

INSURANCE BRANCHES IN KENYA

Background

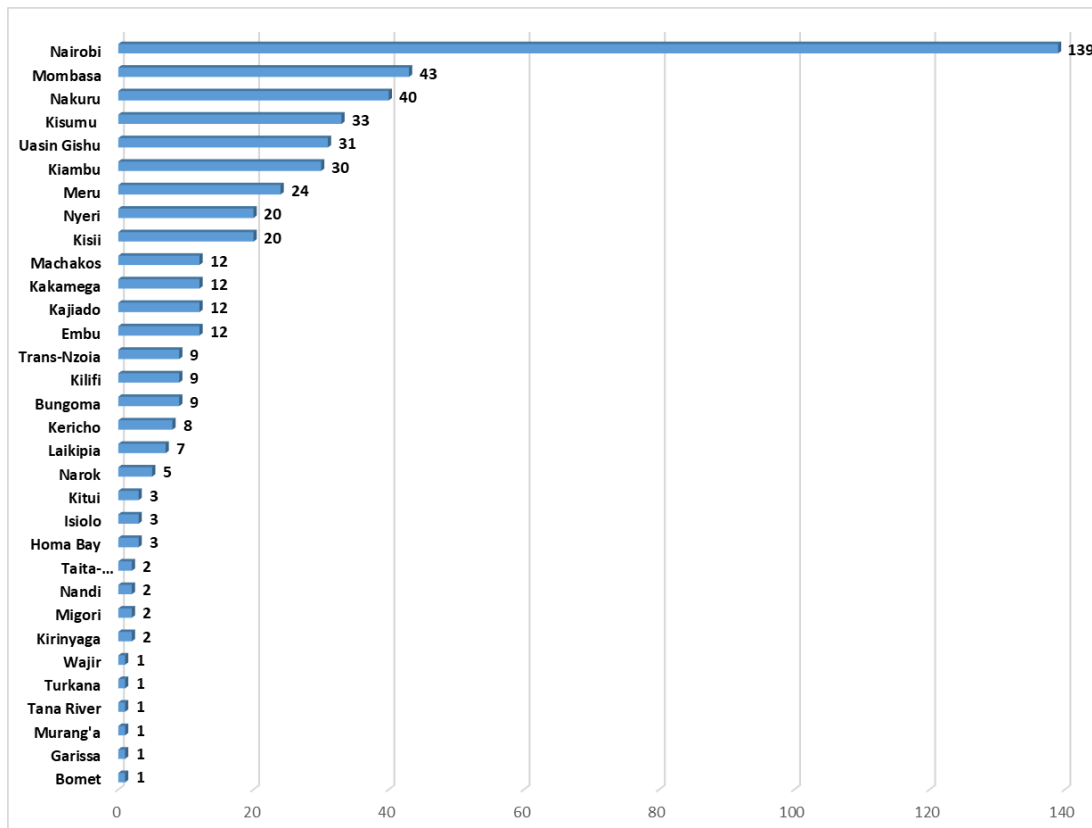
The AKI Secretariat collected and compiled GPS information of insurance companies' branches in Kenya.

The objective of this exercise was to present the coverage in a simple, visual way, show the grey areas that need insurance coverage to increase penetration and help identify areas for improvement.

Results

There was 498 Insurance branches in Kenya as at October 2021, spread out in 32 counties.

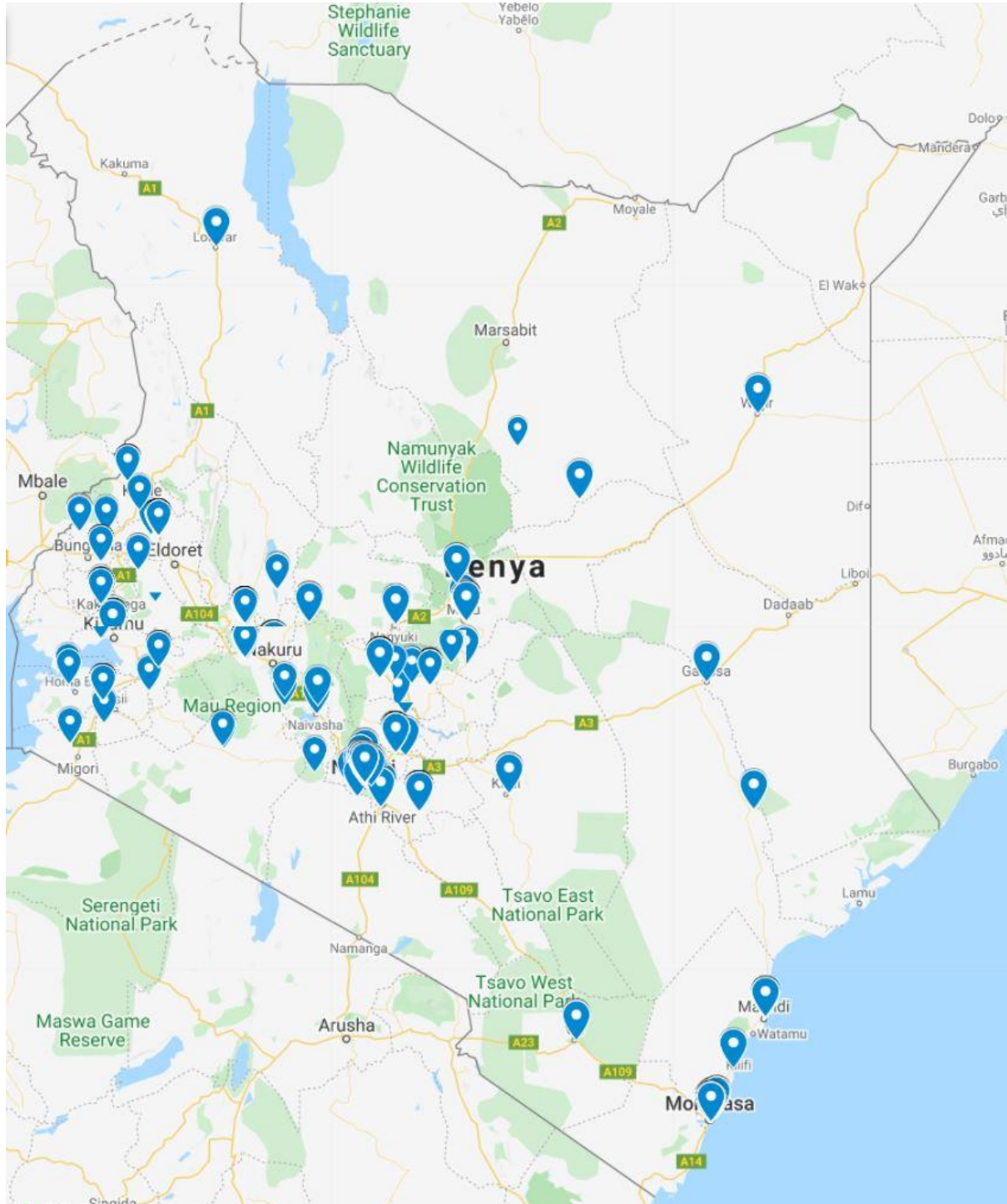
Nairobi has the highest number of branches at 139, representing 28% of all insurance branches. Mombasa, Nakuru, Kisumu, Uasin Gishu, Kiambu, Meru, Nyeri and Kisii follows at a distance with at least 20 branches. More details in the chart below:



Insurance branches distribution correlates with gross written premiums. According to 2019 annual statistics by 1RA, Nairobi County contributed 83.20% of the gross

written premiums, followed by Mombasa at 4.76%, then Kiambu and Nakuru with 1.71% and 1.57%, respectively.

Insurance Branches Map Illustration



Geospatial illustration link: https://www.google.com/maps/d/edit?mid=1ez6mWreX-s61d3k_REKhqEpSu117CaNw&usp=sharing

Recommended Improvement Areas

1. Expand Branch Network

Despite rapid advances in technologies, customers of all ages still prefer visiting branches. Branches are associated with high customer satisfaction due to the human element.

Insurance companies need to adopt a strategy that fully and seamlessly integrates branches into their overall digital transformation strategy.

Onboarding and problem resolution are two critical interactions customers are likely to have in human-touch channels – typically, branches and contact centers.

2. Increase the number of agents

Available data from various jurisdictions entailing insurance penetration levels and the ratio of insurance agents to the country's population shows a strong positive association with high penetration levels and a low agent to population ratio.

Kenya stands at a ratio of 1 insurance agent to 4,937 people; India has a ratio of 1 agent to 513 people; China has a ratio of 1 agent to 181 people, and the US has a ratio of 1 agent to 277 people, Malaysia has a ratio of 1 agent to 202 people (Malaysia insurance penetration based on population – 55%, Kenya's is estimated at between 7% and 10%). More details are in the figure below.

Country	Insurance Penetration	Population	Insurance Agents	Population to Agent Ratio	Agents Information Source
India	4.2	1,393,409,032	2,716,003	1:513	https://www.atlas-mag.net/en/article/indian-insurance-market-structure
PR China	4.5	1,444,216,102	8 million	1:181	https://www.chinadaily.com.cn/a/201812/24/WS5c2047bba3107d4c3a0026c2.html
US	12	332,915,073	approximately 1.2 million	1:277	https://www.statista.com/statistics/194232/number-of-us-insurance-brokers-and-service-employees/ https://policyadvice.net/insurance/insights/insurance-industry/
Canada	8.7	38,067,913	approximately 45,000	1:846	https://www.fsco.gov.on.ca/en/insurance/pages/2017-18-compliance-rpt.aspx
Thailand	5.3	69,950,843	Life : 126790 Non Life : 166440	1:238	https://www.statista.com/statistics/1057142/thailand-number-of-life-insurance-agents/ https://www.statista.com/statistics/1057124/thailand-number-of-insurance-agents-by-category/
Malaysia	5.4	32,776,195	Life : 82042 Non Life : 50,000 Takaful : 30,000	1:202	https://www.statista.com/statistics/1079178/malaysia-total-number-of-agents-at-life-insurance-companies-by-age/
United Kingdom	11.1	68,207,114	193,900	1:352	https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf
Namibia	7.86 (https://www.africa-re.com/dashboards/NA)	2,587,343	2,967	1:872	https://www.africa-re.com/dashboards/NA
Kenya	2.2+	54,985,702	11,138	1:4937	https://www.ira.go.ke/index.php/consumer-information/investor-information/agents-other-services-providers/licenced-agents
Tunisia	2.3	11,935,764	1,049	1:11378	https://www.atlas-mag.net/en/article/tunisian-insurance-market

Insurance Penetration Source: Swiss Re Institute Sigma No 3/2021
Population Source: (<https://www.populationpyramid.net/>)

3. Empower Agents with Digital Distribution Tools

Insurance customers are increasingly turning to the internet for research, but the majority still buy through agents. Advice in understanding especially life insurance products remains critical, and agents fulfil this need.

Insurers need to ensure convenience and reach by leveraging digital channels while maintaining the human touch – personal advice. The role of agents is transitioning to process facilitators and product educators, with each interaction being tailored to the needs of each client. Leveraging data analytics and automation is key in lead generation and also personalizing customer engagement.

Agents should rely heavily on technology to boost productivity by optimizing their tasks and finding potential deals for customers. These tools enable agents to support a significantly larger client base while making customer interactions (in-person, virtually, or digital) shorter and more meaningful.

4. Explore Partnership Opportunities with Bank Branches, Agency Banking and Mobile Money Agents

Partnership with banks and mobile money providers is an area of potential to increase insurance physical footprint and expand insurance distribution.

a. Bank Branches

According to the Central Bank of Kenya (CBK) bank supervision annual report 2020, there was 1,502 bank branches in Kenya as of December 2020, spread out in all 47 counties.

Nairobi had the highest number at 597, representing 39.75% of all bank branches; Mombasa is second with 121 (8.06%); Kiambu, Nakuru, Uasin Gishu, Kajiado, Kisumu, Meru, Kilifi and Machakos has at least 30 branches. More details in the table below.

BANKS BRANCH NETWORK PER COUNTY					
County	Branches	%	County	Branches	%
Nairobi	597	39.75%	Nandi	12	0.80%
Mombasa	121	8.06%	Busia	10	0.67%
Kiambu	76	5.06%	Embu	10	0.67%
Nakuru	61	4.06%	Baringo	9	0.60%
Uasin Gishu	49	3.26%	Bomet	9	0.60%
Kajiado	44	2.93%	Garissa	9	0.60%
Kisumu	40	2.66%	Homa Bay	9	0.60%
Meru	40	2.66%	Lamu	9	0.60%
Kilifi	35	2.33%	Nyandarua	9	0.60%
Machakos	29	1.93%	Taita/Taveta	9	0.60%
Nyeri	29	1.93%	Siaya	8	0.53%
Kisii	21	1.40%	Isiolo	7	0.47%
Laikipia	20	1.33%	Marsabit	7	0.47%
Murang'a	20	1.33%	Tharaka-Nithi	7	0.47%
Kakamega	18	1.20%	Turkana	7	0.47%
Kericho	17	1.13%	Elgeyo/Marakwet	6	0.40%
Kirinyaga	17	1.13%	Nyamira	6	0.40%
Bungoma	16	1.07%	Vihiga	6	0.40%
Makueni	16	1.07%	Wajir	4	0.27%
Kitui	15	1.00%	West Pokot	4	0.27%
Narok	15	1.00%	Mandera	3	0.20%
Migori	14	0.93%	Samburu	3	0.20%
Trans Nzoia	14	0.93%	Tana River	3	0.20%
Kwale	12	0.80%			

If you compare the bank and insurance branches distribution.

- Insurance branches are only a third (33.16%) of the bank branches.
- Banks branches are spread across all 47 counties, while insurance branches are spread in 32 Counties (missing in 15 counties).

Insurance Branches	Bank Branches
498	1,502

The 2017 bancassurance market assessment study conducted by the AKI Secretariat recommends strategic and long-term bancassurance partnerships to leverage the banks' footprint alongside other benefits to boost insurance penetration through the bancassurance channel as in the case of other successful jurisdictions like Spain, Brazil, and France.

b. Agency Banking and Mobile Money Agents

The number of bank agents as of December 2020, was 72,617 (CBK Bank Supervision Annual Report 2020).

On the other hand, the total number of registered mobile money agents stood at 290,432 as at June 2019 (Communications Authority of Kenya Annual Report 2018-19).

As of 31st December 2020, the number of licensed insurance agents was 11,138 (IRA List of Licensed Agents). This equates to 15.3% of banks agents and 3.8% of mobile money transfer agents.

Insurance Agents	Bank Agents	Mobile Money Agents
11,138	72,617	290,432

In comparison, insurance has a coverage gap when compared to bank and mobile money transfer agents.

Banks and mobile money transfer agents have a physical touchpoint, essential in building trust. Partnering will help insurers establish trust, foster brand image, and help maintain long-term customer relations.



Insurance companies should proactively identify gaps in their distribution ecosystem and consider potential partnerships which could help them reach the unserved and underserved. Increasing customer touchpoints (physical and online) is key in increasing insurance awareness and uptake.

References

- <https://www.ira.go.ke/index.php/consumer-information/investor-information/agents-other-services-providers/licenced-agents>
- <https://www.ca.go.ke/downloads/publications/annual-reports/>
- <https://www.centralbank.go.ke/reports/bank-supervision-and-banking-sector-reports/>
- <https://worldinsurancereport.com/resources/world-insurance-report-2021/>
- <https://www.populationpyramid.net/>
- <https://www.swissre.com/institute/research/sigma-research/sigma-2021-03.html>
- https://www2.deloitte.com/content/dam/insights/us/articles/4999_Global-banking-survey/DI_Bank-branches-digital-world.pdf
- <https://www.atlas-mag.net/en/article/indian-insurance-market-structure>
- <https://www.chinadaily.com.cn/a/201812/24/WS5c2047bba3107d4c3a0026c2.html>
- <https://www.statista.com/statistics/194232/number-of-us-insurance-brokers-and-service-employees/>
- <https://policyadvice.net/insurance/insights/insurance-industry/>
- <https://www.fsco.gov.on.ca/en/insurance/pages/2017-18-compliance-rpt.aspx>
- <https://www.statista.com/statistics/1057142/thailand-number-of-life-insurance-agents/>
- <https://www.statista.com/statistics/1057124/thailand-number-of-insurance-agents-by-category/>
- <https://www.statista.com/statistics/1079178/malaysia-total-number-of-agents-at-life-insurance-companies-by-age/>
- <https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/2016/keyfacts/keyfacts2016.pdf>
- <https://www.africa-re.com/dashboards/NA>
- <https://www.ira.go.ke/index.php/consumer-information/investor-information/agents-other-services-providers/licenced-agents>
- <https://www.atlas-mag.net/en/article/tunisian-insurance-market>