

HISTORICAL DATA AND NATURE OF THE INDUSTRY

The insurance industry has grown at a compounded annual growth rate (CAGR) of 20.3% during the years 2009 to 2013. This is due to the expansion of the distribution network and growth of premiums. Health insurance was one of the fastest growing segments of the industry, mainly due to the approval of two licensed medical underwriters. Personal accident and health insurance registered 28.8% CAGR. The loss ratios also reduced in both the life and non-life insurance significantly; from 50.5% to 46.7% and 60.1% to 56.4% respectively.

GROWTH POTENTIAL

Kenya's penetration rate in the insurance industry is likely to grow steadily and fast. This is because Kenya has a well-established financial sector and innovation capacity by Kenyan Insurance companies. Innovation such as paying premiums via mobile platforms has really played a niche role in the industry. Penetration into other foreign markets and neighboring countries also increase customer base. This is achieved mostly through mergers. Strategies being used by the industry to penetrate wider markets are:

- Simplifying products and creating innovative new ones
- Customer education
- Using social media and technology to reach the untapped lower end of the market
- Promoting the image of insurers
- Improving the functioning of member companies
- Modernizing the Insurance Act