



BIMALAB AFRICA INSURTECH SUMMIT

THEME:
Shaping the Future of Insurtech in Africa

15TH NOV 2023 | 08H30 – 16H00



The Edge Convention Centre,
Nairobi

(📺) Live event streaming

www.bimalab.org

✉ @fsdafrica | FSD Africa 



**REMARKS FOR HIS EXCELLENCY DR. WILLIAM SAMOEI RUTO, PH.D., C.G.H.,
PRESIDENT OF THE REPUBLIC OF KENYA AND COMMANDER-IN-CHIEF OF THE
DEFENCE FORCES, AT THE OPENING OF BIMALAB AFRICA INSURTECH SUMMIT**

Distinguished Guests,

Ladies and Gentlemen,

- I am deeply honored to have this opportunity, on behalf of the people and government of Kenya, to extend a warm welcome to you all to Nairobi, our capital city, and to Kenya. We are truly proud to have you all here, and it is my hope that you are experiencing the best of our renowned hospitality, all the exciting and delightful attractions that abound in Magical Kenya.
- Africa's growing population and urbanization presents an opportunity for a turning point towards equitable growth and progress. With evolving demographic growth and Africa's urbanization rate, about 70% of Africa's urban areas and cities are yet to be built. It presents opportunities for the private and public sectors to collaborate and invest in people, communities and cities—but cities must be well managed to attract private capital.
- Africa has made notable progress in the last three decades. Life expectancy has risen steadily, school enrolment has grown, and carbon emissions have steadily remained well below global averages.
- Amidst these achievements, managing disaster risks and urban challenges is key to ensuring that Africa's development achievements are not lost when disasters hit. About 90% of all disasters in Africa are weather and climate driven. This means that we need to quickly develop relevant risk transfer solutions for our continent.

Africa Insurance Sector

- Africa's insurance sector is primed for growth and technology can help unlock the innovations needed to deliver more affordable and relevant products for local consumers. Industry insights by McKinsey indicate that Africa's insurance industry is valued at approximately \$68 billion in terms of Gross Written Premium (GWP) which is only 1% of the insurance premium written by the sector in the entire world. However, most people

who wish to get insurance products and services are deterred by high premiums and products that don't meet consumer needs.

- The insurance sector is grappling with the challenge of delivering relevant products for a long time, especially to customers at the base of the economic pyramid. Remote locations, lower education levels and a lack of trust or experience with formal institutions have been key contributors to low insurance uptake in Africa.
- Covid-19 placed significant pressure on the way the insurance business is conducted. The pandemic disrupted providers' engagement with both regulators and consumers. Digital technology stands to enhance insurance distribution, increase access to insurance, reduce costs and create sufficient scale for a viable business. This positive effect on consumer interaction means that these developments are of particular interest for the inclusive insurance market, as they address some long-standing structural obstacles that have historically caused exclusion from insurance.

Kenya Insurance Sector

- The insurance industry in Kenya experienced growth as a result of economic recovery from the effects of COVID-19. In 2021, the industry recorded KES 273.71 billion in gross premium (translating to a growth of 16.6%. Kenya was ranked fourth in Africa in terms of gross premium income after South Africa, Morocco and Egypt. The industry total assets increased by 11.1% to KES 850.51 billion in 2021. The investments were mainly composed of government securities at 69.0% (KES 506.30 billion).
- The insurance industry contributes to the economy by providing financial security, mobilising savings and promoting direct, indirect investments and trade. There are 61 insurance and reinsurance companies and over 12,000 insurance agents registered by the Authority.
- Insurance Regulatory Authority launched an initiative dubbed 'Bima Mashinani' this year to educate members of the public living in various part of the country the importance of Insurance. The ultimate aim of consumer education is to develop an insurance literate community.

- Microinsurance is a rapidly evolving field with great potential to help low-income households reduce their vulnerability to risks. Insurers, however, face several challenges when delivering microinsurance products, such as high transaction costs, poor infrastructure, and lack of awareness and demand from clients. The government issued micro insurance regulations in 2020 to support the growth of the sector. The regulation is transformational as it proposes daily premiums or contributions not exceeding Kenya shillings forty(KES 40) for the sum insured of Kenya shillings five hundred thousand(KES 500,000).
- The Horn of Africa, stretching from northern Kenya and Somalia to southern Ethiopia, contains the largest population of pastoralists in the world. It is also experiencing its worst drought in four decades – the extreme drought conditions have devastated agricultural production, destroyed crops, and killed more than three million livestock. As a result, the livelihoods and lives of millions of pastoralists, their families, and communities are at risk.
- To address these challenges and protect the pastoralists, the Horn of Africa De-risking, Inclusion and Value Enhancement (DRIVE), a \$360.5m project funded by the World Bank and partners was established to enhance pastoralists' access to financial services for drought mitigation, include them in value chains, and facilitate livestock trade in the Horn of Africa.
- The project aims to impact more than 1.6 million pastoralists drawn from 2,500 pastoralist groups over a five-year period. DRIVE will enable the region to adapt to the impacts of climate change, commercialise livestock production in pastoralist communities, and ensure the inclusion of marginalised and vulnerable groups, including women in the sector.

Technology and Digital Economy

- In this growing digital world of ours, we face a future of immense possibilities. With every passing year, new technologies and services are emerging over the horizon. As digital technologies become the cornerstone of our daily activities, Governments, businesses, and individuals must adapt to this new reality. Kenya has embarked on its digital

transformation journey, to ensure that the digital economy benefits become our reality and it is our hope that all of Africa will walk this journey too.

- The Digital Economy is growing faster than overall economies especially in the developing countries. Evidence shows that information and communications technologies (ICTs) account for 17% of GDP growth in developing countries (World Bank). The fastest growth of e-commerce is in the global South (UNCTAD) and the Internet economy in developing economies is growing at 15-25% annually (WEF)

E-government

- Government has a critical role to play in the creation, establishment, and promulgation of a digital economy first as an orchestrator of the national ecosystem, as a controller of significant natural and monetary resources and finally as the indicator of preferred direction to the private sector. The creation of a digital economy is a whole-of-government effort - requiring articulation, consensus, and the use of political will.
- The development of the digital economy is brought about not just by a specific isolated change in technology but by multiple factors, which are all unique to a nation-state. In Kenya, the identified factors are ubiquitous access to infrastructure, digital government, digital business, a thriving innovative and entrepreneurial ecosystem and a new set of digital economy skills and values. There are four cross-cutting themes that are resident in every pillar, namely legal and policy frameworks, emerging technologies, interoperability and data.
- Kenya's flagship Government to Citizen (G2C) platform is the e-Citizen. E-citizen is a Kenya G2C portal that provides services including business name search and registration, notice of marriage, registration of marriage, driving licenses, land searches and clearances, passport and visa applications. The system allows citizens to sign up, apply for government services and conveniently pay using mobile money, credit cards, debit cards and online banking. The system also allows foreign residents to apply for services. Users receive email and SMS notification every time their application has progressed.

- Harnessing technology is seen as one of the levers we can use to boost insurance penetration in Kenya. The use of technology will impact the product design and the efficiency of insurance delivery, as well as the business models involved in the value chain. All these aspects hold great promise for extending access to insurance for those previously underserved by more traditional business models.

Partnership, UK Government and Kenya

- The UK is the largest European foreign investor in Kenya. Currently, there are about 100 British investment companies based in Kenya, valued at more than £2.0 billion. The UK is Kenya's second most important export destination. Kenya mainly exports tea, coffee, and horticultural products, with the country accounting for 27% of the fresh produce and 56% of the black tea market in the UK. The UK Government, through agencies such as FSD Africa supports Kenya's development priorities which aspires to promote macroeconomic stability, sustained economic growth and social development, underpinned by rapidly expanding infrastructure.
- I laud the UK Government strategy for Kenya, which includes engagement on a range of development, stimulating inclusive growth, led by the private sector, improving service delivery, and innovative approaches to private-sector provision of basic services.
- A need for greater innovation and market development to broaden insurance uptake in Kenya is necessary. To leverage such innovations, Insurance Regulatory Authority, partnered with FSD Africa. The move is meant to enhance visibility and push for resources for talented insurtech founders of early to mid-stage start-ups. The programme was developed to harness innovation for inclusion and enhanced access to insurance products and services with an aim of increasing insurance penetration in Kenya.

BimaLab Africa

- Kenya, as the birthplace of BimaLab Africa, holds a special significance in our journey of impact and transformation. BimaLab Africa invests and offers hands-on venture-building support to high-impact startups that improve the resilience of underserved and climate-

vulnerable communities. BimaLab Africa also builds a strong innovation ecosystem by activating investors, capacity-building networks, and corporate institutions to unlock capital, attract talent and share knowledge about insurance solutions tailored to those communities' needs. I have been meant to understand that Kenya was chosen to host country for this landmark event because of the following reasons:

- **Innovation Hub:** Kenya has emerged as a leading innovation hub, not just within Africa but on the global stage. Nairobi, in particular, has earned the nickname "Silicon Savannah" due to its thriving tech ecosystem, fostering groundbreaking startups and technological advancements. Our choice of Kenya as the event location reflects the nation's pivotal role in driving insurtech innovation.
- **Government Commitment:** Kenya's government has shown unwavering commitment to advancing technology and innovation as key drivers of economic growth.
- **Financial Inclusion:** Kenya has been a trailblazer in the field of financial inclusion, particularly through innovations like M-Pesa. The country's dedication to expanding access to financial services aligns perfectly with our goal of increasing insurance penetration, particularly among underserved communities.
- **Strategic Location:** Kenya's central location in East Africa makes it an ideal host for an event that aims to bring together stakeholders, innovators, and thought leaders from across the continent. It serves as a bridge between the East and West African insurtech ecosystems.

Conclusion

- I am keen to support the insurance sector to develop new approaches to catalyse greater uptake by consumers and to enable the formal market to tap into latent demand. The Government of Kenya is encouraging the insurance industry to embrace the following:
 - Develop streamlined systems and processes to reduce the challenges customers are currently facing in the market.

- Develop products tailored to the needs of the underserved market segments like MSMEs.
 - Develop more effective ways of reaching both easy and hard-to-reach client segments.
 - Come up with proactive client outreach through channels that consumers know and trust.
-
- Kenya's insurance environment is promising, and I am very supportive of this BimaLab program. Kenya's sizeable population and growing start-up scene, coupled with a growing middle class, greater access to smartphone and internet coverage, as well as a sound insurance regulatory framework, show promise for insurance innovation and penetration.
 - My call to everyone presents in this Summit, is for us to work together and converge our efforts on African priorities. I urge everyone to contribute to our generation's unprecedented and highly consequential endeavor to build resilience for our continent in a spirit of candor, collaboration, and courage. Let us imagine an ecosystem that will catalyze innovation, enable strategic partnerships and unlock investments towards innovative and inclusive products in Africa. Let us commit to harness innovation for inclusion and enhanced access to insurance products and services.

