



# THE BULLETIN

A NEWSLETTER OF THE ASSOCIATION OF KENYA INSURERS

July - December 2020

## HIGHLIGHTS

Word form the  
Executive Director

PG 2

◀ AKI Awards

PG 3

Insurance Debates  
Tournament goes  
online

PG 7



## Executive Director's Word

The COVID-19 pandemic is one of the major upheavals the world has witnessed and it won't be the last. The year 2020 has taught us that agility is a necessity for any business to survive in today's environment. As we remain hopeful that the situation will normalise, it remains a wait-and-see situation.

Data from IRA shows that industry performance slowed down in quarter two of 2020 mainly due to closure of institutions and restriction of movement at the time. Industry Gross Written Premium grew by 3.2 per cent compared to 4.3 per cent growth during the same period in 2019. Non-Life business recorded 0.2 per cent growth compared to 2.9 per cent growth in 2019. Personal accident, engineering and motor commercial classes had significant declines in Q2 of 2020. Life business, buoyed by Pensions, recorded 8.2 per cent growth in 2020 compared to 6.9 per cent in 2019. The Secretariat is collecting Q3 and Q4 data for ongoing industry performance monitoring.

The industry has faced a raft of legal and regulatory changes over the course of 2020 and I expect that 2021 will continue in the same fashion. The Risk Based Capital requirement is now coming into force and we will work closely with member

companies and the regulator to ensure an uneventful transition. It is our firm belief that the regime will strengthen the industry and set the stage for further growth.

The Secretariat's 2016-2020 strategic plan period has come to a close. From our review of the strategy, we were able to achieve most of the set goals while others had to be adjusted or shelved. Armed with lessons from the review and our future plans, we have developed the 2021-2025 strategic plan. The strategic focus will be on capacity development in the industry; stakeholder engagement; technology adoption; enhance self-regulation and developing institutional sustainability. The full plan will be shared with members in a separate communique.

We have already commenced plans to grow the industry in 2021 through a series of capacity building initiatives (mostly virtual), stakeholder engagement, events, market research and public education campaigns.

As we get into 2021, the Kenyan political space will heat up ahead of the 2022 general elections. There are several risks that arise during the election season and as insurers, we need to develop suitable products to address these risks.

## AKI Awards 2020

The Secretariat and the AKI Awards Taskforce have been engaging on the modalities for the AKI Awards 2020 while monitoring the COVID-19 situation. The event details will be announced to the industry at a later date.

The competition criteria for the period 1st January 2020 - 31st December 2020 had already been issued and the audit timelines remain effective. Member companies are urged to adhere to the timelines set in the criteria.

The criteria for the competition period **1st January to 31st December 2021** was released to the industry in December 2020.

## Written off Motor Vehicle Data now available on IMIDS

The Secretariat collected information on written off motor vehicles as at 30th June 2020. This data was uploaded on the IMIDS platform for ease of reference by members. Data collection for July-December 2020 is ongoing and will be availed on the platform to reflect the full year 2020.

Underwriters are urged to search vehicle details from IMIDS before on boarding or renewing motor covers.

The IMIDS platform, together with the digital certificates has helped reign in motor insurance fraud.

## LIF ratifies product comparison site

The Life Insurance Forum (LIF), held in December 2020, ratified the development of a comparison site for life insurance products across the industry. The portal will give consumers convenience as they will be able to view the available products and their specific features in one go.

The Forum also addressed the Industry performance of 2019, as well as the impact of COVID 19 to Life Insurance business.



## AKI hosts Life Insurance Millennial Competition

In October 2020, the AKI Secretariat engaged millennials within the insurance industry with the aim of tapping into action driven youth with great ideas and potential to be future leaders in the industry.

The engagement was in form of a competition dubbed, 'The Future leader of Insurance'. The competition was carried out in three phases.

In phase one, millennials in the industry were invited to submit their innovative ideas on how they can transform life insurance. A total of 120 applications were received.

In phase two, the applications were reviewed by a panel of judges drawn from the industry. The judges rated and ranked the ideas based on their originality, practicability and disruptiveness.

In the last phase, a virtual event was held on 27th November 2020 where the top seven applicants presented their pitches competing for the top prize. The event also had a panel discussion with senior professionals in the industry. Being the first of its kind in the industry, the event was a great success and the Secretariat will continue with the engagement in 2021. A report containing the top ideas received during the program was shared with member companies for their use.

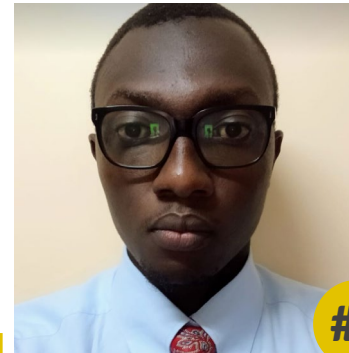
The AKI Secretariat would like to celebrate the top seven qualifiers of the Future Leaders in Insurance competition.



#1

**Darryl Ole Ursin**  
**UAP –Old Mutual**

**Winning Proposal: Flexible Digital Unit Linked Insurance** - Proposes an evolving unit-linked insurance solution where affordable and flexible payments are made to a unit fund following each and every transaction made from a policyholder's mobile money / bank account. Additional payments can be made, though not mandatory.



#2

**Dalizu Lukale**  
**CIC Group**

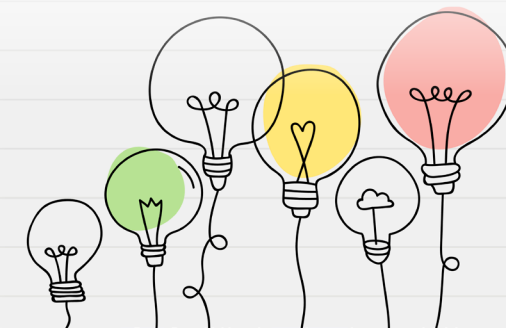
**Runner's Up Proposal: Incentives, Sensitization and Incremental Premiums** – Addresses how offering more incentives for life assurance products that resonate with young people would be appealing to the millennial market.



#3

**Christopher K. Wachira**  
**Sanlam**

**2nd Runners up Proposal: Make Insurance a Goal, Not a Chore** – Addresses on how life insurance companies should be more transparent and give the customers more information about their covers and power to monitor their policies. This would transform millennials perspective of insurance.



## AKI hosts Life Insurance Millennial Competition (continued»)



**Phoebe A. Ogallo**  
Kenya Re

**Start-Up Fee Protection Insurance**  
– Highlights a product that could cover millennials who pursue entrepreneurship.



**Awidhi Nicholas**  
AAR

**Immediate, Short and Long Term**  
– Addresses how life insurance products could be redesigned to appeal to the millennials.



**Nyambane Alfred**  
Sanlam

**Insurance Gamification** – Addresses how life insurance products should utilize gamification concepts to encourage millennials to purchase life covers.



**Getrude Muchit**  
Britam

**Products for Millennials** – Addresses how insurance industry could digitize their products to suit millennial's lifestyle.

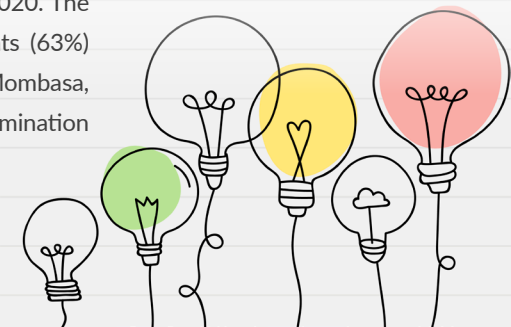
## Life Insurance Registry Updates

### a) Group Life Listed Risks Registry

The registry has been well updated throughout the year 2020. There is a notable increase in the usage of the registry with many underwriters checking it on a regular basis. Unfortunately, the rating of listed risks is still very low and the loss ratio is high at an average of 150% for the listed risks in the registry.

### b) Insurance Agents Registry

Life business issued 2,100 provisional licenses to new agents in 2020. The Agent Registry data indicated that there are more female agents (63%) than males (37%) Majority of the agents were based in Nairobi, Mombasa, Machakos, Kisumu and Nakuru. The major reasons for agent termination were low productivity and absconding without notice.



## Government to engage stakeholders on the National Insurance Policy Framework

The process of developing the National Insurance Policy Framework kicked off in 2019 and is ongoing. The draft policy is ready and the National Treasury will soon have stakeholder engagement. AKI will ensure that a copy of the document is shared with AKI Member companies for review ahead of the stakeholder engagement.

The date of engagement will be communicated to members to ensure proper preparation and interrogation of the policy by the industry. The policy is designed to promote the growth and development of the Insurance Industry by addressing issues of inclusion, access, affordability and consumer protection.

## Life Tax Certificates and Provisional Licenses automated

The Secretariat has completed the automation of Life Tax Certificates and Provisional Agents Licenses. This will be fully rolled out in the first quarter of 2021

There will be a virtual training for individuals tasked with handling the Life Tax Certificates and the Provisional Agents Licenses in member companies on 19th January 2021.

## Efforts to increase uptake of Marine Hull Insurance on high gear

The Merchant Shipping Act, 2009 requires compulsory third party cover for vessels/boats just like in other modes of transport. However, this has not been enforced leading to low uptake of marine hull insurance.

The marine and aviation technical committee is developing third party limits for hull for recommendation to IRA and Kenya Maritime Authority for inclusion in the regulations. Further, a working group has been formed to develop marine hull documents including the proposal form, policy document and claim form.

The Committee is also planning to engage vessel and boat owners to sensitise them on the insurance.

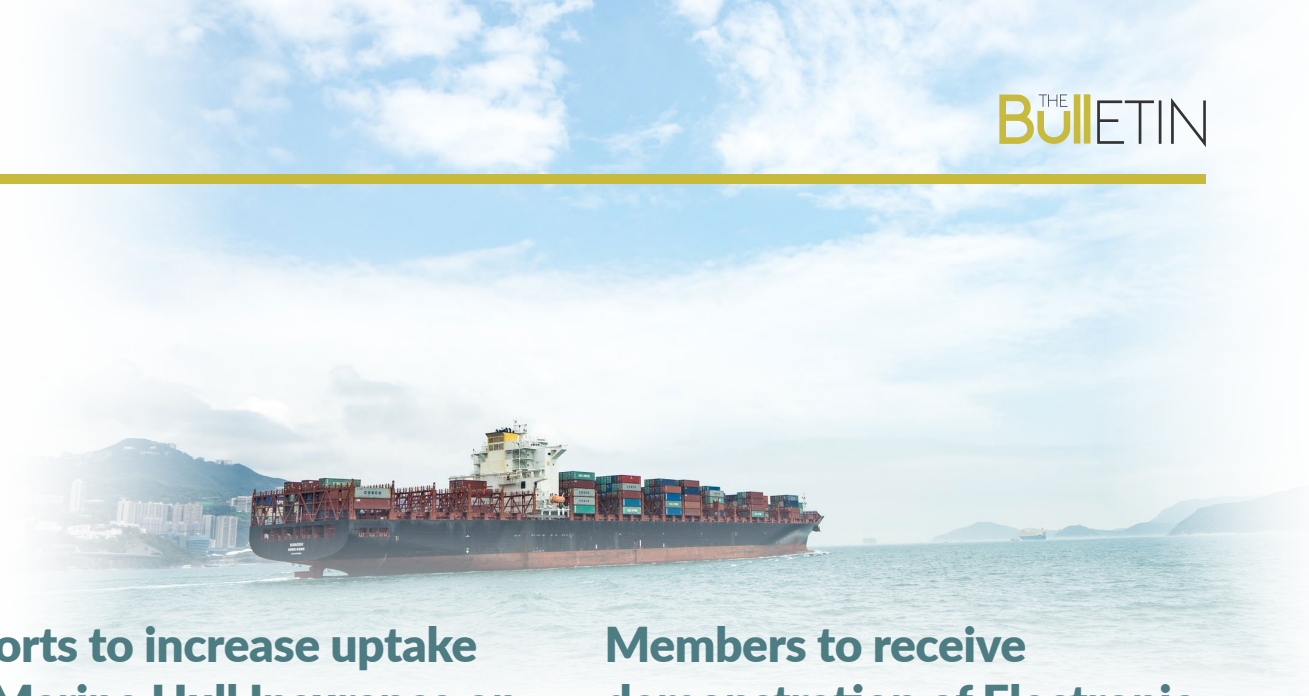
AKI Member companies are expected to explore the potential in this area by crafting suitable and affordable insurance products.

## Members to receive demonstration of Electronic Engineering Insurance Rating Tool

The Property and Engineering Technical Committee with assistance from Zep Re developed an Electronic Engineering Insurance Rating Tool in 2019. The tool aims to provide a reference point for underwriters as they develop rates.

However, a recent survey undertaken by the Secretariat indicated that a small number of member companies are actively utilizing the rating tool.

The Secretariat has planned for a demonstration of the tool during the first quarter of 2021 with the aim of increasing the number of underwriters making use of the tool.





## Insurance Debates Tournament goes online

AKI partnered with Kenya National Debates Council (KNDC) to hold the third edition of the insurance debates and public speaking tournament for university students.

The tournament format was shifted online to adopt to the prevailing circumstances and to adhere to the COVID-19 restriction measures. The debates were pre-recorded and aired via social media platforms between 7th September and 5th October 2020. Facebook (watch) was the lead platform with support from other platforms [YouTube, Instagram and Twitter].

The format saw increased engagement with the content as people from Kenya and beyond were able to watch, like, comment and share the videos. The debate motions were:

1. This House believes that insurance should be a universal human right just like education, primary healthcare.
2. This house believes that having a life insurance plan should be a prerequisite to getting jobs in life endangering fields like Fire Service, Armed Forces, Police, Health, etc.
3. This House Believes that insurance should be a strictly government enterprise.
4. This House will allow terminal ill patients receive a lump sum of money in place of treatment by their insurance companies.

The episodes are available on the AKI YouTube Channel – AKI Kenya

## Out of the Box Time -AKI Journal December 2020 edition

'May you live in interesting times' is an ancient Chinese proverb (some say it was a curse). 2020 has definitely been an interesting time. An uncertain time, but also a most creative time. After recovering from the shock of the pandemic, individuals and businesses have adopted new ways of living and doing things.

In this edition, we cover thought leadership articles from Isaac Ngaru, Hope Murera and James Norman on how the industry is adopting its business models and operations in

the new environment. Get nuggets of wisdom and insights from an interview with Mr. Tom Gitogo, former Group CEO at CIC.

Are we responding to the needs of the growing economy? Can the insurance industry be trusted? Is working from home working? Are we leveraging on the millennials in our organizations? What can we learn from the past as we plan the future? Find insightful responses to these questions and more in the AKI Journal December 2020 edition.

Download your copy here [https://www.akinsure.or.ke/images/journal/AKI\\_journal\\_2020\\_Dec.pdf](https://www.akinsure.or.ke/images/journal/AKI_journal_2020_Dec.pdf)

Would you like to contribute to the next issue? Write to [hazel.kingori@akinsure.com](mailto:hazel.kingori@akinsure.com)



## Life Business- key data 2019

### Ordinary Life

Number of Policies	775,036		
Key Distribution Channel	Tied Agents – 79%	Broker – 10%	Others 11% (Independent agents, Direct business, Bancassurance)

### Group Life/Group Credit/Mortgage

Number of schemes	5,062		
Number of lives insured	15,197,856		
Key Distribution Channel	Brokers – 31.1%	Bancassurance 28.83%	Direct Business 19% Independent agent 18% Other 3% ( tied agent)

### Pensions

Number of schemes plus sponsors in umbrella schemes	1,918		
Number of lives	340,947		
Key Distribution Channel	Direct Business – 37%	Brokers – 34%	Tied agents 16% Independent agent agents 11% Others 2% (Bancassurance & Sacco)



## Capacity Building

### LIMRA Executive Development Program

AKI engaged LIMRA to conduct an executive development training for CEOs and directors of Life Insurance companies. This virtual training, conducted between 2nd and 6th November 2020, attracted 20 delegates from Kenya, Uganda and Tanzania.

The training focused on corporate strategy and how various decisions affect profitability, solvency, embedded value and growth of a life insurance business. The training program also featured a computerized business simulation activity where participants were engaged in a competition to turn round a troubled Life insurance business by making critical decisions and reviewing their outcome.

### Motor stakeholders workshop

The Motor Technical Committee and the Secretariat organised a successful webinar workshop on 4th December 2020, which brought together motor underwriters, traffic police department, motor valuers, assessors, investigators and repairers. The main aim of the workshop was to discuss strategies of containing motor insurance claims.

### Declaration policies training

The Accident Technical Committee and the Secretariat held a webinar training on declaration policies on Tuesday, 8th December 2020. The training covered WIBA, fidelity guarantee, money, goods in transit, carrier's liability and group personal accident insurance. The training kicked

off with an overview of the performance of accident insurance over the last five years and brought to fore that poor underwriting is one of the causes of poor performance. At the end of the training, participants appreciated the need for actual declarations at the end of the insurance period and its effect on releasable premiums.

### Life Insurance managers leadership training

AKI organised a virtual Life manager's leadership training program to equip managers and supervisors with leadership and management skills to deliver exceptional performance through the team they lead.

Themed "Lead & Empower", the training took place between 12th October and 6th November 2020 and engaged 31 participants from across the industry. This was a three-module, self-paced training where participants completed the modules and met once a week for a live virtual session with the facilitators.





## Public education and awareness campaigns 2021

The AKI Secretariat is mandated to educate the general public on matters insurance. We have planned to undertake some education campaigns in the course of 2021 and we wish to inform members so that they can support and amplify the messages

1. Personal and Group Personal Accident Insurance- ongoing on Digital platforms – Daily Nation, Standard Digital, Tuko and AKI's Facebook [AKI Kenya], Twitter [@AKI\_Kenya] and YouTube [AKI Kenya] Pages.
2. Understand Insurance – Q2
3. Unmanned Aircraft Systems- Q2
4. Home Insurance – Q3
5. Generic Drugs –Q3
6. Insurance for SMEs – Q4

