

Re-News

The Official Magazine of Kenya Reinsurance Corporation Ltd.



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Kenya's insurance industry report: Expect more mergers and acquisitions



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Kenya Re's Board

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to grow over the next financial year. The association attributes this growth to the increased investment in manufacturing, tourism, transport and communications sectors in the region.

AKI also predicts more Mergers and Acquisitions as more local companies seek funds to continue operations. This comes with the increase in minimum capital requirements for general insurance companies to KSh 600 million and the 400 million for life insurance companies by Treasury. Globalization is also driving M&A. Insurers from advanced countries continue to focus on overseas expansion in high growth markets. This is great news for the sector as we will see more product development as players position their products in the market.

We also had a good year at Kenya Re. We recorded a 20 percent rise in its pre-tax profits from KSh 3.2 billion in 2013 to KSh 3.9 billion in 2014. The audited 2014 financial accounts show a 20 percent growth in gross premium fuelled by a focused implementation of the Corporation's strategic plan. The good performance is also attributed to a favourable interest rate environment and good returns from treasury bills, bonds, bank deposits and the stock market.

At Kenya Re, we are committed to delivering the highest possible quality and level of service to all our customers. We intend to provide services through the best practice and in line with our customers' needs as we continually seek improvements.

As we look at developing our products, we would like your feedback. It is a valuable way of meeting and responding to your expectations. Get in touch with us through various platforms and we will act on your comments.

We have packaged a lot of information in this newsletter. We use it as a platform to speak to all our stakeholders.

*Jadiah Mwarania
Managing Director*

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We are now in the last lap of the year 2015. What an exciting year it has been!

I start by giving a warm welcome to all the new members of the Kenya Re Board. After nine years, Nelius Kariuki retired as the Board Chairman and was replaced by David Kibet Kemei. During her nine year stint, Kariuki steered Kenya Re to great levels of success including being recorded as the first woman to ring the bell at the Nairobi Securities Exchange. Through her guidance, we successfully rebranded the corporation after 42 years. She leaves a great legacy at Kenya Re and behalf of the Corporation, I wish her the blessings in her future endeavours.

I also welcome to the board Mrs. Jennifer Kabura Karina and Mrs. Felista Seenoi Ngatuny. I am sure we will benefit from your great knowledge and experience.

In August 2015 the Association of Kenya Insurers (AKI) released a 2014 industry report that says insurance companies are expected

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The new faces of Kenya Re's Board

By Andrew Ongicha



David Kibet Kimei - the new Kenya Re Board Chairman

The Board of Directors of Kenya Reinsurance Corporation Limited at its meeting of 3, Friday, July 2015, unanimously elected David Kibet Kimei as Chairman of the Company. Until his appointment, Kimei served in the board as a non-executive director and will continue to do so even in his new capacity.

Kimei holds a Bachelor of Commerce (Accounting option) and a Masters degree from the University of Nairobi. He is a Certified Public Accountant (CPA (K)) and a Certified Regulation Specialist. He started his career as a Management Trainee at the Kenya National Trading Corporation in 1990, then became a Tutorial Fellow at the University of

Nairobi from October 1990 – 1992 when he became an Assistant Lecturer until January 1994. Between 1994 – September 1996, he was the Group Credit Controller at Nation Media Group before moving to Windsor Golf Hotels and Country Club Ltd as the Finance Manager where he worked until 1998. He then left to start a consultancy firm. He joined the Energy Regulatory Commission and served as a Financial Analyst from 2000 – 2007. He is currently the Chief Executive Leader at DGMB Training Solutions Ltd, a position he has held since January 2008. Kimei brings a wealth of experience and expertise in entrepreneurship, strategy and leadership to the Corporation.

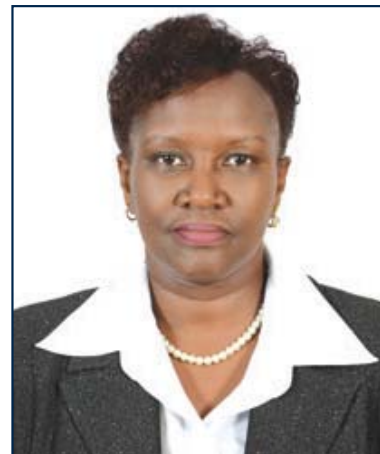
New members join the Kenya Re board



Mrs. Jennifer Kabura Karina

Karina holds a Higher Diploma in Psychological Counselling from the Kenya Institute of Professional Counselling and Masters of Arts degree in Counselling Psychology from Durham University. She is currently pursuing a PhD in Educational Psychology at Kenyatta University.

She started her career in Dawa Pharmaceuticals Limited in 1977 then moved to Ljubljana Bank East Africa Representative Office as Manager, Operations in 1982 where she worked for 17 years. She served as a director at Narika Company Limited from 1998 to 2012. Between 2005 and 2014 she was the Managing Director of Anchor Consult. She is currently the Chief Commissioner of the Kenya Girl Guides Association, a position she has held since 2013.



Mrs. Felista Seenoi Ngatuny

Ngatuny holds a Bachelors of Business Administration degree from Schiller International University and Masters in Business Administration from ESAMI. She started her career as an assistant lecturer at Kenya Utalii College in 1990 before moving to ESAMI in 1994 as the Kenya Country Director, a position she held for 20 years. She is currently the Executive Director of May House Limited a position she has held since August 2014.

Nelius Kariuki steps down as board chairman

By Andrew Ongicha

Mrs. Nelius Kariuki has retired as Kenya Re Chairman effective 26th June 2015. The announcement was made during the Annual General Meeting held at the Kenyatta International Convention Center. The former career civil servant was appointed to the Board of Kenya Re in December 2003 where she served for three years until 2007 when she was appointed as the Chairman.

During her nine year stint, Mrs. Kariuki steered Kenya Re to great levels of success including; being recorded as the first woman to ring the bell at the Nairobi Securities Exchange; rebranding of the Corporation after 42 years; launch of the regional office in Abidjan, Ivory Coast and the Retakaful Window in 2013. The Corporation wishes her luck and blessings in her future endeavours.



Strategic plan boosts Kenya Re's profits

By Agnes Musyoka



Kenya Re recorded a 20 percent rise in its pretax profits from KSh 3.2 billion in 2013 to KSh 3.9 billion in 2014. The audited 2014 financial accounts show a 20 percent growth in gross premium fuelled by a focused implementation of the Corporation's strategic plan.

These results were achieved through consistency in delivery and retention of major insurers in the country who

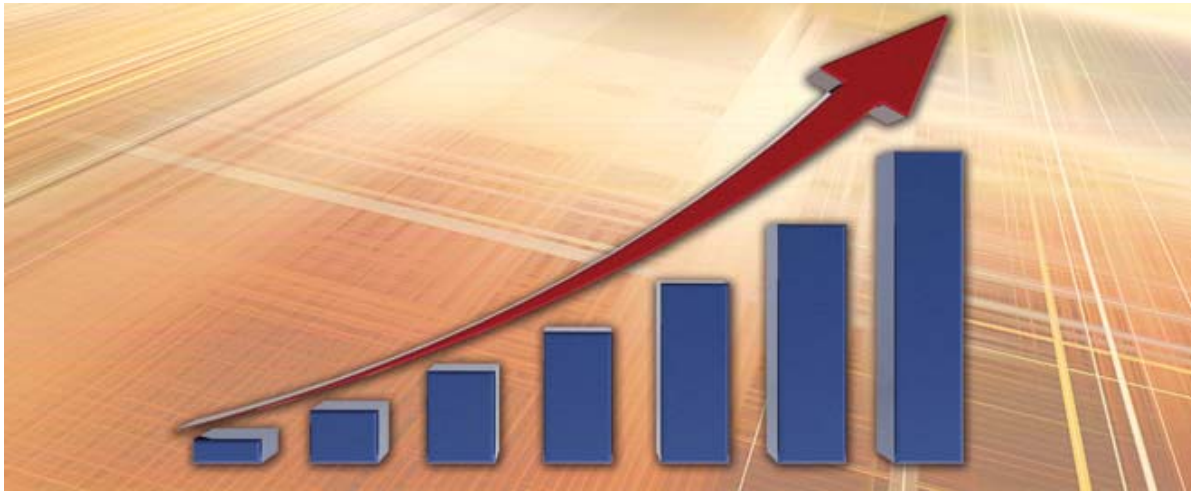
remain the Corporation's largest single market for the short term as well as long term. The increase came from new treaty and facultative business and tremendous support from cedants across its chosen market.

Net claims incurred grew by 26 percent to KSh 5.9 billion largely explained by severity in claims experienced during the year.

Kenya Re shareholders now have a reason to smile after funds improved by 18 percent up from KSh 16.9 billion to KSh 19.9 billion. The good performance is also attributed to a favourable interest rate environment and good returns from treasury bills, bonds, bank deposits and the stock market.

Kenyan insurance sector records growth as more mergers expected in 2015

By Re News Special Correspondent



The insurance industry recorded gross premium of KSh 157.21 billion in 2014 compared to KSh 139.65 billion in 2013. According to the Association of Kenya Insurers (AKI) Annual Industry Report released in early August 2015, the improved performance is attributed to the Kenyan Government’s policy to insure civil servants and disciplined forces, and new business from the region.

Insurance penetration however experienced a significant drop in 2014 with a market penetration of 2.93% compared to 3.44% in 2013. This is due to the rebasing of Kenya’s Gross Domestic Product (GDP).

Justus Mutiga, AKI Chairman expects a quick turnaround in insurance uptake largely driven by the introduction of bancassurance by several financial institutions. “The low penetration highlights the significant opportunities that exist in the Kenyan insurance market especially in commercial lines such as oil, real estate and infrastructure. Micro insurance, bancassurance and agriculture insurances are in the early stages of development and they will be key in increasing insurance penetration,” said Mutiga.

Individual companies are expected to grow over the next financial year with growth opportunities across the various regional economic blocs. This has been heightened due to increased investment in manufacturing, tourism, transport and communications.

Mergers and Acquisitions

Mergers and Acquisitions (M&As) have also played a key role in the extended scope of operations. Companies that have gone through M&As in 2014 include Mercantile Insurance who were acquired by Moroccan based Saham Group, Real Insurance who became part of Britam Insurance Group, Shield Assurance who were acquired by Prudential Plc from the United Kingdom, and UAP Holdings Limited who are now part of Old Mutual Group from South Africa. Others are Cannon who are now part of Metropolitan group South Africa and Gateway who are now part of Sanlam South Africa.

AKI predicts the trend of M&As to increase as more local companies seek funds to continue operations. This comes with the increase in minimum capital requirements for general insurance companies to KSh 600 million and the 400 million for life insurance companies by Treasury.

Globalization is also driving M&A. Insurers from advanced countries continue to focus on overseas expansion in high growth markets. Increasingly too, insurers from developing economies, especially Asia, are eyeing acquisitions in advanced markets as a way to deploy their growing capital and diversify geographically. However, executing successful cross-border M&A is more challenging than domestic deals, hence the need for targets with high synergies and ease-of-integration potential.

World insurance performance in 2014

The economic environment for insurers improved marginally in 2014, as global GDP rose by 2.7%, near the 10-year annual growth rate average of 2.8%. The improvement was driven by the advanced markets, led by the UK. Growth in USA accelerated slightly to 2.4% and was also stronger (but uneven) in Western Europe.

In Advanced Asia, growth slowed due to ongoing sluggishness in Japan. In contrast, the emerging markets grew at a slower aggregate rate of 4.1% in 2014, down from 4.6% in 2013. Many countries struggled with domestic difficulties, structural deficiencies and uncertainty about the impact of USA Federal Reserve (Fed) cutting back its quantitative easing program. Advanced countries’ equity markets outperformed their emerging market peers and government bond yields remained very low.

Global Real Premium Growth Rates

	Life	Non-Life	Average
Industrialised countries	3.8%	1.8%	2.9%
Emerging markets	6.9%	8.0%	7.4%
World	4.3%	2.9%	3.7%



1. Kenya Re Chairman Mr. David Kemei (l) and MD Jadhiah Mwarania (r) peruse the accounts during the half year Financial release that was held at the Hilton hotel on 12th August 2015.



2. Some of Kenya Re Board members pose after the release of the half year financial results that was held at the Hilton hotel on 12 August 2015. 3. Kenya Re staff pose after participating in the IRA/CPSK walk that took place on 27th June 2015. 4. Kenya Re staff pose during the Annual Diabetes Walk that was held on July 4th

1. Ms Francisca Barasa (2nd l) hands gift items to shareholders during the AGM that was held on 26th June at KICC.



2. Kenya Re ushers pose during the AGM in that was held in KICC. 3. The Kenya Re soccer team pose before their match with the Insurance Regulatory Authority team on 10th August at the Railways Training Institute. 4. The Kenya Re Quiz team pose during the Annual Insurance Quiz organised by the Insurance Institute of Kenya on 14th August at the Hilton hotel.

Profitability in the life insurance sector improved slightly in 2014, driven by stronger stock markets, higher premium growth and cost containment efforts. Underwriting results in non-life were positive but slightly weaker than in the previous year, as claims experience deteriorated slightly and contributions from prior-year reserve releases lessened. Both sectors continued to suffer from low interest rates and overall profitability was below pre-crisis levels. The industry remains well capitalized.

Global non-life premiums increased by 2.9% in 2014 to USD 2,124 billion, slightly higher than the 2.7% growth rate of 2013. The improvement was driven by strength in the advanced

markets. North America (+2.6%) saw significant improvement and Western Europe returned to slow growth (0.6%) after years of decline and stagnation. However, in Advanced Asia premiums grew by 1.7%, which was less than in 2013.

Emerging markets continued their robust premium growth trend (+8.0%). Growth was strong in all regions except Central and Eastern Europe and Africa. Solid gains in China and a notable improvement in India were the key drivers. Non-life premium growth in Latin America slowed but was still solid (+4.7%). In both the advanced and emerging markets, the post-crisis annual average premium growth rate has fallen short of the pre-crisis pace.

Premiums, Insurance Density and Penetration

Region	Country	Population (Million)	Life Premiums US\$ Billion	Non-Life Premiums US\$ Billion	Total Premiums US\$ Billion	Insurance Density (US\$)	Insurance Penetration %
Advanced Markets	USA	318.7	528,221	752,222	1,280,443	4,018	7.3
	Japan	127	371,588	108,174	479,762	3,778	10.8
	UK	64.7	235,321	115,945	351,266	5,429	10.6
	France	66.1	172,761	97,759	270,520	4,093	9.1
	Germany	82.3	118,475	136,170	254,644	3,094	6.5
	Italy	60	145,292	49,443	194,735	3,246	8.6
Emerging Markets	Brazil	202.2	44,980	85,444	88,931	4,440	3.9
	Mexico	124	12,597	27,242	27,354	220	2.1
	Russia	142.4	2,828	25,738	28,421	199	1.4
	China	1,394.9	176,950	328,439	277,965	199	3.2
	India	1,269.3	55,299	69,888	65,576	52	3.3
Africa	Africa	1,124.5	45,796	68,974	72,425	65	2.8

Global Outlook for 2015

Growth in the advanced markets will accelerate in 2015. Low oil prices are expected to boost the global economy and many countries will likely benefit from increasing consumer spending and investment. The USA economy is expected to strengthen further this year. Job growth has accelerated which will boost consumer spending and housing demand, stimulating additional business investment.

In Europe, the UK is set to outperform its continental neighbours once again, growing strongly as real wages and consumption rise. The Euro area economies will continue to grow at diverging speeds with Germany and Spain outperforming, and Italy and France lagging due to lack of structural reforms. In Japan, growth has been fuelled by fiscal and monetary stimulus.

Emerging regions will struggle in 2015 as lower commodity prices reduce exports and USA monetary policy tightens. Growth in China is expected to slow further, close to the new target of 7% as the housing market correction continues and incidents of debt default rise. Latin America, growth in Brazil is being held back by austere fiscal policies intended to boost investor confidence and avoid a sovereign downgrade. Central and Eastern Europe, growth will be held back by recession in Russia and uncertainty around the Russia/Ukraine conflict. Growth will remain solid in Sub-Saharan Africa, the Middle East and North Africa. However, low oil prices will weigh on oil-exporting countries like Nigeria and Angola.

Know Your Product

By Kenya Re



Kenya Re Complaints Service Delivery Charter

Kenya Re is committed to delivering the highest possible quality and level of service to its customers. We intend to provide services through the best practice and in line with our customers' needs as we continually seek improvements.

What is a complaint?

A complaint is defined as "any expression of dissatisfaction by a customer or potential customer about service delivery by the company or its agents, and/or about company or industry policy."

At Kenya Re, we see complaints as a valuable way of meeting and responding to your expectations. We realize that in breaking down the barriers to meet your needs we value listening to feedback and complaints from you.

How will we handle your complaint?

We will:

- Acknowledge your complaint, in writing or via email, within 24 hours of us receiving it.
- Enquire into your complaint and consult any relevant persons who should help resolve it fairly and within a reasonable timeframe.
- Treat you and your information with confidence and respect, in line with our guidelines.
- Keep you and any other persons involved informed about the progress of the complaint, how we will try to resolve it and, as is appropriate, what we will do to prevent it from happening again.
- Take action to resolve the complaint as best as possible to your satisfaction and, where possible, recommend any changes needed to ensure the cause is fixed.

- Let you know in writing the outcome of your complaint and, as is relevant, the reasons behind this outcome.

What should you tell us:

- Your name, address and the best way to contact you.
- The details that will help us understand the reason/s for your complaint.
- Copies of any documents relevant to your complaint.
- If you have already have discussed your complaint with us, the details of those persons in Kenya Re that you dealt with.
- What you feel would constitute a satisfactory resolution of your complaint. For example are you seeking information which you feel is being withheld, are you seeking an apology, etc.

You need to know that:

- You may make a complaint verbally and/or in writing. e.g. email, and/or calling
- We may ask for your help in the course of handling your complaint.

You can make a complaint to Kenya Reinsurance Corporation by contacting:

*Assistant Communication Officer
Kenya Reinsurance Corporation
PO Box 30271- 00100
Nairobi, Kenya
Phone 0703083212
Email: complaints@kenyare.co.ke*

Workplace Etiquette

By Re News Special Correspondent

What's the difference between the rising star whose career is picking up speed and his counterpart who can't seem to get the engine to turn over? Often, the star has mastered the nuances of business etiquette – the subtle but critical behaviors that can make or break an important meeting, influence a first impression or impress a potential client. It's been said that good manners will open doors that the best education cannot.

Office etiquette can be tricky in these days of in-house exercising, informal digital communication and open-plan workspaces. However, etiquette is as important in business as it is in everyday life—perhaps even much more desired. Most times, we are driven by the unspoken and unwritten rules which most often than not span from the organizational culture. It therefore becomes a much more conducive environment for working when we have a basic idea of what is acceptable and what is not.

Etiquette is the rules governing socially acceptable behavior. Workplace Etiquette is the acceptable ways of communication and interaction that promote a conducive working environment for creativity and success. Read on to discover the dos and don'ts of the workplace;

Phone Etiquette

Do not Cell Yell. Keep your voice and tone while on the phone down. Ensure that you maintain a 'safe phone distance' while on phone which is usually 10 feet away from your closest neighbor. Keep your phone on silent during meetings and avoid keeping on checking for any notifications- instead, pay attention.

Loudness

Avoid speaking loudly to other colleagues. If you want to say something, walk over to their desk. Avoid Loud Music, loud ringtones and notification alerts.

Dressing

You have only one chance to make a first impression hence take it seriously. Save the see-through dresses, sandals with socks, skin tights, sagged trousers, ripped jeans, muscle shirts, and plunging necklines for other occasions. Research has shown that people who dress sharp are the ones that get picked for promotion. So if you want to advance your career, then dress and look the part. Avoid chunky jewelry and piercings, over the top hairstyles and shave, and anything that does not communicate the need to be taken seriously.

Remember: *“The more you work toward credibility and visibility in your profession, the quicker you enter that inner circle- in your department, in your company, and ultimately in your industry”* Career distinction by- William Arruda & Kristin Dikson

Introductions

Always know how to introduce someone i.e; junior to a senior. Be careful to acknowledge their titles/status during introductions. When you meet someone, take the initiative to be the first to introduce yourself. Always use the Proper Handshake which is; firm but not bone crushing, pumped once or twice from the elbow point (avoid the extended handshake), lasts about

three seconds, accompanied by a smile and eye contact, and during functions-networking or otherwise, hold your drink with the left hand to avoid a cold and wet handshake.

Email Etiquette

An email is a way of showing your professional correspondence. You should therefore avoid smiley faces. Be sure to take a deep breath and reread your email before sending it. Avoid using capital letters and exclamation marks as they come off as shouting. Obscene and abusive language is also not acceptable. Instead, keep your emails short and precise and be sure to leave your contacts in case you need to be contacted.

Meeting Etiquette

Keep your phone off and divert all the attention to the speaker/discussion in hand. Do not interrupt people instead; wait for them to finish their point. Avoid eating and drinking during meetings save for a glass of water. If refreshments are provided, take them before or after the meeting. Avoid swear words, vulgar references and personal questions. Listening is an art, do perfect this and your communication skills and you won't dread going to meetings.

Posture

Maintain a posture that communicates your seriousness and willingness to listen. When talking to a colleague, leaning forward shows that you are paying attention. Slouching on your chair however shows an over relaxed and don't care attitude. When sitting at your desk, avoid casual sitting such as slouching, placing your legs on the desk and swinging with your chair. Adopt a professional walk without vigorously swaying yourself.

The Office Party

When allowed to bring along a friend, avoid stringing along all your girlfriends or boys to the office party. For introverts, it may seem like torture, hence to survive the office party, identify a bunch of friends you feel comfortable with and stick to them. Eat drink and be merry-in Moderation. Keep your alcohol intake on a minimal as much as it comes free of charge. You do not want to get drunk and do something you will live to regret or that will cost you your job. Dress appropriately. The office party is not the place to show off that new clubbing dress that leaves nothing to the imagination. Remember you are still in the office environment. Watch what time you arrive and leave. Avoid walking in 20 minutes towards the end of the party just 'to make an appearance' but do also avoid partying into the wee hours of the morning. Lastly and most important, do not spend the whole time with you regular office buddies. Do take this as a chance to introduce yourself to the board members and top management whom you do not get to see and talk to regularly.

To top the icing on the cake, remember; *“These small indignities and minor cruelties take a toll. They add to the burden of stress and fatigue that is already present in the workplace and they have real consequences on the everyday lives of workers”* P. M . Forni, John Hopkins University.

So go forth and be of your best behavior.



The Life of an insurance agent

A Happy Insurance Boss tells his employees. You worked very hard this year. As a reward, I'll give everyone a cheque for \$ 5000. If you work with the same zeal next year, I'll sign those cheques.

A client calls up his insurance agent and tells him he needs to file a claim.

The agent says "Tell me what happened?"

The client tells him and the agent says "I'm sorry but that's not covered."

The client says "Well, let me explain better what happened."

The agent says "I'm sorry but that's not covered either."

The client says "I'll tell you what, you tell me what's covered and I'll tell you how it happened!"

"Needing insurance is like needing a parachute. If it isn't there the first time, chances are you won't be needing it again."
Confucius

Insurance competition

Four insurance companies are in competition. One comes up with the slogan
"Coverage from the cradle to the grave."

The Second one tries to improve on that with
"Coverage from the womb to the tomb."

Not to be outdone, the third one comes up with
"From the sperm to the worm."

The fourth insurance company really thought hard and almost gave up the ace, but finally came up with
"From the erection to the resurrection."

Q: How is a hospital gown like insurance?

A: You're never covered as much as you think you are.

Inspirational Quotes

"Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible"

St. Francis of Assisi

"I can't change the direction of the wind, but I can adjust my sails to always reach my destination"

Jimmy Dean

"Perfection is not attainable, but if we choose perfection we can catch excellence."

Vince Lombardi

"Put your heart, mind and soul into even your smallest acts. This is the secret of success"

Swami Sivanda

"Life is about making an impact, not making an income."

Kevin Kruse

"The mind is everything. What you think you become."

Buddha



"Is this seat taken?"



Kenya Re staff members and participants of the Agricultural Seminar drawn from the local insurance market pose during the training that was held from 20th – 23rd July 2015 at the Stanley Hotel.