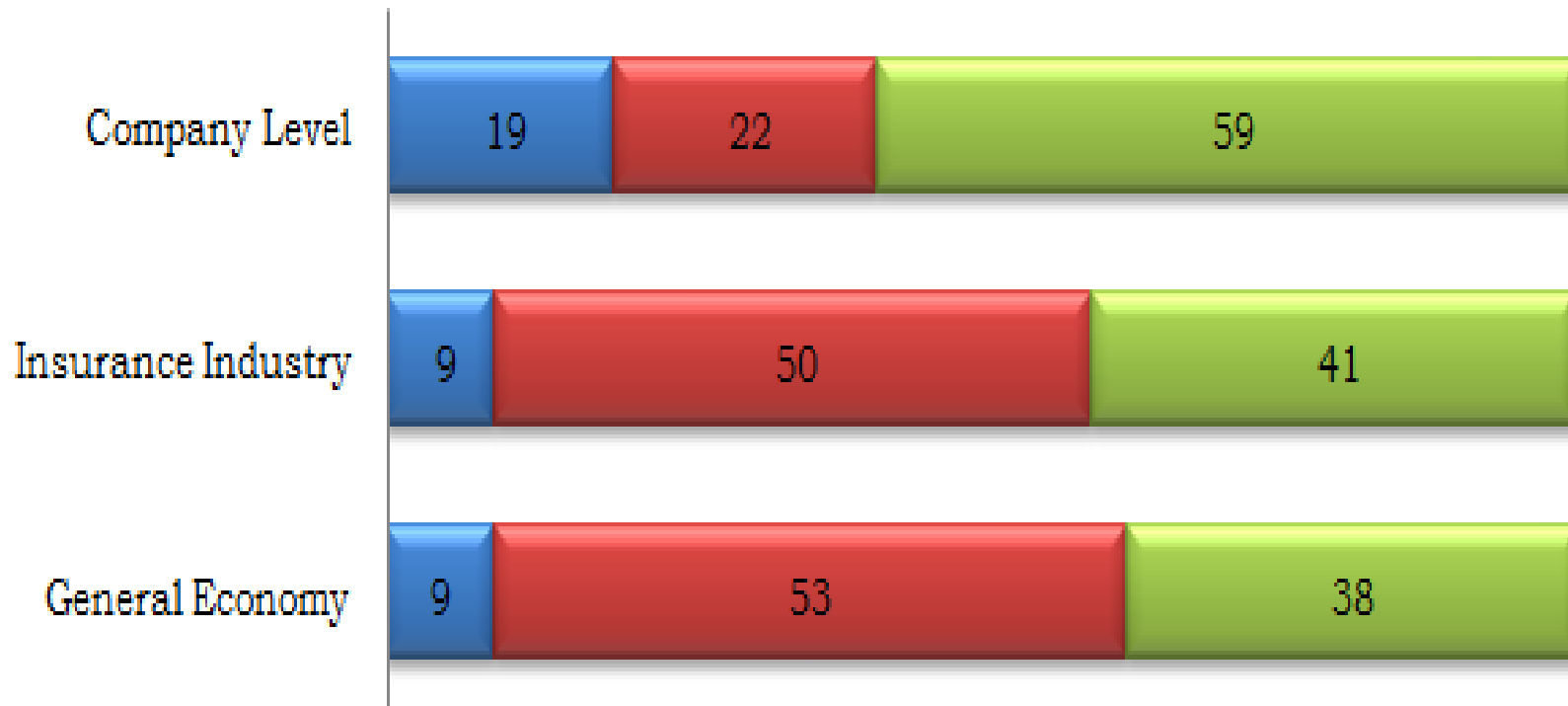
# APPROACH AND METHODOLOGY

- ❑ Research Design
  - + Descriptive
- ❑ Population, Sample & Sampling Design
  - + 33 out 47 sufficient
  - + Achievement 34 – Rational
  - + Random
- ❑ Data Types & Collection
  - + Quantitative
  - + Questionnaire
- ❑ Analysis Methods
  - + Descriptive Stats



# ASSESSMENT PERFORMANCE IN 2012

## 2012 Performance against Individual Expectations



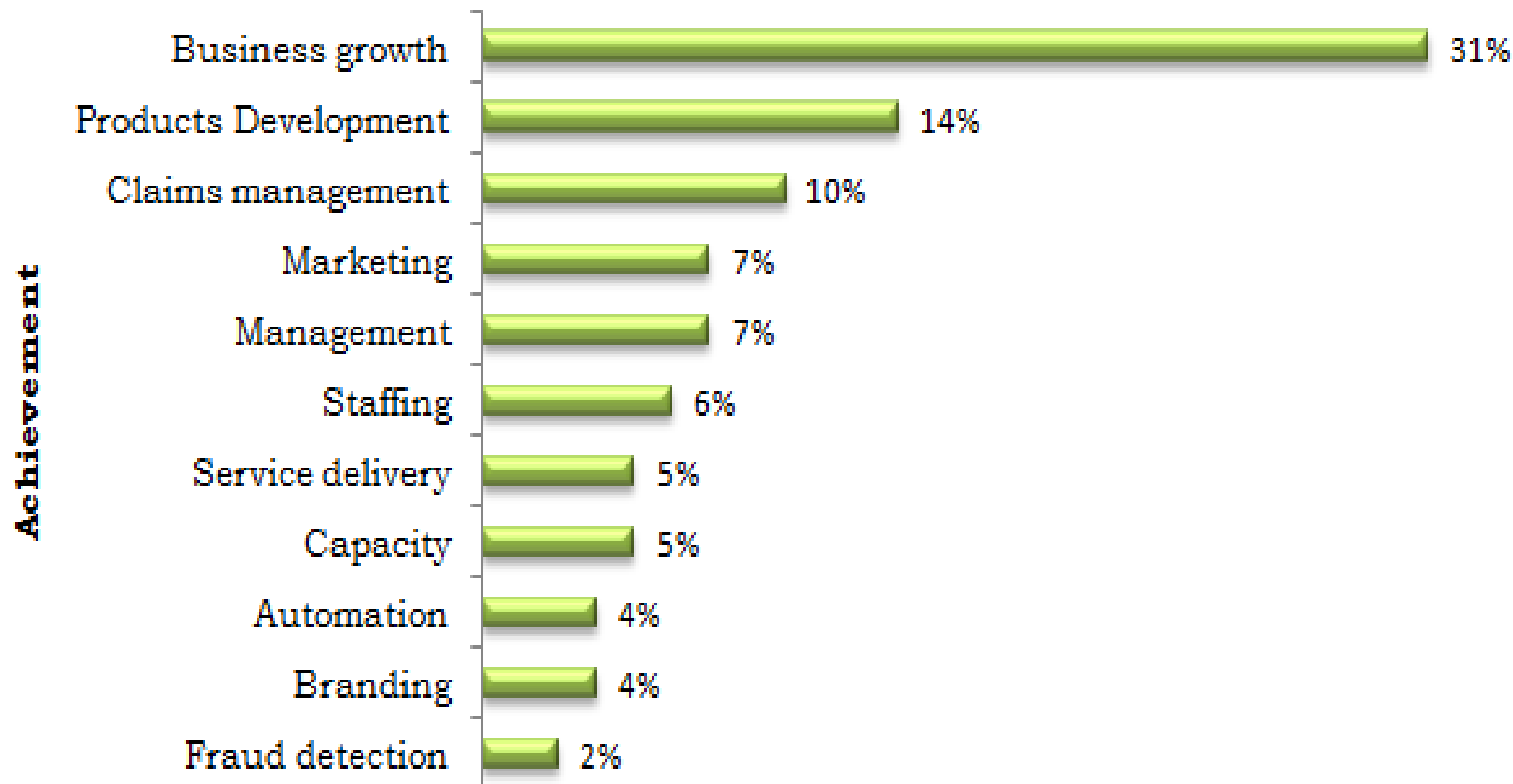
Distribution of Responses (%)

■ Below Average   ■ Average   ■ Above Average



# KEY DEVELOPMENTS IN 2012

## Achievements in 2012



n=81

Responses





# KEY DEVELOPMENTS IN 2012

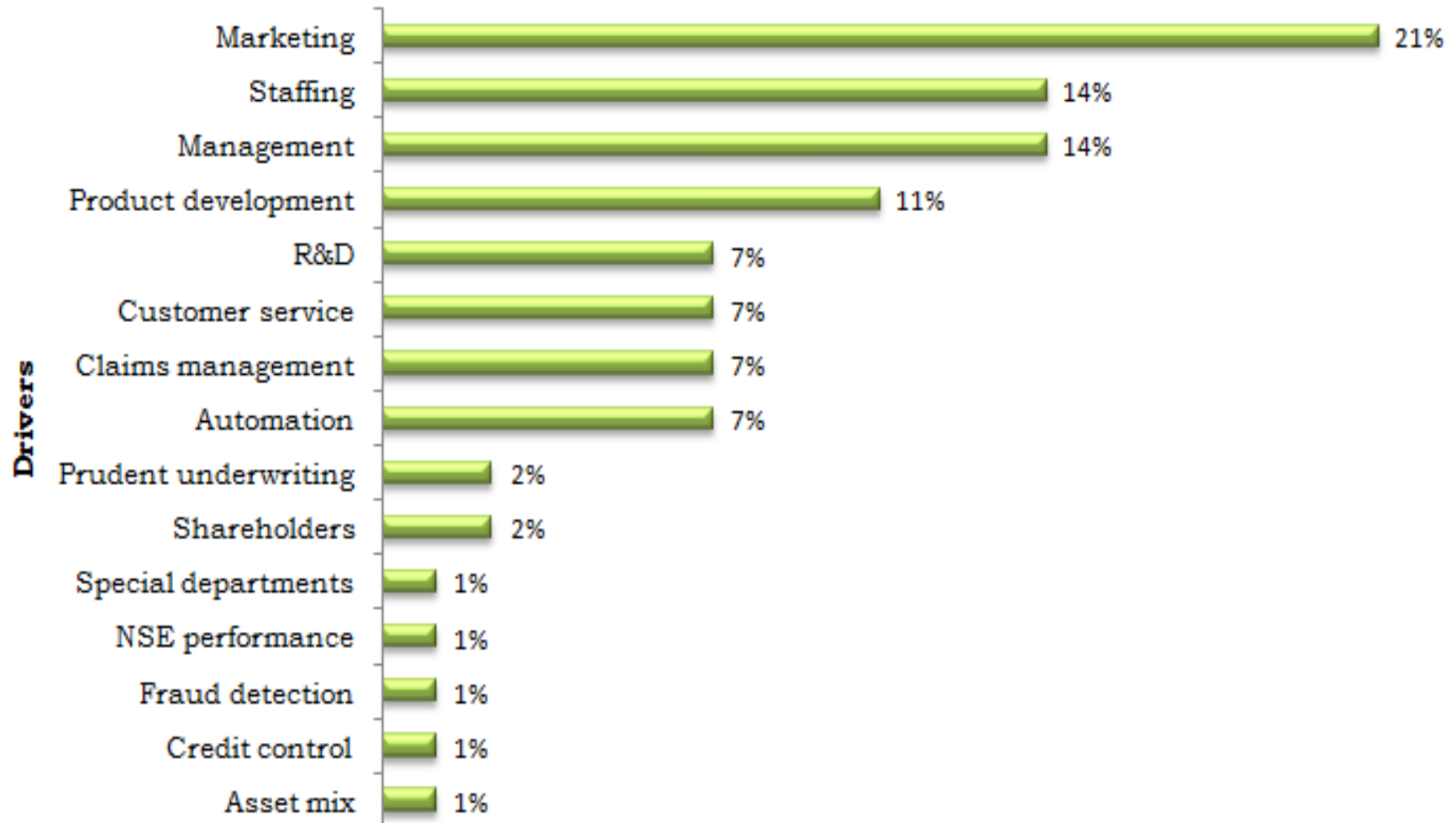
1. Gross premium income grew by 21.9% in 2012
2. Net premium income written grew by 16.5% in 2012
3. The asset base KES 311.22 billion in 2012 out of which 77.2%
4. KES 240.12billion) - income generating investments.
5. Shareholders Funds =KES 77.12 billion. 71.8% injections & capitalization

Key Indicators	YEAR						
	2007	2008	2009	2010	2011	2012	
Gross Direct Premium Income	48,012,987	55,245,838	65,012,837	76,908,988	91, 806,433	111, 911,370	22%
Net Premium Written	39,628,480	45,593,023	45,592,656	64,123,285	75,068,663	87,475,983	17%
Claims Incurred	22,090,291	23,196,046	29,083,036	35,263,517	25,168842	29465751	17%
Commissions	5,504,342	7,252,116	8,714,712	10,269,674	6329153	6760078	7%
Management Expenses	12,902,101	12,602,253	14,640,675	16,758,479	17111268	20239406	18%
Underwriting Results (General Insurance Business)	236,011	872,496	401,806	1,271,437	2416263	3107093	28%
Investments	114,589,974	123,621,370	113,452,503	177,520,999	191790627	240124681	103%
Investment Income	11,141,669	8,191,112	12,112,000	23,369,307	5456812	11119939	90%
Operating Profit/Loss After Tax	3,549,898	3,349,997	3,420,972	7,634,272	6908585	13104366	25%
Assets	146,541,007	154,452,739	178,403,820	223,490,783	245725769	311215873	27%
Shareholder's Funds	38,348,735	38,161,222	41,468,967	58,648,780	44888131	77115761	71%



# DRIVERS OF GROWTH IN 2012

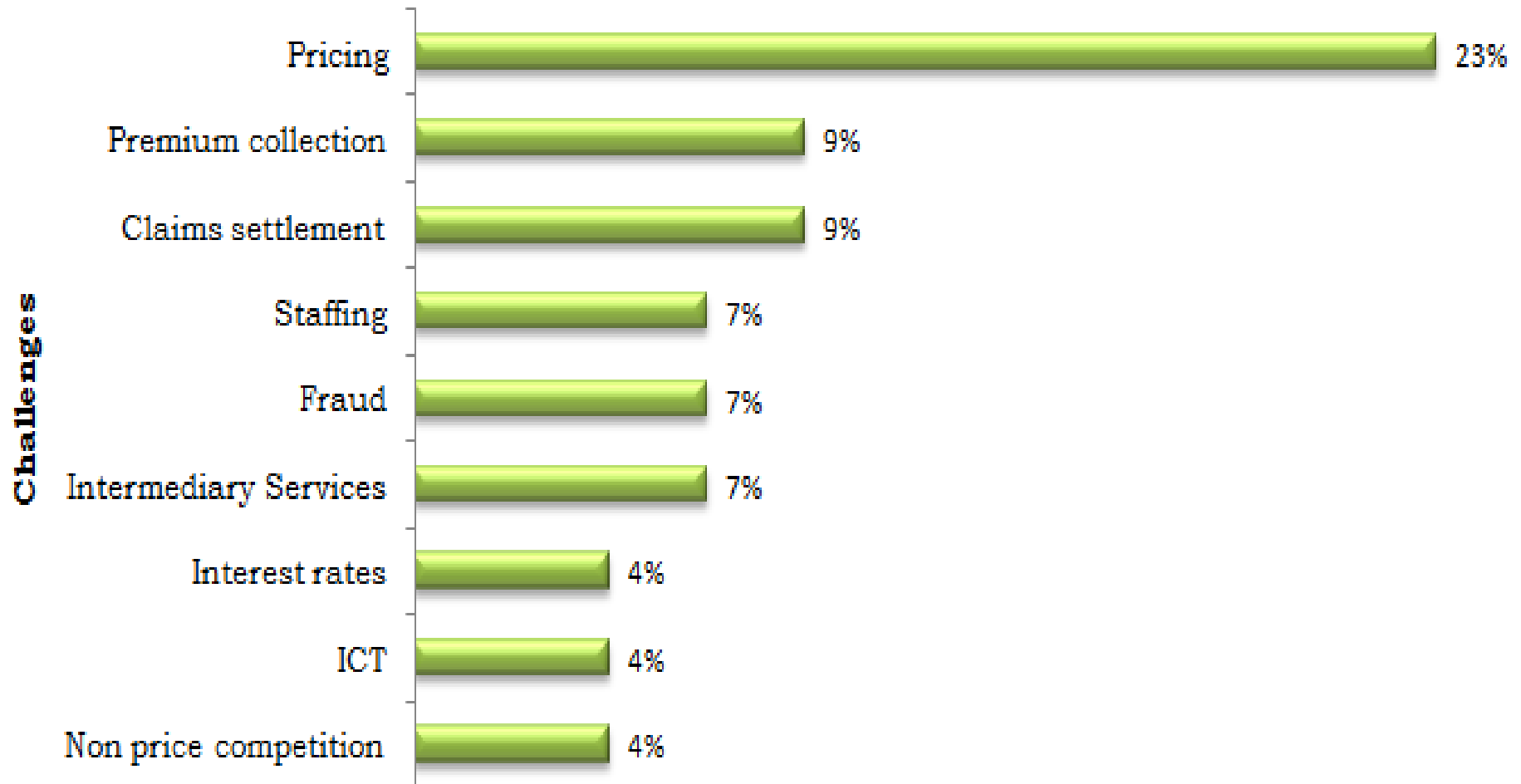
## Drivers of Insurance business in 2012





# INDUSTRY CHALLENGES IN 2012

## Key Challenges Insurance Industry faced in 2012



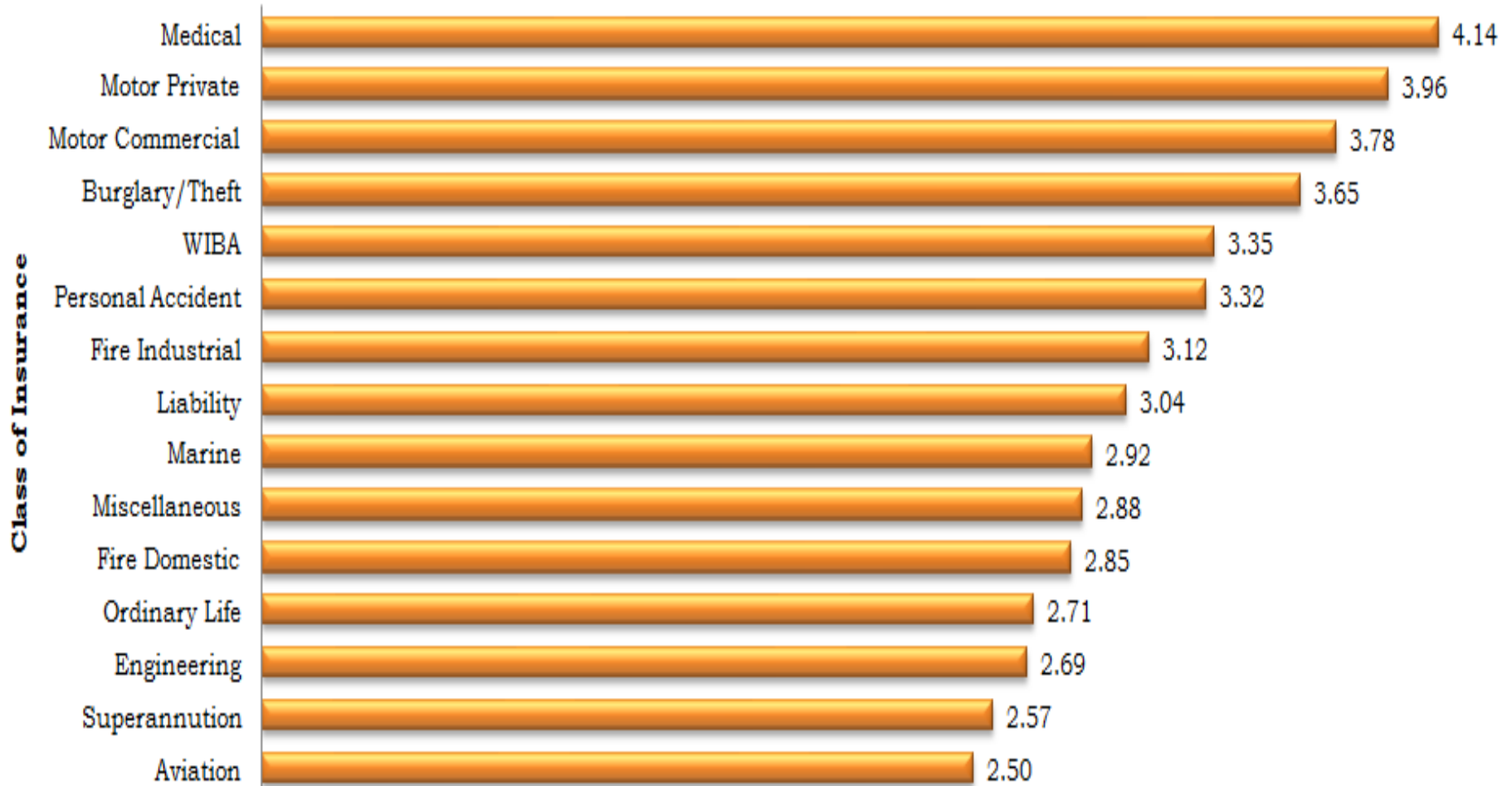
n=91

Responses



# RISK EXPOSURE IN 2013 - CLASSWISE

## Average Classwise Risk Exposure

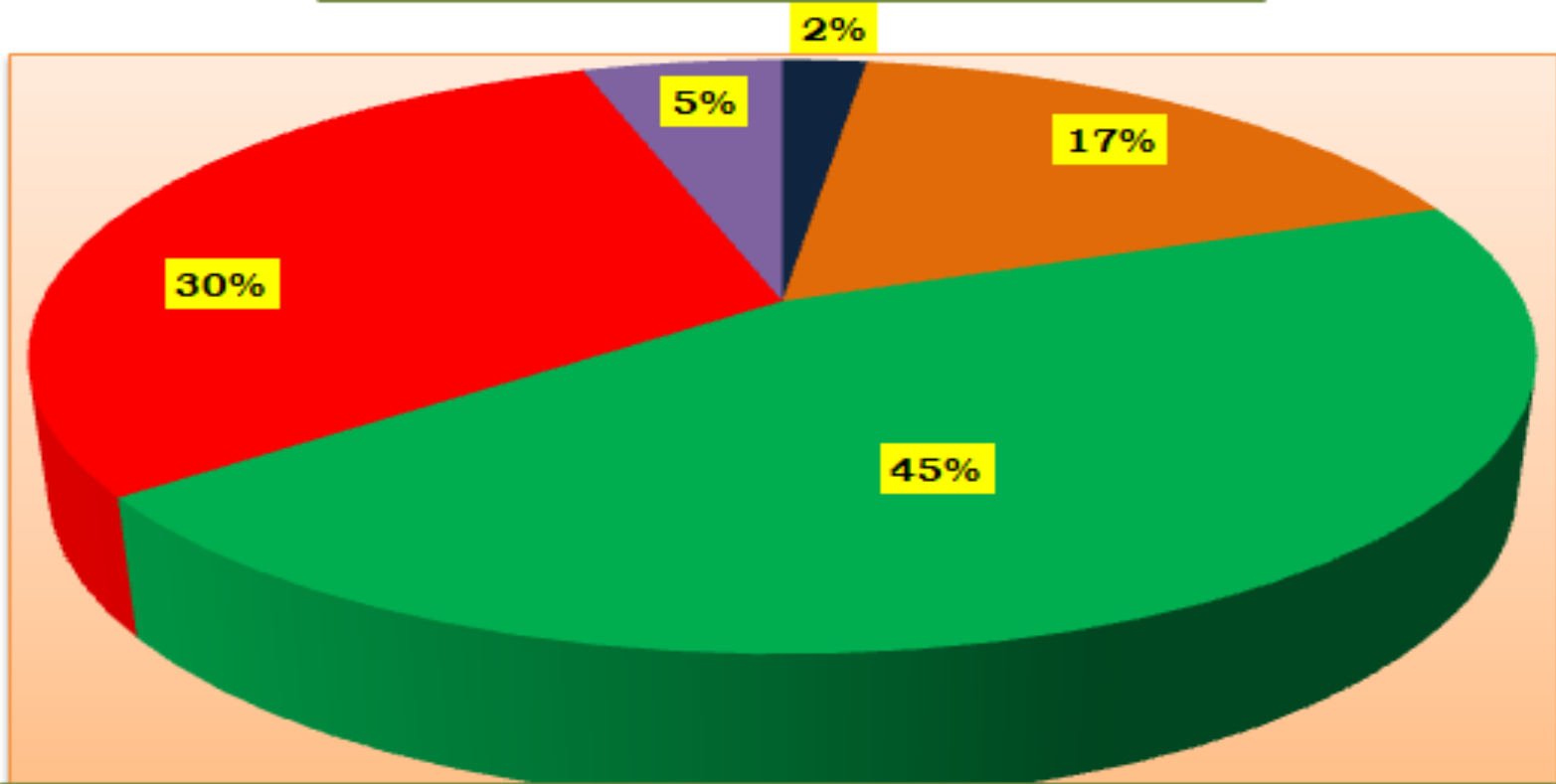


Scale 1=Very Low Exposure 2=Minor Exposure 3=Moderate Exposure 4=Major Exposure 5=Very High Exposure



# OVERALL RISK EXPOSURE IN 2013

Overall Industry Risk Exposure



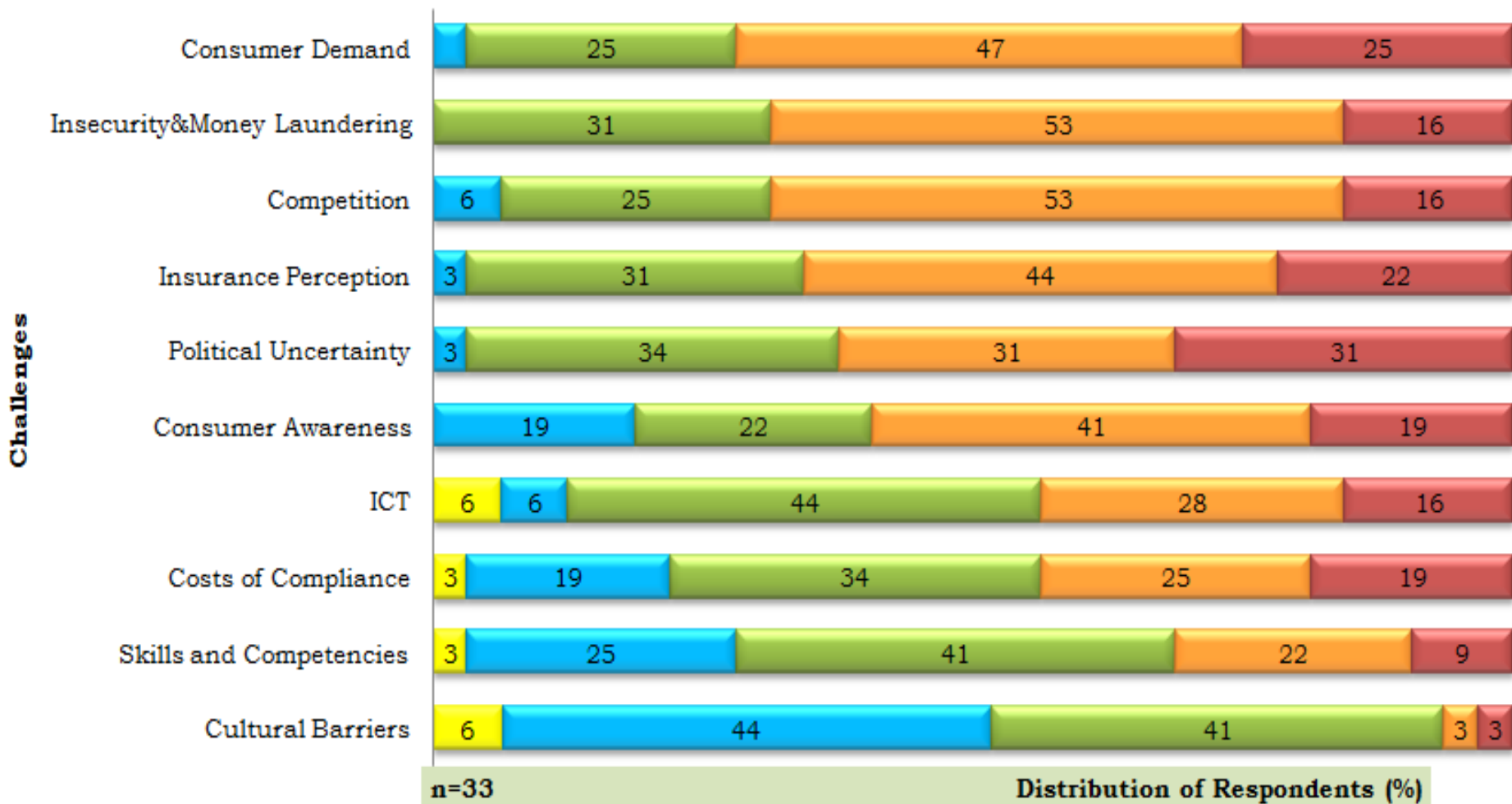
- Very Low Exposure
- Minor Exposure
- Moderate Exposure
- Major Exposure
- Very High Exposure





# INDUSTRY CHALLENGES – 2013 LEVEL OF CONCERN

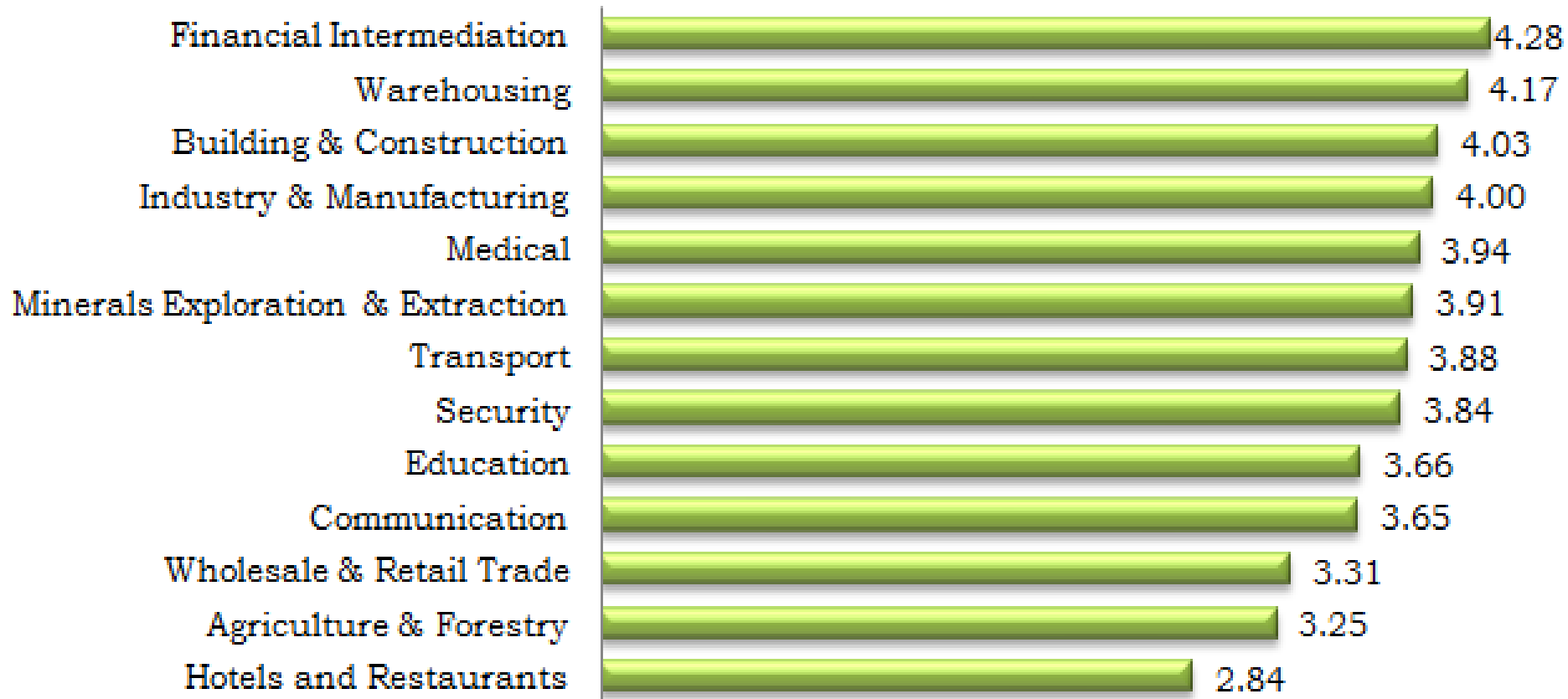
Industry Challenges : 2013 Level of Concern





# SIGNIFICANCE OF SECTORS TO INSURANCE

## Significance of Sectors to Insurance : 2013-2017

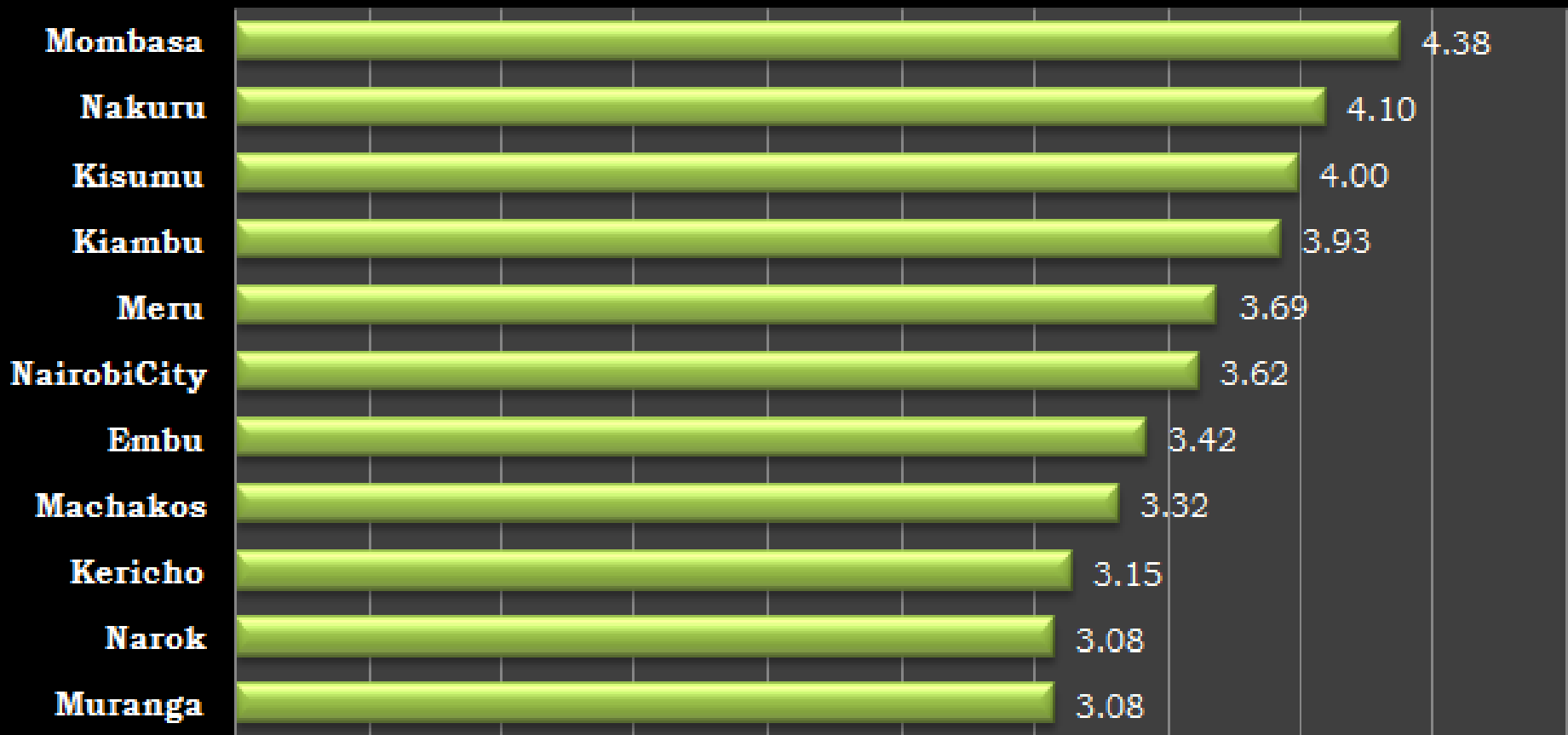


**Rating**  
1=Very Low Significance 2=Low Significance 3=Moderate Significance  
4=High Significance 5=Very High Significance



# SIGNIFICANCE OF COUNTIES TO INSURANCE

## Significance of Counties to Insurance (Top 10)

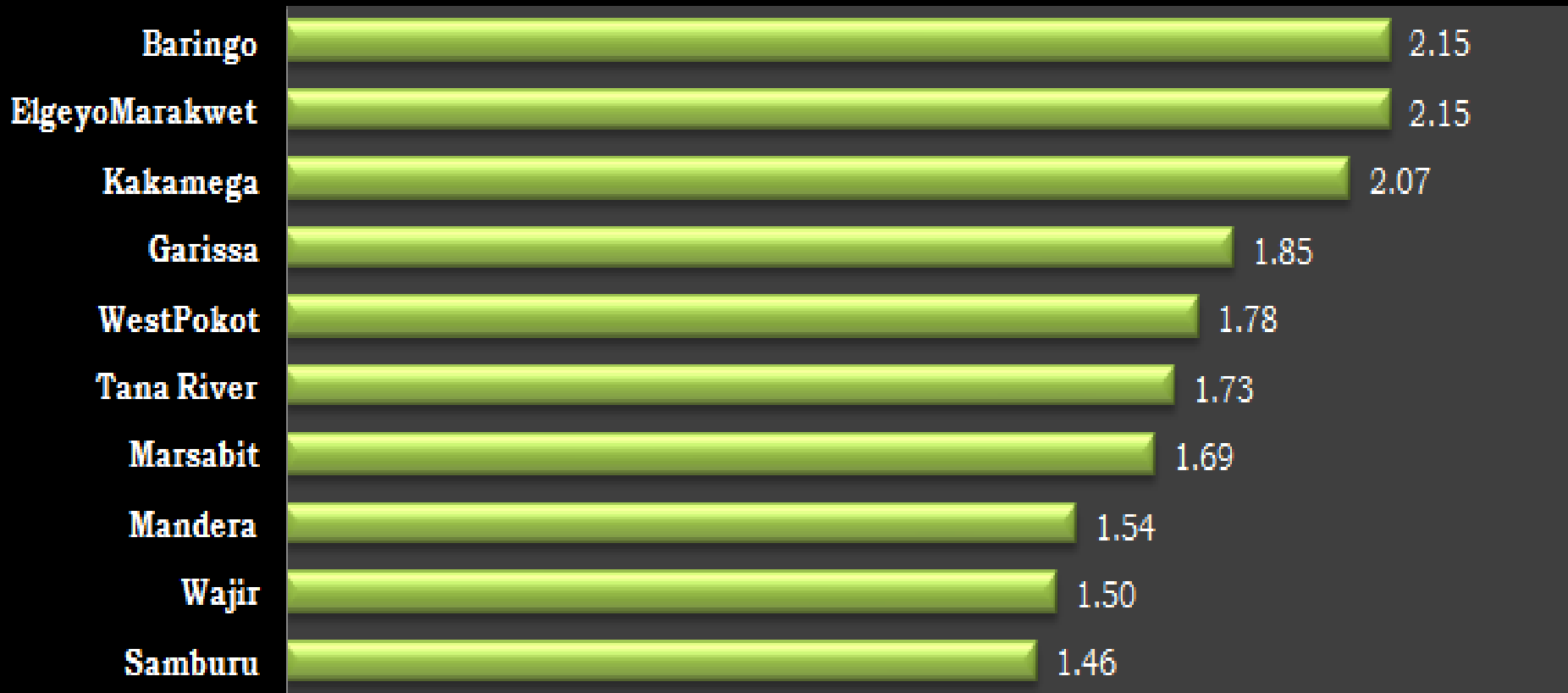


Scale: 1=Least Significant 2=Less Significant 3=More or Less Significant  
4=More Significant 5=Most Significant



# SIGNIFICANCE OF COUNTIES TO INSURANCE

## Significance of Counties to Insurance (Bottom 10)

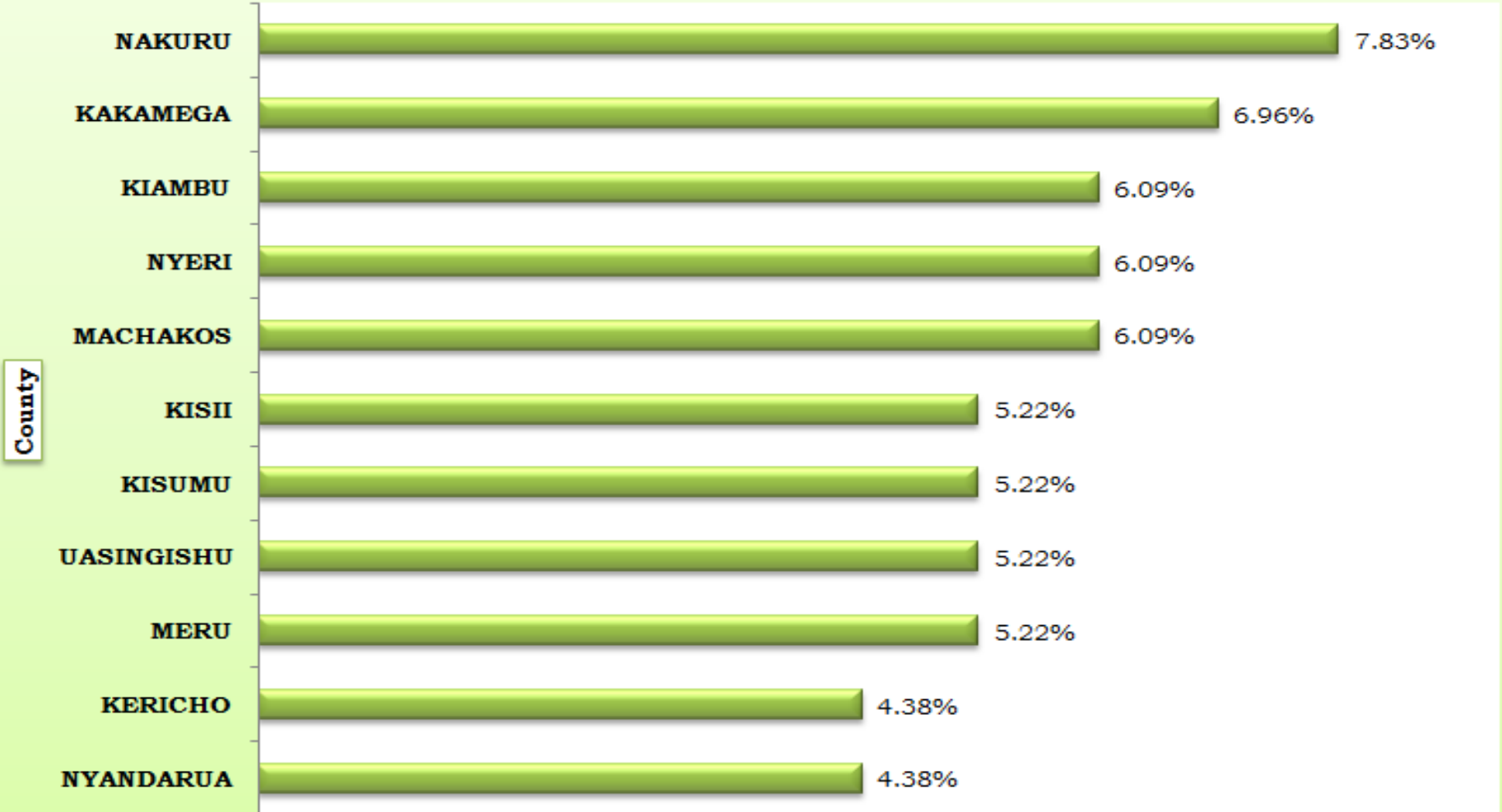


Scale: 1=Least Significant 2=Less Significant 3=More or Less Significant  
4=More Significant 5=Most Significant



# COUNTIES ATTRACTING NEW BRANCH(ES)

## Probability of the County Attracting a New Branch in 2013 TOP 10



Probability of Attracting at Least a Branch





## KEY OBSERVATIONS/FINDINGS

- ✘ Insurance plays significant role in the economy
- ✘ Industry is stable
- ✘ Growth of the industry is on upward trend
- ✘ Risk exposure is moderate
- ✘ Significance of counties are at different levels
  - + County focus- 114 new branches likely
- ✘ Significance of sectors are at different levels
- ✘ Challenges hinder penetration–Internal & external

## CONCLUSION

- ✘ Overall industry outlook and growth fundamentals remain positive
  - + Huge untapped Potential
- ✘ Risk matrix:
  - + Risks identified and key risks can be mitigated
  - + No adverse impact on industry performance
- ✘ There is need for continued investment in research and development

## RECOMMENDATIONS

- ✘ Develop Insurance sector image management strategy.
- ✘ Deepen insurance consumer awareness and education measures.
- ✘ Encourage more Innovativeness in product development and marketing.
- ✘ Consolidate regulations, encourage compliance and enhance enforcement

**THANK YOU**

**Q & A**

---