





ANNUITIES PERFORMANCE IN KENYA

 26th Flr. UAP Old Mutual Tower, Upper Hill Road

 P. O. Box 10472 - 00100, Nairobi, Kenya

 info@actserv.co.ke

 www.actserv.co.ke

OCTOBER 2020

Overview

Annuities are a subset of long term insurance business which also comprises of ordinary life, pensions, group life, group credit and investments.

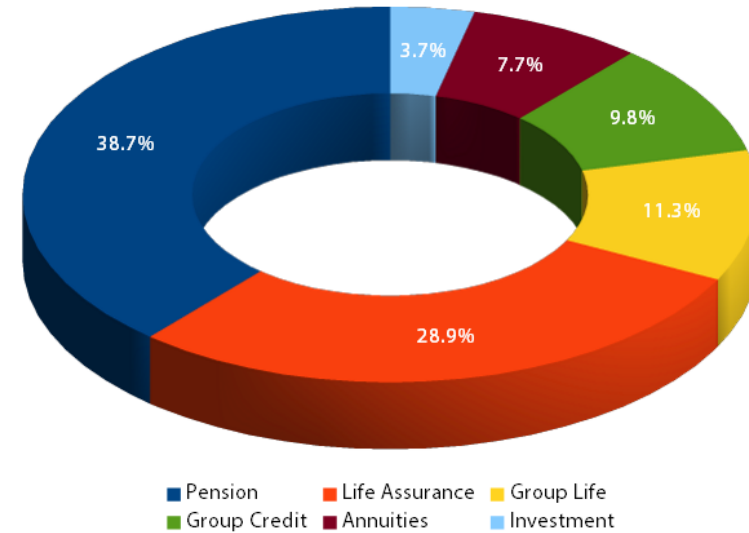
Annuities accounted for 8% of the long-term business in Kenya in 2019 based on the total gross written premium.

Market Share

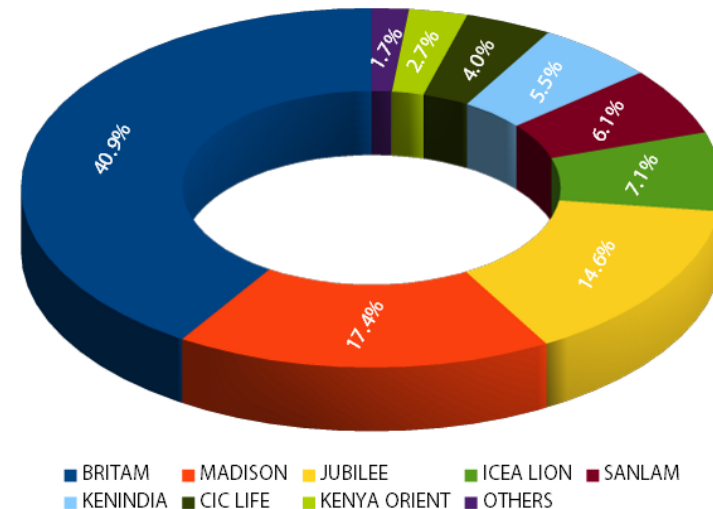
There are a total of 14 insurance companies who underwrite annuities business in Kenya.

Britam Insurance Ltd was the largest underwriter of annuities in Kenya in 2019 at 40.9% of the market share. Madison Insurance and Jubilee Insurance followed at 17.4% and 15.6% respectively.

Classwise composition of Long-term Business



Market Share

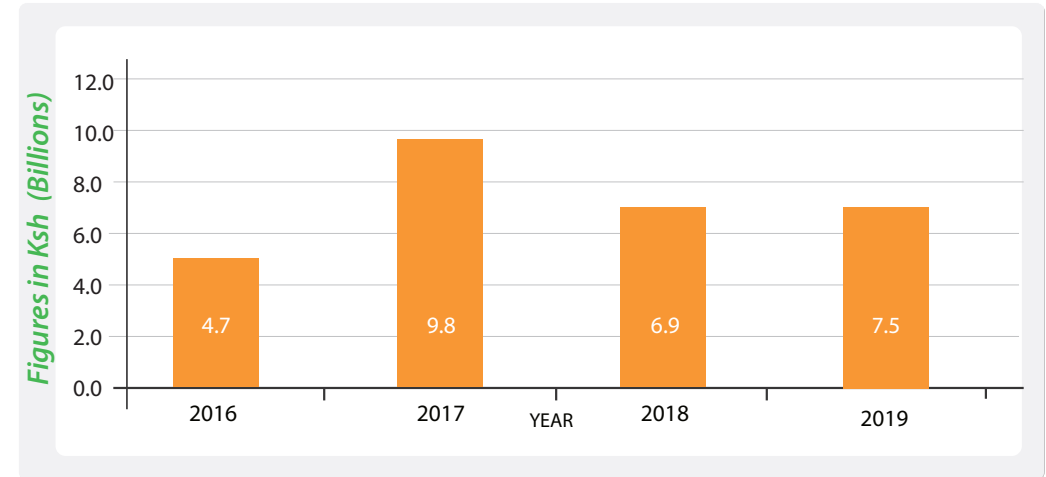


Gross Written Premiums

The gross written premiums have grown from Ksh 6.9 billion in 2018 to Ksh 7.5 billion in 2019, representing an 8.3% increase.

The gross written premiums for annuities has been growing at an average of 16.22% p.a over the four year period from 2016 to 2019.

Gross Written Premiums

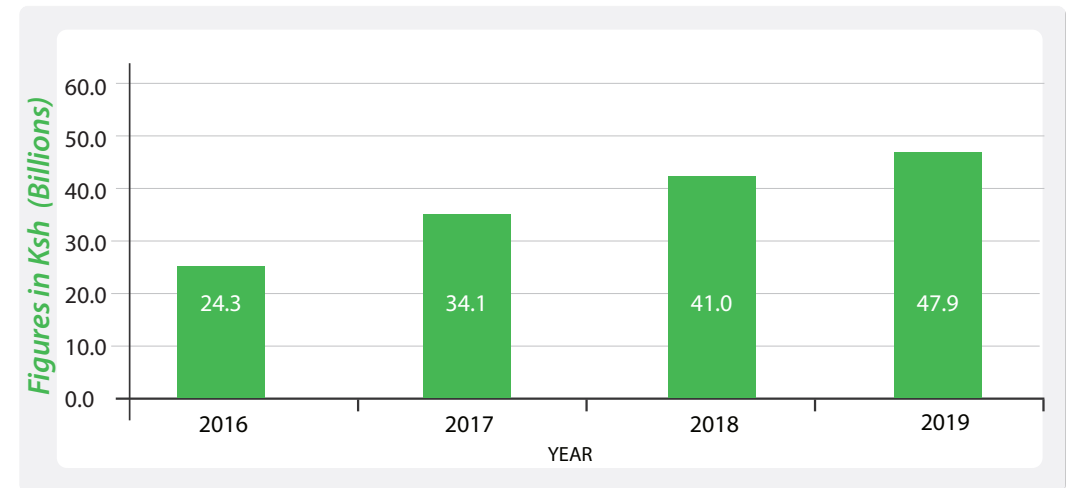


Life Fund

The life fund in the annuities business grew by 16.8% from Ksh 41.0 billion in 2018 to Ksh 47.9 billion in 2019.

The life fund has been on an upward trend from 2016 and has averaged a 25.48% growth rate per annum in the last 4 years.

Life Fund



Expenses

The management expense ratio slightly increased from 3.2% in 2018 to 3.3% in 2019.

The commission ratio increased by approximately 0.5% from 1.6% in 2018 to 2.1% in 2019.

The management expense ratio and commission ratio have averaged 3.29% and 1.64% respectively over the last 4 years.

Management Expense Ratio and Commission Ratio



Profitability

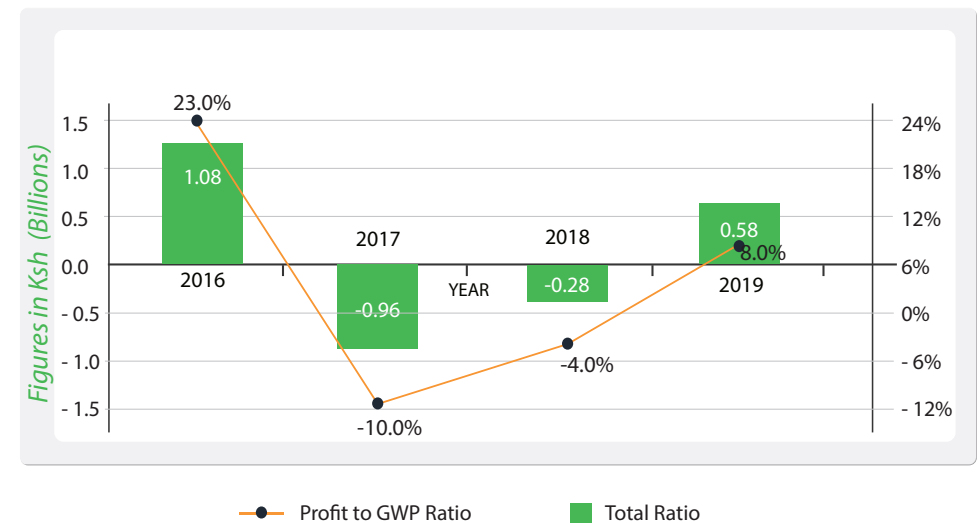
In 2019, Ksh 0.58 billion was transferred to the profit and loss account compared to a loss of Ksh 0.28 billion in 2018.

As a result, there was a significant increase in the profit ratio from -4.0% in 2018 to 8.0% in 2019.

The total profits declined cumulatively by 18.8% per annum from 2016 to 2019.

The profit to GWP ratio has averaged 3.5% over the last 4 years.

Profit



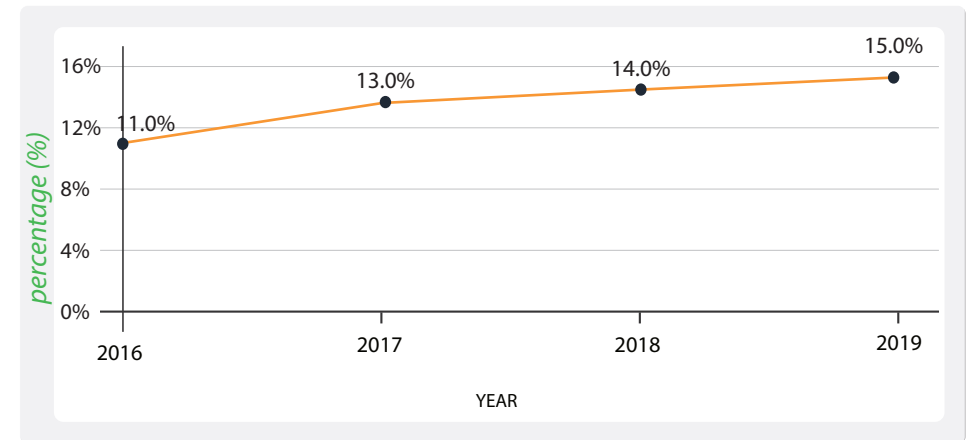
Investment Income

The investment income return has been on an upward trend since 2016.

The investment income return increased from 14% in 2018 to 15% in 2019.

On an overall basis, the investment income return has averaged 13.2% from 2016 to 2019.

Investment Income Return





DISCLAIMER

In preparing this report, we have relied primarily on the information provided by the Insurance Regulatory Authority (IRA).

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For enquiries about the information contained in this research report, please contact us on the address below

Email: insurance_team@actserv.co.ke