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Insurance Outlook Report 2025
The next era of insurance

April 2025

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Contents

Executive **Summary**

The East African insurance sector has demonstrated remarkable resilience and adaptability in the face of evolving market dynamics. Factors such as economic expansion, increased financial literacy, and digital transformation have propelled growth. In addition, regulatory enhancements have sought to foster stability and consumer confidence. However, challenges persist, ranging from low insurance penetration to macroeconomic volatility, necessitating strategic change and innovation to unlock the sector's full potential. Insurers are increasingly leveraging advanced risk assessment models and data-driven underwriting, enabling them to enhance pricing accuracy and claims efficiency in an ever-competitive landscape.

In the modern digital landscape, data is the foundation upon which artificial intelligence (AI) operates, transforming industries through precision, efficiency ana adaptability. AI is no longer confined to theoretical models, it is actively shaping business strategies and enhancing decision-making at an unprecedented scale. At the forefront of this transformation are AI agents; intelligent systems capable of learning, reasoning, and interacting in dynamic environments. These agents are revolutionising industries by automating complex processes and providing real-time insights. AI's transformative journey is redefining efficiency and innovation. As organisations integrate these intelligent agents into their ecosystems, they are not merely adopting technology, they are embracing a new era of decision intelligence that is set to redefine the future of work and business.

Optimising services across diverse demographics is no longer just an advantage in the insurance industry, it is imperative. Today's customers expect seamless, transparent, and tailored experiences that align with their unique needs and lifestyles. A modernised approach to insurance goes beyond policy issuance. It involves reimagining customer engagement, streamlining claims processing and designing flexible coverage options that reflect the realities of different market segments. Whether addressing the needs of young professionals, businesses or retirees, insurers must cultivate trust through personalised interactions and efficient service delivery. The future of insurance lies in its ability to evolve with changing consumer expectations, ensuring accessibility, reliability and enhanced customer satisfaction.

Environmental, social, and governance (ESG) considerations are reshaping insurance, driven by increasing investor and regulatory scrutiny. In Kenya, ICPAK's roadmap for adopting IFRS S1 and S2 mandates insurers, as Public Interest Entities, to comply by 2027. This requires integrating ESG into risk management, disclosing climate risks, and aligning portfolios with sustainability goals to enhance transparency, resilience, and competitiveness.

Executive **Summary**

However, the regulator has yet to provide further guidance on its application within the insurance sector. What was once a distant warning is now a daily reality, climate change has emerged as a critical factor reshaping risk landscapes through increased weather-related losses and necessitating innovative risk transfer solutions. The sector's proactive response through climate-resilient insurance products and partnerships, demonstrates a commitment to futureproofing against systemic shocks. As insurers explore these innovations, the industry is poised to enhance trust, efficiency, and accessibility across markets.

Adoption of IFRS 17 has further reshaped financial reporting, demanding a more transparent, principles-based approach to liability valuation and revenue recognition, enhancing comparability across markets. Meanwhile, as regulations continue to evolve, they are reshaping capital adequacy standards and consumer protection frameworks, ensuring policyholder security while fostering market confidence.

In conclusion, the East African insurance industry stands at an inflection point where resilience, adaptability, and innovation will dictate its trajectory. By harnessing data, embedding ESG principles, leveraging technology, and embracing regulatory shifts, insurers can drive sustainable growth and enhance financial inclusion, reinforcing their role as key pillars of economic stability in the region. Our outlook is based on first-hand experience and insights of Deloitte's subject matter specialists and supplemented with research and analysis by the Deloitte Centre for Financial Services. It offers a lens into the future of the industry, one that challenges insurers to rethink their strategic priorities and adapt to the evolving landscape with confidence.

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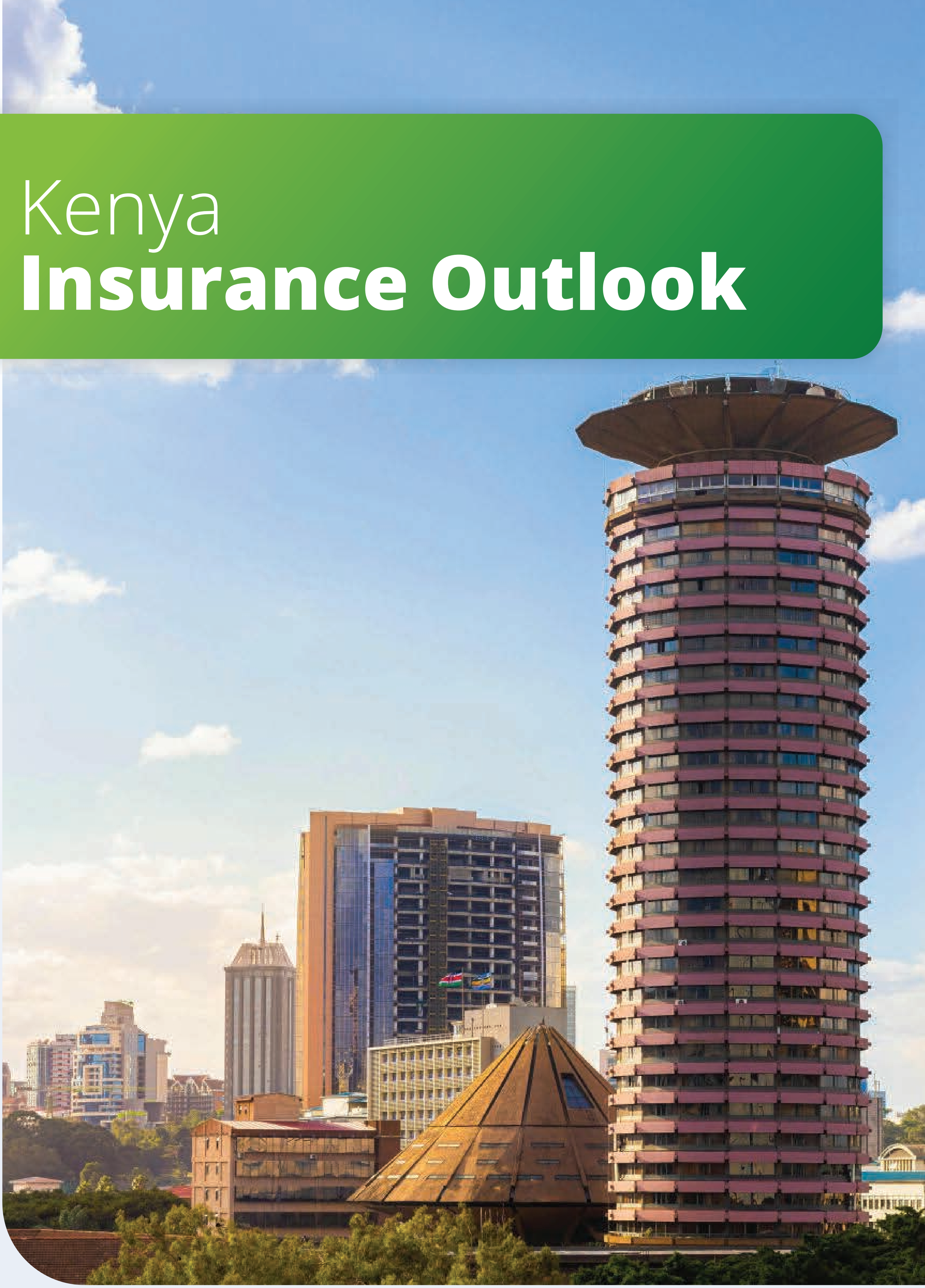
Kenya
Insurance Outlook

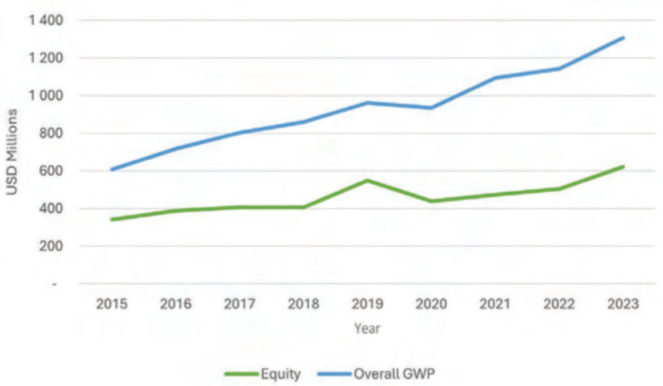


Kenya
Life Insurance

Life insurance industry performance

Kenya's life insurance industry has experienced robust growth from 2015 through 2023 driven by product diversification, regulatory reforms, and heightened consumer awareness.

Life insurance industry overall performance 2015 - 2022 (USD millions)



Source: IRA Kenya Industry reports 2015 – 2022

The trend illustrates a steady and consistent rise in overall gross written premiums (GWP) over the years. This suggests that insurers are expanding their business, either through traditional policies or new product offerings, in response to shifting market trends and growing consumer confidence, despite the sector's relatively low penetration. Shareholders' equity has also trended upward, indicating that companies are reinvesting earnings and sustaining strong capital reserves. This increase in equity reflects financial stability and the capacity to withstand potential economic shocks.

The simultaneous upward trend in both GWP and shareholders' equity suggests that as insurers grow their business, they are also reinforcing their financial strength. This alignment reflects effective management and consistent profitability over time. A strong capital base enables insurers to drive innovation, invest in digital solutions, and tap into new market segments.

Maintaining healthy equity levels enhances their ability to navigate economic downturns and unforeseen challenges, promoting long-term stability in a dynamic market.

Life insurance industry overall performance 2015 - 2023 (USD millions)

Constituents of life insurance industry premiums

Over the past nine years, Kenya's life insurance industry has experienced periods of growth, decline, and recovery. Analysing profit before tax (PBT) and return on equity (ROE) reveals distinct cyclical trends. A closer look at the data highlights the following patterns:

Growth with some volatility (2015 - 2019)

The industry experienced strong profitability in 2016, with PBT exceeding USD 60 million and ROE peaking at 15%.

A dip in 2017 to 2018 hints at increased claims or market adjustments, but 2019 saw a strong rebound, likely due to better underwriting and investment gains.

Decline (2020)

The sharpest decline happened in 2020, with profits turning negative and ROE dropping below due to the COVID-19 pandemic. The pandemic led to higher claims, policy lapses, and investment losses, significantly impacting insurers.

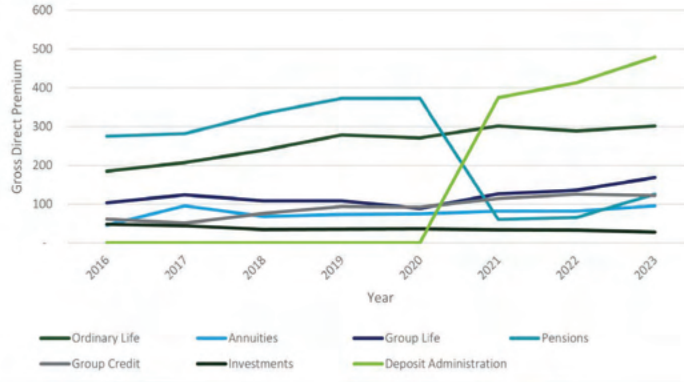
Recovery (2021 - 2023)

From 2021, profits and ROE bounced back, surpassing pre-pandemic levels by 2023.

The industry is now in a growth phase, presenting opportunities for new products, digital transformation, and financial inclusion through sustainable growth, innovation, and customer-centric strategies.

Constituents of life industry premiums

Index of total direct premiums 2016-2023 (USD millions)



The graph presents a comprehensive overview of gross direct premium trends across various life insurance product categories in Kenya from 2016 to 2023.

The deposit administration portfolio has shown a consistent increase in size.. This may be partly driven by increasing attractiveness of private pension arrangements, as a result of regulatory changes which led to increases in mandatory contributions to National Social Security Fund (NSSF). Tier II mandatory contributions can be remitted to approved private arrangements, contributing to the growth in this portfolio. This growth is expected to continue in future due to further recent regulatory changes, which increased the tax-free contributions to pension schemes, which increase the attractiveness of pension schemes as tax-efficient long term savings vehicle.

The economic uncertainty brought by the COVID-19 pandemic drove consumers and businesses toward more stable investment options. Given that deposit administration plans typically offer guaranteed returns, they became an increasingly attractive choice, fuelling the segment’s rapid expansion.

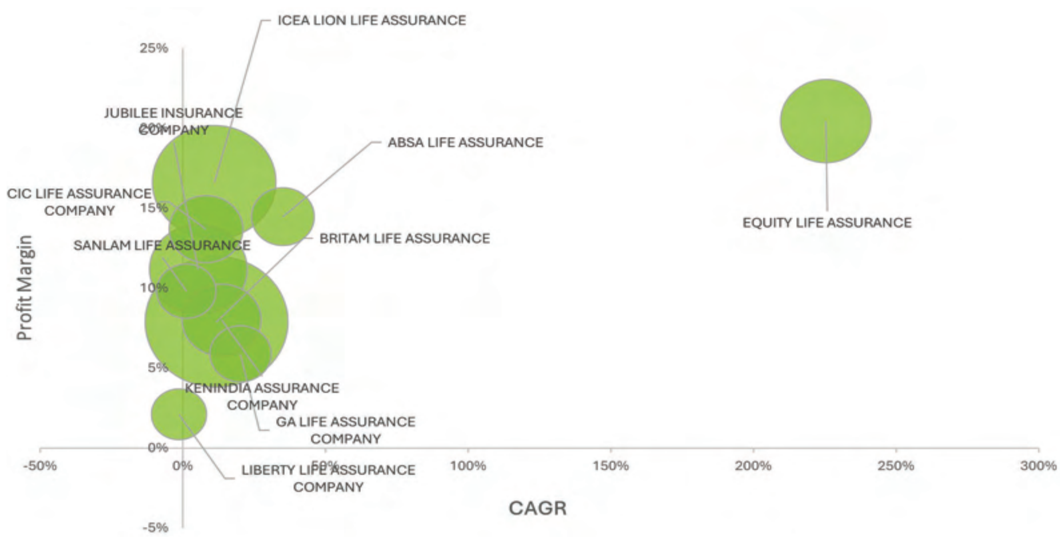
Pensions and group life products have experienced steady growth, largely driven by the increasing adoption of employer-sponsored retirement savings schemes. Their consistent expansion reflects a rising demand for employer-based pension plans and group insurance policies. Compared to other product categories, these segments have exhibited lower volatility, indicating a stable market presence and sustained demand.

Ordinary life and annuities have remained stable, with gradual increases in premium volumes. The growing need for post-retirement income solutions, particularly among an aging population, continues to fuel annuity demand. Meanwhile, minor fluctuations in ordinary life premiums may be influenced by economic conditions, affordability, and shifting customer preferences.

Group credit premiums rose steadily until 2020 but declined thereafter. This drop may be attributed to reduced lending activities, and other broader economic factors affecting consumer borrowing, leading to decreased demand for credit-related insurance products.

Competitive landscape

Kenya top ten insurers performance CAGRI 2013-2023



Over the past decade, competition and innovation have intensified in Kenya's life insurance market. Established insurers have expanded their distribution networks and diversified their product offerings, while newer players have leveraged bancassurance and digital channels to accelerate growth from a smaller base. Despite relatively low insurance penetration compared to more developed markets, significant growth opportunities remain. Insurers that embrace innovation through mobile and digital distribution, as well as strategic partnerships, are well-positioned to capture market share.

Meanwhile, traditional market leaders continue to benefit from strong brand recognition and established client relationships, allowing them to maintain a significant presence even if their growth is more gradual.

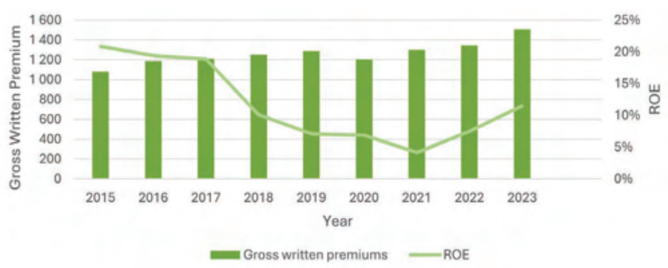
Equity Life Assurance has demonstrated remarkable growth, with an impressive Compound Annual Growth Rate (CAGR) reflecting its rapid expansion from a smaller base. Since its launch in March 2022, the company quickly rose to fourth place in the industry by within a year, securing a 9% market share by March 2023. This rapid ascent is largely driven by its strategic integration with Equity Group's vast banking network, enabling efficient cross-selling and seamless distribution.

Kenya
General Insurance

General insurance industry performance

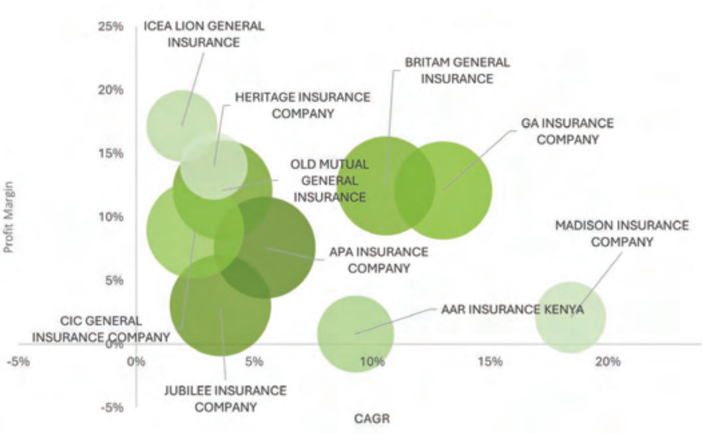
Over the past three years, the general insurance market has gained momentum, with return on equity rising from 7.5% to 11.5% and GWP increasing by 11%. In contrast, between 2017 and 2021, the industry experienced relatively low GWP growth rates and declining returns. While penetration remains a challenge, recent growth has been driven by several key factors, including innovation, increased insurance awareness, and a stronger focus on customer-centric product development and services. The industry's positive trajectory is expected to continue as insurers increasingly adopt technology, expand their reach into untapped markets including younger demographics and rural areas and enhance their offerings to meet evolving customer needs.

Gross written premium vs ROE (USD millions)



Competitive landscape

Kenya top ten general insurers performance, CAGR (2013-2023)

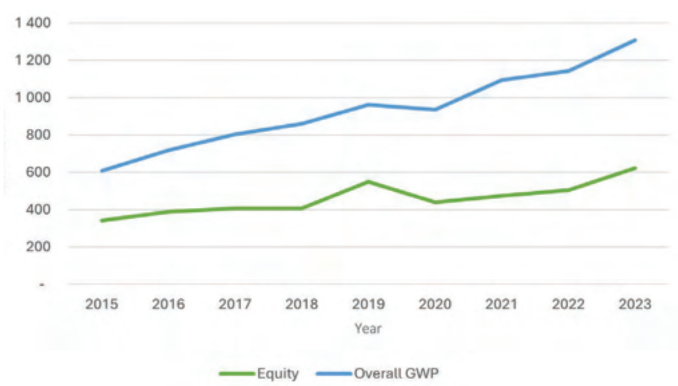


The graph above provides an analysis of Kenya's top 10 general insurance companies, ranked by GWP, and compares their compounded growth rates with their profit margins. The size of each bubble represents the GWP for each insurer in 2023.

The top three insurers collectively account for 25% of the market share, showing a slight decline of 1%. However, the top ten insurers continue to dominate the industry, holding a combined market share of 66%, consistent with their share in 2023. Profit margins for these leading insurers range from 1% to 19%. Over the past decade, these companies have experienced steady, gradual growth, with most maintaining a CAGR between 0% and 5%. Only four insurers exceeded this range, with the highest CAGR reaching 18%.

Expense and claims ratios

Life insurance industry overall performance 2015-2023



The general insurance industry has experienced steady growth in premium revenue over the years. Analysing data from 2015 to 2023, there has been a consistent upward trend in GWP. This growth is primarily driven by increased policy uptake within existing customer segments and greater awareness of insurance among the population. However, a deeper analysis of the claims and expense ratios reveals important challenges that insurers need to address in order to sustain profitability.

The GWP for general business has been steadily increasing over the past few years, with insurance penetration rising slightly from 2.29% to 2.39%. This growth has largely been driven by the miscellaneous class of business, which has seen a 44% increase, and the motor class, which has grown by 25%.

Despite this progress, the insurance penetration rate remains low compared to the global average of 7%, highlighting a significant untapped market potential.

Despite the increase in premium revenues, claims and expense ratios continue to be significant factors influencing profitability. The claims ratio, which has fluctuated in recent years, saw a slight rise from 67% to 68% in 2023. This increase suggests that insurers are facing a greater claims burden, particularly in sectors such as medical, motor (both private and commercial), and aviation. Specifically, the claims ratios for medical, private motor, and commercial motor insurance are 79%, 71%, and 75% respectively, while the aviation sector experienced a notable increase in claims from 21% in 2022 to 55% in 2023.

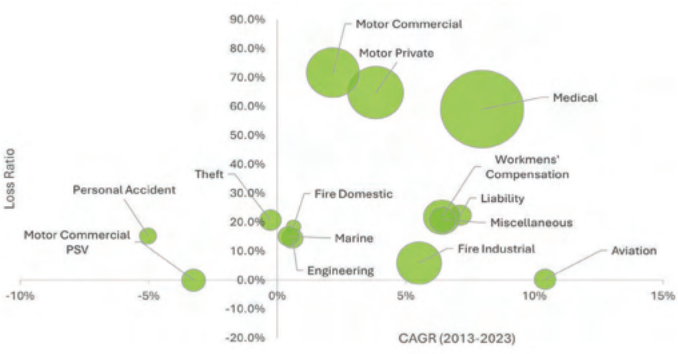
While the expense ratio has remained relatively stable, insurers must maintain a strong focus on cost efficiency to ensure continued profitability, especially in a competitive market.

Looking ahead, the industry must concentrate on expanding its market reach, strengthening risk management practices, and enhancing operational efficiency. By implementing these strategies, insurers can drive sustained growth and profitability while effectively addressing the challenges posed by rising claims and expenses.

Performance of insurance classes of business

Motor (private and commercial) and Medical insurance classes represent the highest GWP within the industry; however, they also contribute significantly to incurred claims, resulting in higher loss ratios. This makes them some of the riskiest lines of business. Furthermore, these sectors are associated with a substantial number of fraudulent claims, posing ongoing challenges. Despite these risks, there is potential for improvement through technological advancements, which could help mitigate fraud and enhance claims settlement processes.

Business Class Performance In general insurance



In contrast, lines of business such as workmen's compensation, fire industrial, aviation, liability, and miscellaneous have been experiencing strong growth, while maintaining relatively manageable loss ratios. This indicates that these sectors are benefiting from increased demand and have been successful in controlling claims, making them attractive for future expansion.

Notably, the aviation sector has recorded the highest compound annual growth rate, driven by emerging trends like drone technology and the expansion of cargo operations.

According to Kenya Civil Aviation Authority (KCAA), the number of registered aircrafts has steadily increased contributing to the growth of the aviation industry.

Other classes, such as engineering, marine, and fire domestic are experiencing slow growth, but with controlled loss ratios, suggesting stability in these sectors. Conversely, classes like motor commercial public service vehicle, personal accident, and theft are facing negative growth, which could point to a shift in customer preferences or declining demand within these areas.

The market continues to evolve, with varying trends across different business lines. Insurers must strike a balance between expansion and effective risk management to ensure sustainable performance across all sectors.

Issues arising in the general business

The general insurance business accounts for a larger share of customer complaints, with 77% compared to 23% in the life sector. The primary issues raised include delays in claim settlements, unsatisfactory settlements, and claim rejections. Additionally, fraudulent claims are more common in the general business sector, particularly within the motor and medical lines, which together make up 41.4% of all fraudulent claims observed in 2023. As the industry continues to grow, addressing these challenges is essential to improving the performance of the general business sector.

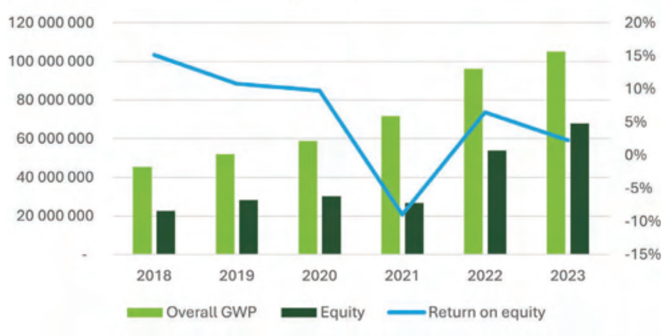
> **"Notably, the aviation sector has recorded the highest compound annual growth rate, driven by emerging trends like drone technology and the expansion of cargo operations.**

Tanzania
Insurance Outlook

Tanzania
Life Insurance

Life insurance industry performance

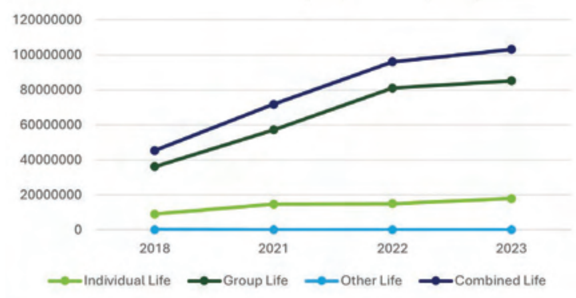
Life insurance industry overall performance



Source: IRA Kenya Industry reports 2015 – 2022

The Tanzanian life insurance industry continued its steady growth in 2023, achieving a GWP of USD 101.3 million, reflecting a 9.2% increase from USD 92.8 million in 2022. This growth was primarily driven by greater policy adoption, alongside contributions from improved digital distribution channels and heightened awareness of the importance of life insurance. However, despite the rise in industry equity, driven by capital injections, there was a decline in profits before taxes by USD 2 million, as detailed below.

Constituents of life insurance industry premiums



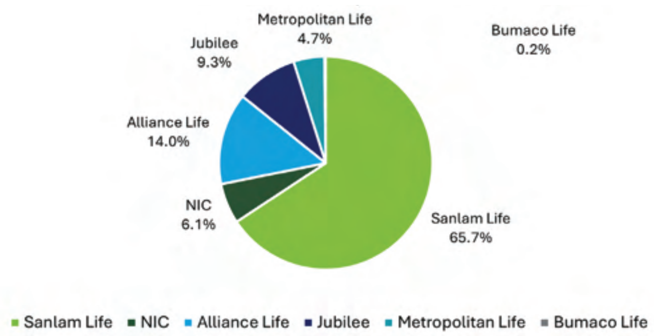
Group life insurance remained the dominant product, contributing USD 83.7 million, with a 5% increase in GWP from 2022. Individual Life Insurance saw a strong 22% increase, growing from USD 14.4 million in 2022 to USD 17.6 million in 2023, its market share increasing to 17.4%. Other Life Insurance remained negligible in contributions, signaling a need for product diversification in the industry.

Profit before tax vs. equity vs. ROE

The lower profitability was attributed to increased claims payouts and lower investment returns, subsequently resulting in a decrease in the return on equity, dropping from 7% in 2022 to 2% in 2023. However, the industry saw a 6.7% increase in total life insurance policies issued, reflecting an improved penetration rate, although still below regional averages.

Competitive landscape

Market participants



Sanlam Life Insurance maintained its leadership in the market, though its market share slightly decreased from 68.2% in 2022 to 65.7% in 2023, indicating growing competition. Alliance Life Assurance strengthened its position, increasing its market share to 13.9%, up by 1.2% from the previous year. NIC Life Insurance, Jubilee Life, and Metropolitan Tanzania Life Assurance together accounted for 20.1% of the market, with minor shifts in the positions of some players. As competition intensifies, insurers are focusing on digital transformation and alternative distribution models to broaden their customer base.

Tanzania
General Insurance

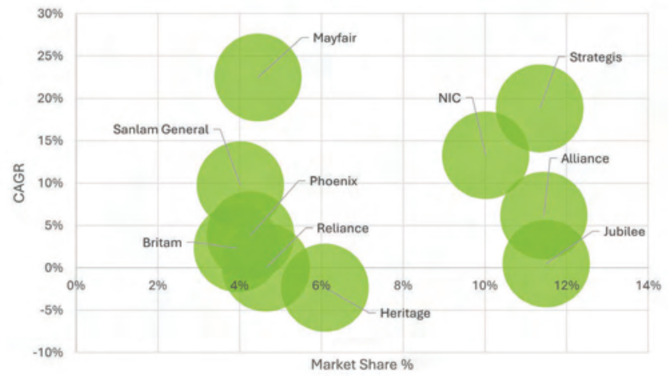
General Insurance industry performance

Non Life industry overall perfomance

Tanzania's general insurance sector saw continued expansion, with its overall GWP increasing to USD 373 million, an 6.2% rise from USD 351.2 million in 2022. Nonetheless, there was an 11% decrease in equity and 7% decrease in overall profit before tax, thereby stagnating the return on equity from year 2022 into year 2023. The decline in profits before tax was attributed to the general insurance industry incurring increased underwriting losses for the year 2023, due to increased frequency of claims and higher underwriting expenses, leading to higher-than-expected payouts.

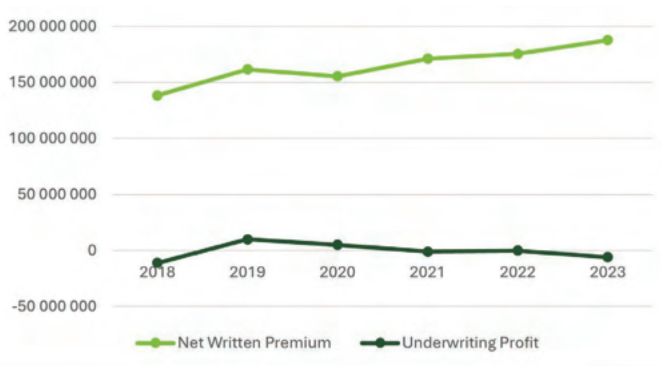
Competitive landscape

Compound annual growth rate vs. market share %



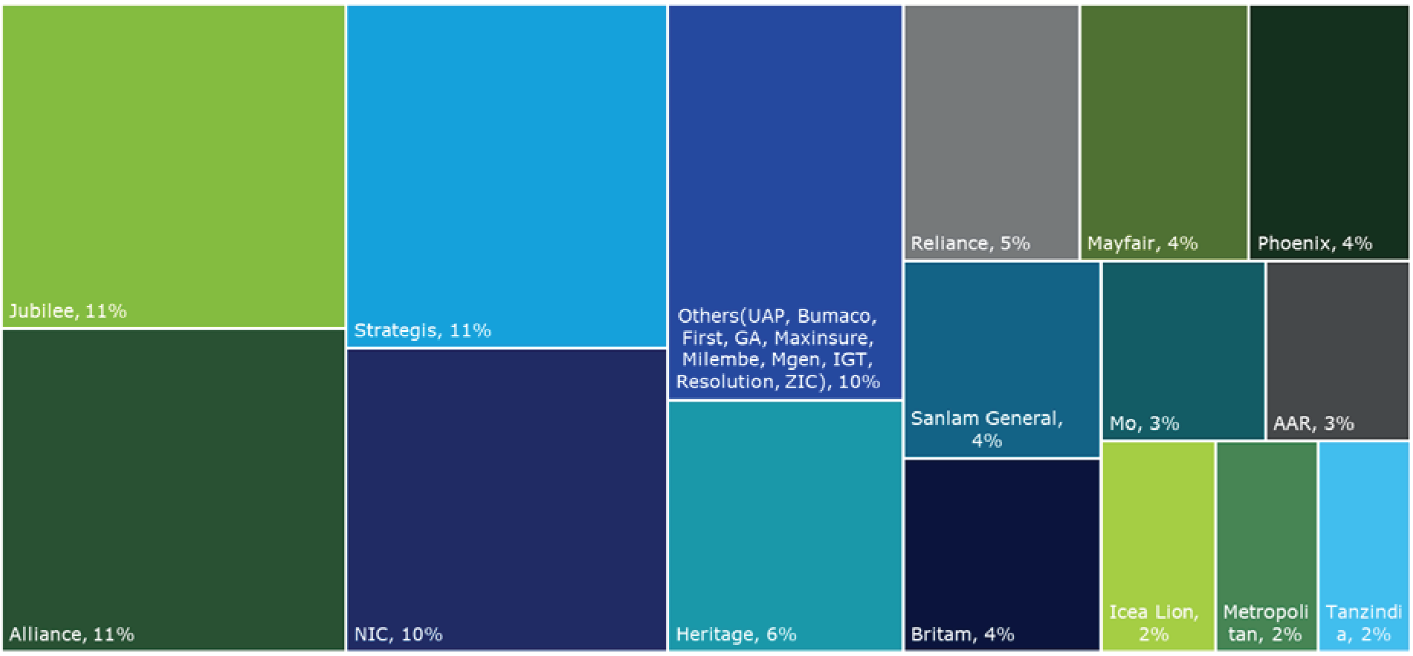
The top 10 general insurers continued to maintain a dominant position, holding over 75% of the total market share. Market consolidation trends persisted, with smaller insurers facing challenges in competing with well-capitalised firms. Jubilee Insurance, Strategis, Alliance Insurance, and NIC General remained the leading players by market share, each demonstrating strong premium growth in the motor, health, and fire insurance sectors. Emerging insurers saw growth, particularly those utilising digital-based insurance models, as they leveraged technology to attract younger, urban policyholders.

NWP vs underwriting profit



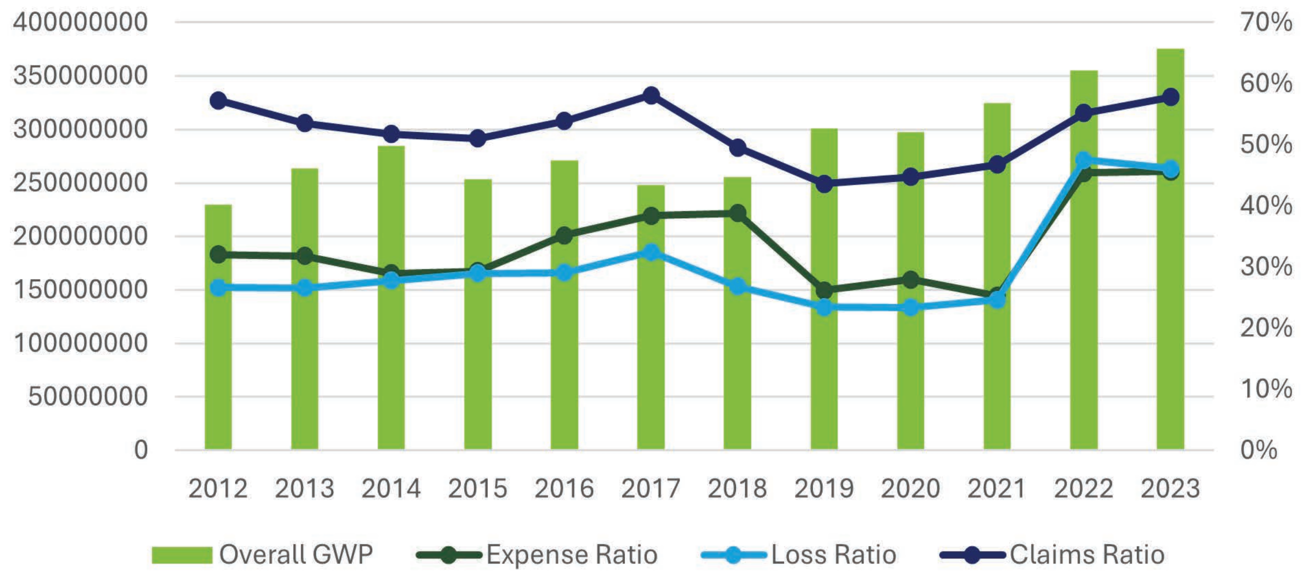
> Emerging insurers saw growth, particularly those utilising digital-based insurance models...

Below is an infographic illustrating the market share distribution among the different insurers.



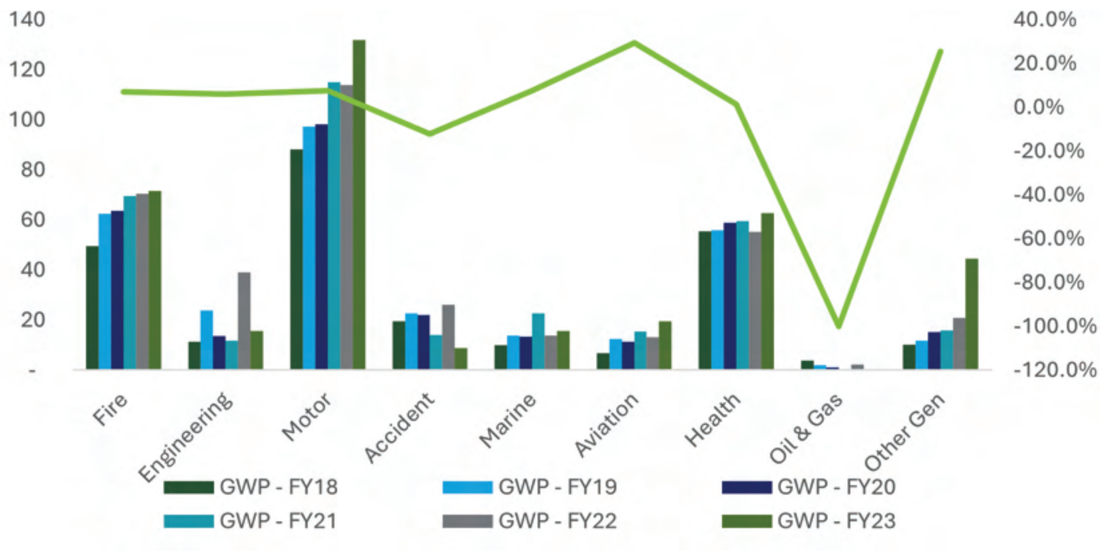
Expense and claims ratio

GWP vs. expense ratio vs. claims ratio vs. loss ratio (USD)



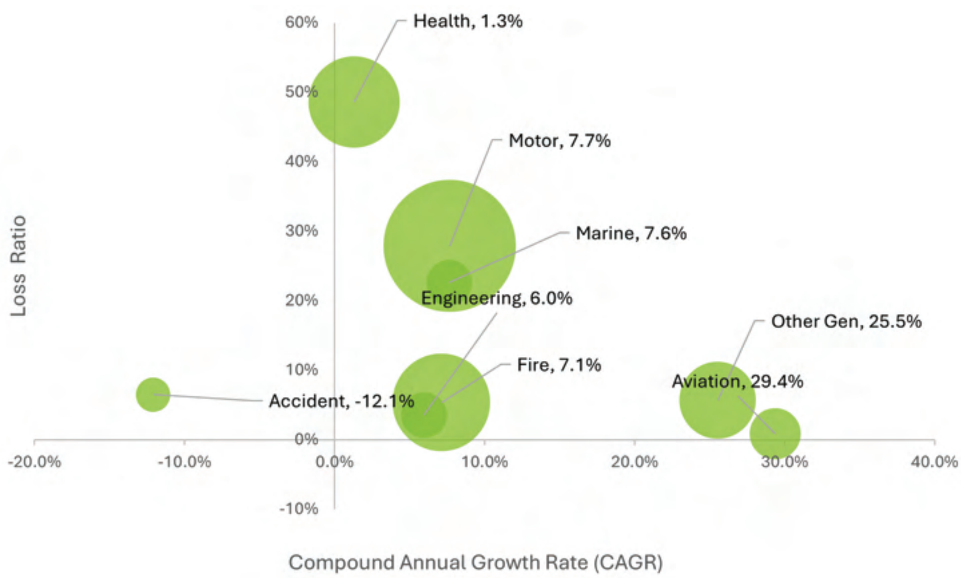
The industry's expense ratio remained steady at 45%, while the claims ratio rose to an average of 57.8% in 2023, up from 55.2% in 2022. This increase was driven by a rise in motor accident claims and escalating healthcare costs. As a result, underwriting losses were incurred for the year 2023.

Performance per class of business



Motor insurance grew by 18.3% year-on-year, reaching USD 130.1 million, maintaining its dominant position with a 34.9% market share. Fire insurance saw a 15.4% increase, totaling USD 68.1 million, primarily driven by the expansion of the real estate sector. Health insurance grew by 14%, reflecting the rising cost of healthcare services and increased demand for health coverage. The engineering sector experienced a 7% increase, driven by ongoing infrastructure projects, while accident insurance showed moderate growth of 5.6%. Rising trade volumes contributed to a 5.7% year-on-year increase in marine insurance, a trend also seen in the aviation insurance market. The oil and gas sector remained a niche market with a growth of USD 2.3 million, showing slow expansion. Other risks grew to USD 44.1 million, driven by emerging insurance needs.

Business class performance in general insurance



The health, motor, and marine insurance sectors experienced the highest loss ratios. Specifically, the loss ratios for private and commercial motor insurance in Kenya are significantly higher compared to those in Tanzania.

Uganda
Insurance Outlook

Uganda
Life Insurance

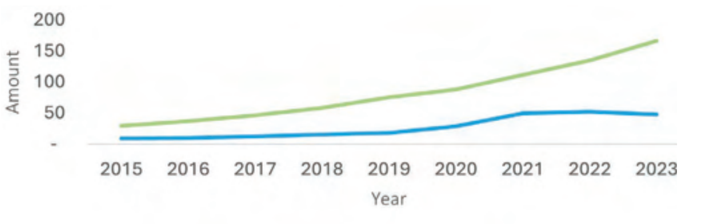
Life insurance industry performance

Uganda Life - net premiums vs incurred claims (USD)

Insurance penetration in Uganda remained relatively stable, reaching 0.867% in 2023, slightly down from 0.885% in 2022. The life insurance segment represents approximately 38% of the total insurance market premium. Currently, eight insurance companies are licensed by the Insurance Regulatory Authority of Uganda (IRA Uganda) to underwrite life insurance in the country.

Since 2016, the life insurance market has seen consistent growth, averaging 24% annually. In 2023, premium revenue grew by 21.9%, reaching USD 166.8 million, up from USD 134 million in 2022. This growth is largely driven by increased efforts to raise awareness about insurance across the region.

Gross premiums vs. incurred claims (USD millions)



Source: IRA Uganda - Annual Industry reports 2015 - 2023

The overall claims payout has been on the rise averaging 29% over the 9-year period from 2015 to 2023. The sharpest increase (72%) in the claims still hovers within the period 2020 to 2021 due to the

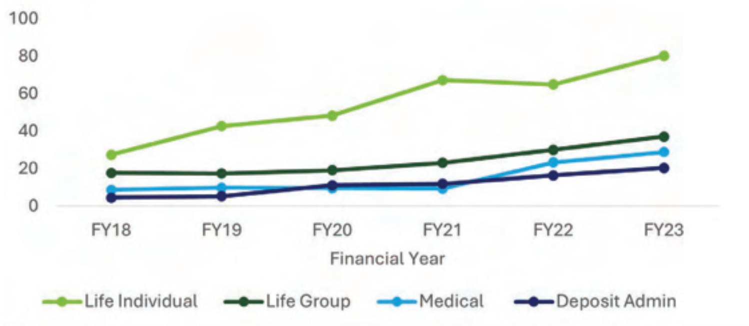
COVID-19 pandemic. However, recorded incurred claims have been on a decreasing trend due to the COVID-19 pandemic. However, recorded incurred claims have been on decreasing trend since then, with a 14% decline from 2021 to 2023, primarily due to the reduced medical claims being reported by insurers and the overall health improvements in the region. This decline in claims has contributed to a 9% increase on the overall net premiums as insurers benefit from a more stable environment. Additionally, the loss ratio has improved by 6% reflecting better underwriting practices and increased policy holder retention rates.

Constituents of life industry premiums

The life market has a relatively small number of players who have a regional and local presence. The product offering provided by these players is relatively small and can be classified into 4 classes namely:

- Individual life
- Group life
- Deposit administration
- Medical

Gross written premium per product (USD millions)



Source: IRA Uganda - Annual Industry reports 2015 - 2023

The individual life policies continue to dominate the life market, closely followed by Group life. There has been a significant growth rate of medical insurance being backed by the National Health Insurance Scheme Bill 2019 earlier implemented in the region.

The products have shown a consistent growth rate over the period 2016 to 2023 averaging 18% for Individual Life, 12% for Group Life, 54% for Medical and 5% for Deposit Administration. Observing the year-on-year change in GWP growth rate during the period, the medical class experienced the highest growth by 13% from a GWP of USD 23M in 2022 to USD 26M in 2023. The Group Life class also experienced growth year on year by 9%.

The strong dominance of individual life products, coupled with the relatively slow growth rates of other offerings, indicates a limited consumer demand for these alternatives. In the long term, insurers could benefit from developing strategies to stimulate demand for the other life insurance products in their portfolios. short term, companies might focus on capitalizing on the demand for individual life insurance by partnering with organizations in different sectors that possess robust distribution

In the short term, companies might focus on capitalising on the demand for individual life insurance by partnering with organisations in different sectors that possess robust distribution networks, enabling them to reach untapped market segments.

Competitive landscape

The IRA Uganda oversees the industry, which comprises eight life insurance providers with a total GWP of USD 166 million. The graph below provides an overview of the respective life insurers' GWP and their CAGR over the past six years.

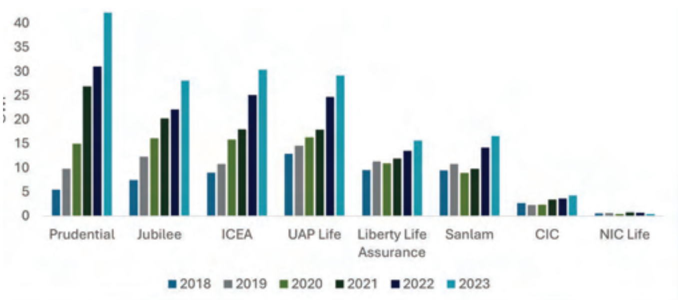
CAGR and GWP (USD millions)

Source: IRA Uganda - Annual Industry reports 2015 - 2023

Prudential Assurance continues to record the highest GWP representing 25% of the market share. The rank further follows up with ICEA Lion Life, Old Mutual Life, Jubilee Life and Sanlam respectively.

The graph below shows the historical GWP for the various life insurers from the period 2015 to 2023.

Life companies listed by yearly GWP (USD millions)



Source: IRA Uganda - Annual Industry reports 2015 - 2023

From 2016 to 2023, nearly all life insurers in the region experienced consistent growth in GWP. This upward trend can be attributed to the effective supervision and liberalisation of the sector by the regulator, as well as increased public awareness of the importance of insurance. Additionally, the adoption of digital platforms for easier access and distribution of insurance products has further contributed to the sector's growth. Overall, the life insurance market experienced a 21.9% growth during this period, largely driven by the expansion of the medical insurance sector. This trend indicates a positive shift, with individuals placing greater emphasis on securing long-term financial stability and protection.

Uganda
General Insurance

General insurance industry performance

Performance of insurance classes of business

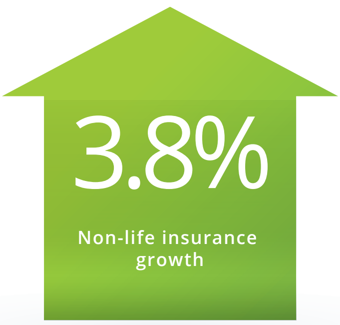
The non-life insurance market has experienced a steady growth of about 3.8% despite the stalled insurance market penetration rate of 0.867% in FY23 and 0.885% in FY22.

According to IRA Uganda the non-life segment accounted to approximately 58% of the total insurance market in 2023, indicating a drop of 4% from the 62% indicated in the previous year 2022. There has been notable increase in the uptake of motor vehicle insurance due to the government's mandatory insurance coverage for all vehicles. Additionally, the ongoing development and urbanisation has led to a greater demand for property insurance, as more individuals and businesses seek to protect their assets. Fire insurance has been consistent also taking up a large chunk of the non-life sector's GWP.

General insurance - NEP and net incurred claims (USD millions)

Source: IRA Uganda - Annual Industry reports 2015 - 2023

Uganda's non-life insurance sector demonstrated steady growth with the total GWP summing up to: USD 247 million up from USD 238 million in 2022. This represents a 3.8% growth rate. This was boosted by the 20 licensed non-life insurers.



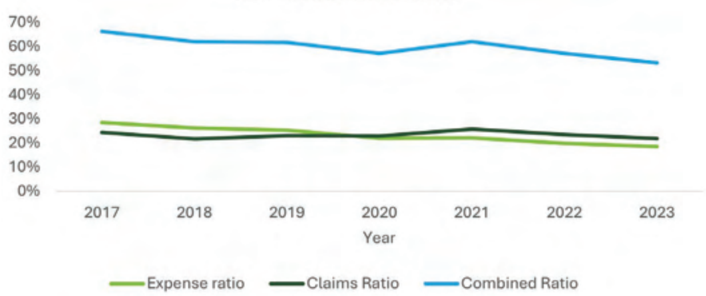
Year-on-year change in incurred claims(USD millions)

Source: IRA Uganda - Annual Industry reports 2015 - 2023

Throughout the year, net incurred claims remained relatively stable. However, the year-on-year variation in net claims fluctuated between -1% and 16%, making it challenging for non-life insurers to accurately predict future claims experience. Macro-economic conditions have played a significant role in shaping Uganda's insurance sector. Inflationary pressures have driven up claim's costs, while the depreciation of the Ugandan shilling has impacted overall profitability for insurers, that depend on premium income and investment returns to sustain operations.

Net earned premiums have increased in line with the growth in GWP over the period. In 2023, net incurred claims remained stable at approximately USD 13.8 million, reflecting a 1% increase from the previous year. The continuous rise in net incurred claims has prompted insurers to strengthen their risk assessment frameworks and refine pricing strategies. However, the increase in net earned premiums has outpaced the rise in net incurred claims, leading to an overall improvement in the industry's loss ratio.

Non-life insurance ratios

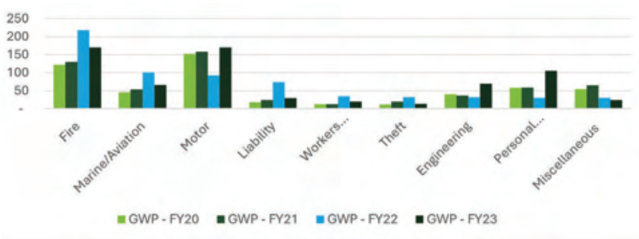


Analysing key industry operating ratios, the expense ratio has averaged 24% over the period, with a steady decline at an average rate of 1.71%. This downward trend suggests increased operational efficiency among industry players. On a year-on-year basis, the expense ratio declined from 20% to 18%.

Similarly, the claims ratio has averaged 23% between 2016 and 2023. However, there was a slight decrease from 23% in 2022 to 22% in 2023, indicating improvements in insurers' risk assessment practices.

Constituents of the non-life industry

Trend in GWP per product



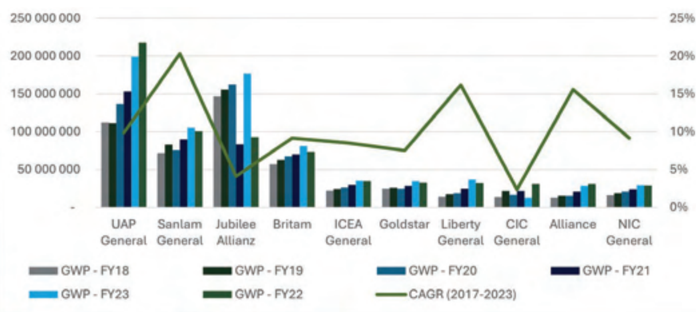
Source: IRA Uganda - Annual Industry reports 2015 - 2023

From the above graph, the Uganda non-life market offers a wide range of products with the top products being motor and fire insurance. These classes have been the dominant classes over the past five years. Motor insurance was a large contributor representing over 13% of the GWP. Other segments recorded stable growth driven by increased infrastructural development in the country.

The top classes account for 52% of the general insurance (GI) gross premiums written. The engineering class of business has experienced the highest CAGR of 13% over the 7-year period of 2017 to 2023. This was closely followed by the liability class of business recorded a CAGR of 11%. Year-on-year, the GWP grew by 16.7% from USD 187 million to 219 million.

Competitive landscape

Trends in GWP top 10 companies



Source: IRA Uganda - Annual Industry reports 2015 - 2023

In 2023, the top five insurers out of 49 held a combined market share of 53.72%. UAP Old Mutual remained the leading non-life insurer in Uganda, followed by Sanlam General in second place, while Jubilee Allianz secured the third position.

Despite Uganda's relatively low insurance penetration, the market presents significant growth opportunities for industry players. The adoption of digital platforms has expanded customer reach, while technological advancements have enhanced insurers' ability to conduct more efficient and precise risk profiling.

Overall, growth in the Ugandan insurance sector has been driven by:

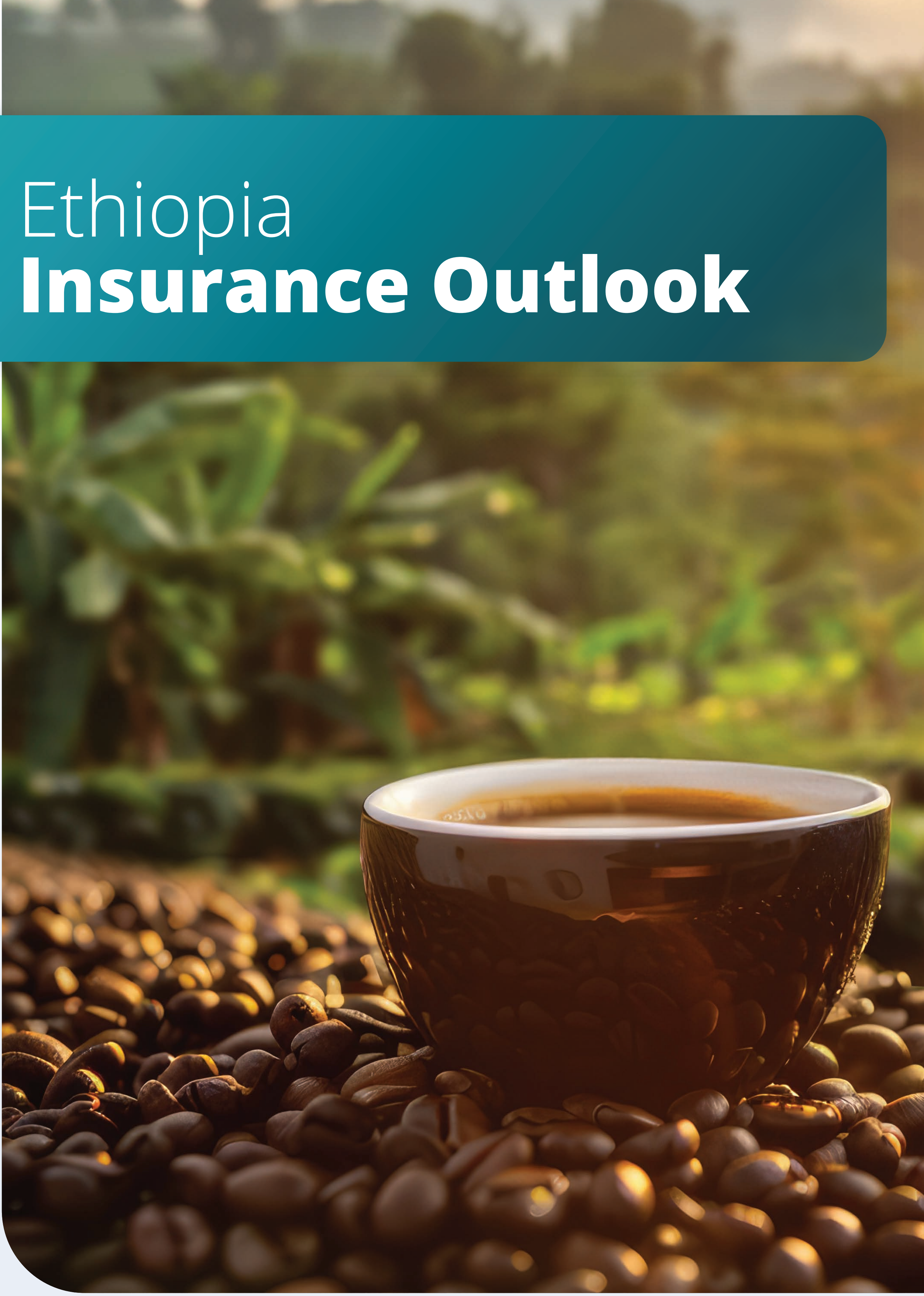
a) Increased risk awareness among individuals and businesses.

b) Investments linked to public sector projects and infrastructure development.

c) Greater public education and awareness initiatives on insurance benefits.

d) Opportunities emerging in new and evolving sectors.

Ethiopia
Insurance Outlook



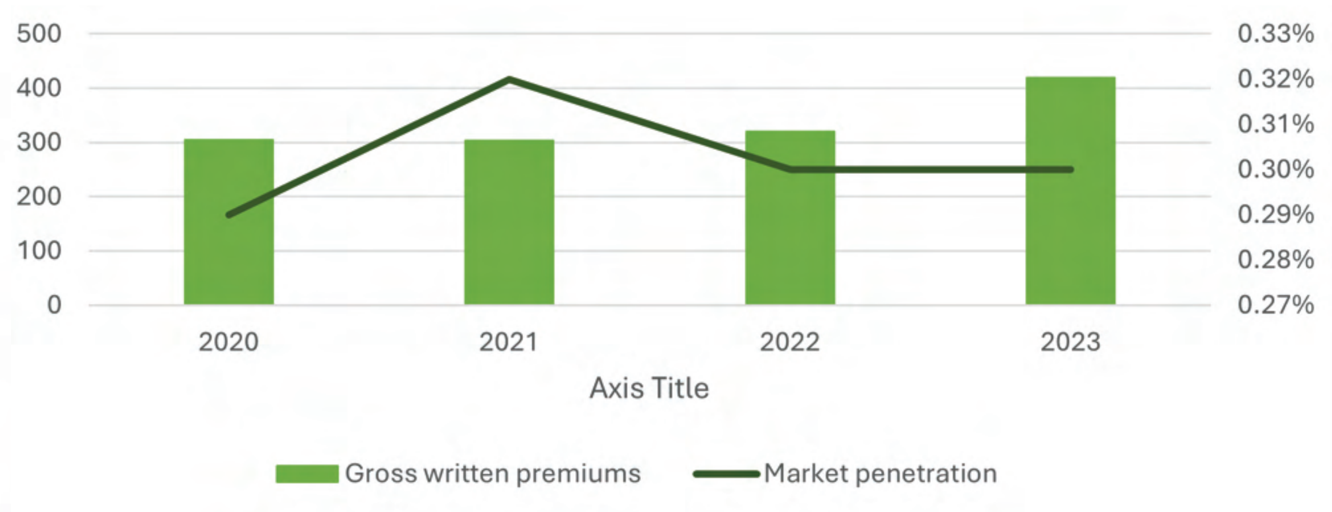
Overview

As of 2025, Ethiopia's insurance industry is undergoing significant regulatory reforms. The government is in the process of establishing an independent insurance regulatory agency, separate from the National Bank of Ethiopia (NBE), with the transition set to be completed by June 2025. This move aims to align the industry with international best practices and address concerns that the NBE's primary focus on banking has hindered the development of the insurance sector. Alongside this, market liberalisation is underway, with plans to open the Ethiopian market to foreign insurers once the independent regulator is in place.

In addition to regulatory changes, the NBE has raised capital requirements for insurers to strengthen financial stability, with existing companies expected to comply by 2027. Furthermore, reforms introduced in 2024 regarding third-party insurance have resulted in higher premiums and expanded coverage, improving policyholder protection. Despite these advancements, Ethiopia's insurance penetration remains low at around 0.3%, and access to insurance products continues to be a challenge. While there is clear progress, the industry still faces regulatory and structural hurdles that need to be addressed for sustainable, long-term growth.

Industry performance

Insurance market penetration

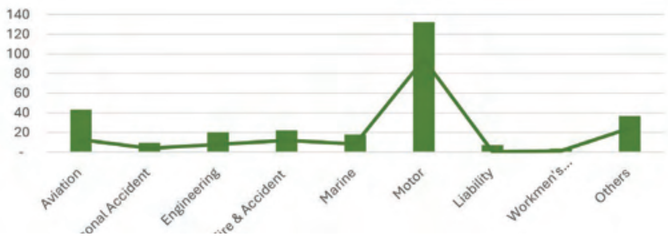


Source: Association of Ethiopian Insurers industry profile reports 2019-2022

Ethiopia's insurance sector remains relatively small compared to the overall economy. The industry continues to have 18 licensed insurance companies and three reinsurers, with the Ethiopian Insurance Corporation (EIC) being the state-owned insurer. While there has been overall premium growth in local currency, the sector has faced challenges in maintaining its value in USD terms, due to currency depreciation. Despite some improvements, insurance penetration remains low, reflecting limited access and awareness of insurance products. Although regulatory reforms and market liberalisation efforts are underway, the impact on penetration rates is yet to be realised.

Ethiopia
General Insurance

Non-life insurance gross written premium

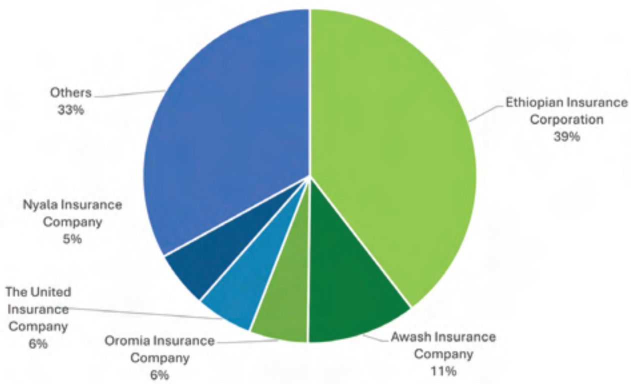


Source: Association of Ethiopian Insurers industry profile reports 2019-2023

Ethiopia's non-life insurance sector continues to dominate the country's insurance market, primarily driven by compulsory coverages such as third-party motor vehicle insurance. In the fiscal year 2023, the sector experienced a slight decline in the GWP as compared to 2022. Motor insurance remained the leading business line due to regulatory requirements, while other general insurance sectors also showed positive trends.

Engineering insurance has continued to expand, supported by ongoing infrastructure development across the country. Although most business classes saw growth, some areas, such as aviation, experienced slower premium increases. This was expected as the industry stabilised following the post-pandemic surge. The sector's overall expansion reflects increased market confidence and the continued impact of regulatory reforms aimed at strengthening Ethiopia's insurance industry.

Market share %



Ethiopia's insurance market has seen notable shifts in market share distribution, reflecting increasing competition and evolving industry trends. Ethiopian Insurance Corporation now dominates the sector with a 39% market share, marking significant growth. Awash Insurance Company remains a key player, holding 11%. Oromia Insurance Company and the United Insurance Company have both strengthened their presence, each securing a 6% share. Nyala Insurance Company holds 5%, while the remaining insurers collectively account for 33% of the market.

These changes reflect the ongoing efforts of private insurers to scale their operations, diversify product offerings, and enhance customer engagement. The increasing competition is expected to drive further innovation and improvements in service delivery. However, the industry continues to face challenges, including regulatory constraints, low insurance penetration, and economic volatility. To navigate this evolving landscape, insurers are likely to adopt more digital solutions and forge strategic partnerships to maintain their competitive edge.

Opportunties and Challenges **in East Africa**

Opportunities

1. Leveraging digital transformation

In the era of the Fourth Industrial Revolution, insurers can harness digital advancements to drive innovation and expand their product offerings.

2. Growth in microinsurance

Through development of affordable and tailored insurance products, insurers can tap into underserved markets, particularly the informal sector, including farmers and small business owners.

3. Cross-industry partnerships

Collaborations with other industries and saccos (Uganda) enable insurers to offer embedded and on-demand insurance solutions, seamlessly integrating short-term or micro policies into services like travel, retail, and fintech platforms.

4. Infrastructure development

Ongoing projects and the development of sectors in the economy necessitate comprehensive insurance coverage, thereby opening new markets.

5. Population growth

The growing population expands the potential customer base for insurance companies.

6. Financial inclusion initiatives

Many East Africans, especially in rural areas, do not have access to traditional banking and insurance services. By leveraging financial inclusion initiatives, insurers can reach millions of uninsured individuals.

Challenges

Intensified market competition
New entrants such as Safaricom, recently licensed as an insurance broker by IRA, and Equity Group's expansion into the sector are increasing competition for traditional insurers.

Rising fraud cases
Fraud remains a persistent challenge, particularly in motor and medical insurance, impacting profitability and trust in the industry.

Evolving regulatory landscape
Frequent policy changes in Kenya have influenced industry growth, with some measures strengthening consumer protection, such as capital solvency requirements. However, compliance with these regulations has posed challenges for smaller insurers and new market entrants.

Low insurance penetration rates
Insurance uptake remains low.

Limited awareness
Many lack understanding of insurance benefits and therefore may not take up insurance policies.

Economic constraints
A substantial portion of East Africa's population has limited disposable income, making life insurance premiums unaffordable for many. This financial barrier is particularly pronounced in low-income and rural households, where the high cost of insurance premiums leads many to forgo coverage.

Trust deficit
Past negative experiences have led to scepticism toward insurers, particularly due to issues in claims settlement and customer service.

Limited product innovation
A limited range of tailored insurance products with most offered services being traditional and generic. This limits the industry's ability to meet evolving customer needs.

Underdeveloped distribution channels
Many insurers still rely on brokers and agents to market their products. This affects market reach particularly in areas where mobile insurance and digital sales channels could increase accessibility.

Low technology adoption
There is still limited use of digital platforms and insure-tech solutions that affects operational efficiency. The lack of tech innovation makes it difficult to reach underserved markets.

How can each sector keep up with rapid change to create opportunities for long-term growth and inclusivity in 2025?

Key Area	Adaptation strategy
Digital and technological integration	• Adopt artificial intelligence (AI) for efficiency - Utilise AI in underwriting, claims automation, and chatbot support to streamline operations. • Enhance security and scalability - Strengthen cybersecurity and leverage cloud computing for data protection and fraud detection.
Workforce reskilling and culture shift	• Upskill workforce - Train employees in AI, data analytics, blockchain, and digital insurance models. • Embrace agility and innovation – Foster a dynamic culture to attract and retain the Gen-Z workforce.
Strengthening governance and compliance	• Strengthen risk management - Implement robust ERM frameworks to navigate economic shocks, regulatory changes, and emerging risks like climate change and cyber threats.
Innovation and change management	• Foster innovation and research - Create innovation hubs and collaborate with academic institutions for R&D. • Engage employees - Promote participation through open forums and incentive programs.
Embrace digitalisation	• Investing in technology can streamline operations, reduce costs, and enhance customer experiences.
Foster partnerships	• Collaborating with fintech companies and other stakeholders can lead to innovative solutions and expanded reach.
Enhanced customer experience	• Insurers can incorporate data analytics into gaining insights on customer behaviour and preferences. This would in turn enable them to make personalised products and communications.
Diversifying investment strategies	• To mitigate market risks, insurers can adapt strategies that reduce their exposure to economic volatility to enhance their portfolio performance.
Promoting financial inclusion	• Insurers can introduce low-cost products that are accessible to rural and underserved populations. They can also conduct financial literacy programs to share knowledge on the value of insurance as a risk management tool.

How can each sector keep up with rapid change to create opportunities for long-term growth and inclusivity in 2025?

Key Area	Transformation strategy
Leveraging technology for accessibility and efficiency	• Utilise digital platforms, AI, and big data analytics to enhance customer experiences. • Develop mobile-based insurance products and integrate blockchain for transparency and fraud prevention.
Microinsurance for financial inclusion	• Offer affordable premiums tailored for low-income earners. • Form partnerships with mobile money platforms (such as, M-Pesa) for premium payments and claims settlements.
Innovative product offerings	• Introduce customised products such as climate risk insurance for farmers, cybersecurity insurance, and health and wellness insurance with preventive care incentives. • Tailoring/customisation of insurance offerings to meet the needs of low-income populations can bridge the protection gap.
Regulatory adaptation and compliance	• Stay updated with evolving regulatory requirements. • Advocate for policies that support innovation and inclusivity and engage in public-private partnerships.
Customer-centric approach	• Develop personalised insurance solutions based on customer lifestyles and financial status. • Enhance claims processing efficiency and educate customers on insurance benefits.
Sustainable and ethical investments	• Invest in green insurance products and social impact policies aligned with the UN Sustainable Development Goals (SDGs). • Implement ethical business practices to build trust and credibility.
Education campaigns	• Raising awareness about the benefits of insurance can build trust and encourage adoption.
Claim management	• To increase retention rates and transparency, insurers can streamline their processes using digital tools thereby reducing the turnaround times for claims processing.

Emerging Trends
in the insurance industry

In this section, we will discuss the upcoming trends in the insurance industry. The industry is undergoing an evolution in the way companies need to operate to succeed in this ever-changing landscape with several key trends shaping this transformation.

- **AI's transformative journey**
- **ESG and climate change impact**
- **Optimising insurance across demographics**
- **IFRS 17**
- **Regulatory environment**

AI's transformative journey

What comes to mind when you think of AI? Typically, most people think of advanced robots, self-driving cars like Tesla or even chatbots that can hold human-like conversations like ChatGPT. This is because as humans we are naturally drawn to tangible, visible innovations. We picture AI in physical forms rather than the complex systems running behind the scene. While these are some of the most visible applications, AI's true power lies in something less flashy but far more critical; data.

Without high quality data, even the most sophisticated AI models would be ineffective. Data is the foundation that enables AI to learn, adapt and generate meaningful insights, making the driving force behind innovation in industries ranging from health care to insurance. For AI to truly deliver value, data systems must be carefully managed at every stage, from collection to processing, storage and governance. In this section we delve into the role of data in shaping AI's effectiveness and reliability.

Big Data is like a goldmine for today's businesses and it's especially valuable for enhancing risk assessment, customer engagement and operational efficiency. There has been a shift from traditional data, which involved structured data that is easy to manage and process to big data that is large unstructured data that is complex to process.

With the growth of technology, many opportunities have come up on how to collect data. They include sources such as telematics, social media activity, and external factors such as weather patterns.

Telematics make use of sensory data collected through IoT devices. Internet of things(IoT) devices are such as wearable smart watches, drones, smoke detectors or black boxes that can track driving habits.

For the social media activity, insurance companies can partner with other companies in data modernisation to increase their market understanding. Platforms such as Safaricom that have leveraged on mobile activity as a source of data have now been licensed to carry out insurance services in Kenya. Their access to large volumes of Big data gives them a competitive advantage in the insurance space, which will cause a revolution as we have seen in the financial space due to M-Pesa.

To remain competitive, insurance companies need to increase their data to understand the market they serve and come up with innovative solutions on how to serve them. To do this well, you need the right technologies such as application programming interface (API) to pull data from applications and sensors or secure systems to keep the data safe and legal.

Data management in insurance begins the moment information is collected, but what sets modern insurers apart is how they store, structure, and utilise that data. Every insurance company holds vast amounts of information ranging from customer policies and claims histories to risk models and financial forecasts. However, the effectiveness of these data assets depends on a well-architected infrastructure that supports scalability, flexibility, and security.

Building the right data architecture

Traditionally, insurers relied on siloed, on-premises databases that created rigid and fragmented data storage systems. As digital transformation accelerates, many have migrated to cloud-based or hybrid models, yet challenges persist, especially when data remains trapped in departmental silos and legacy systems. Simply shifting to the cloud without a clear strategy does not solve these issues; it merely creates new silos instead of integrating data into a unified system.

To address this, modern insurers are adopting data lakehouse architectures, which break down the barriers between data storage, AI, and governance.

Think of it like a highly efficient airport where passengers (data) are properly screened, directed, and routed to their destinations without unnecessary delays or confusion. A data lakehouse consolidates, cleans, and structures information, allowing insurers to train, test, and fine-tune AI models with precision. It also enables real-time analytics providing a competitive edge in a fast-moving market. More importantly, strong governance ensures transparency, compliance, and full traceability of data and AI pipelines, helping insurers build trust with regulators and policyholders alike.

By combining the flexibility of data lakes with the structured efficiency of data warehouses, this approach offers unmatched scalability, performance, and cost-effectiveness. In an industry where speed, accuracy, and trust are paramount, a well-designed data lakehouse is not just an advantage, it is the gold standard for modern insurance companies looking to lead in the age of AI.

Data governance and security

Effective data management extends beyond storage it requires strong governance to ensure compliance, security, and reliability. Insurers must establish governance frameworks that structure data from the outset to enable accurate insights, define access controls to regulate who can access sensitive customer information, and implement ongoing monitoring to track data usage and detect inconsistencies or potential risks. With clear governance policies in place, insurers can confidently leverage data for underwriting, claims processing, and risk assessment without exposing themselves to compliance violations or data breaches.

Leveraging AI for competitive advantage

Many insurance companies are still struggling to move beyond isolated AI prototypes to fully integrating generative AI into their operations. The challenge is not just adopting AI, it is customising models with proprietary data and deploying them at scale.

There are two primary ways to tailor AI for insurance:

- **Tuning AI models -** This involves training AI with internal datasets so that it understands industry-specific terminology, underwriting logic, and claims processing nuances. This ensures AI-generated responses align with the company's language and decision-making frameworks.
- **Retrieval-augmented generation (RAG) -** Rather than modifying the AI model itself, RAG pulls real-time information from a curated enterprise knowledge base, ensuring AI-generated responses are factually grounded and compliant with regulatory standards.

By integrating generative AI into policy recommendations, claims assessments, fraud detection, and customer service, insurers can enhance decision-making, reduce costs, and personalise customer experiences. However, without a strong governance foundation, AI deployment could introduce new risks, such as data exposure or biased decision-making.

The future of data-driven insurance

The insurance industry is rapidly shifting from rigid, monolithic architectures to flexible, open, and interoperable systems. This new approach allows insurers to leverage the right tools for the right tasks, whether it is using one platform for data ingestion and transformation, another for interactive analytics, and yet another for embedding policy documents as vectors for AI-driven applications.

Ultimately, insurers that invest in a well-governed, scalable, and transparent data ecosystem will lead the industry. The key is not just having vast amounts of data but rather it is about structuring and utilising it effectively to drive smarter decision-making and innovation.

AI is revolutionising industries across the board, and insurance is no exception. It is reshaping the insurance industry in ways that go far beyond simple automation. While the backbone of AI lies in data, its most transformative impact in insurance comes from AI agents - intelligent systems that can analyse vast amounts of information, automate complex processes, and enhance decision-making. These AI-driven innovations are reshaping how insurers assess risk, handle claims, and interact with customers, making operations more efficient, personalised, and scalable.

Smarter underwriting with AI-powered risk assessment

Underwriting has traditionally relied on historical data and actuarial models. However, AI takes this to the next level by incorporating real-time data, predictive analytics, and machine learning models that continuously refine their risk assessments. AI-driven underwriting agents pull information from diverse sources, such as telematics data from vehicles, electronic health records, satellite imagery for property insurance, credit scores, social media activity, and IoT sensor data from homes and businesses. These AI agents do not just assess risk based on past trends, but they analyse real-time behavioural data, enabling insurers to price policies dynamically, as well as reduce the time needed for policy approvals.

Additionally, AI agents can adjust insurance premiums based on real-time behavioural data, offering more personalised pricing. Predictive models can identify high-risk policyholders early, allowing insurers to suggest preventive measures to mitigate potential risks. For instance, in auto insurance, telematics devices track driving behaviour in real-time, rewarding safe drivers with lower premiums while increasing rates for risky behaviour. In health insurance, wearable devices provide insights into an individual's fitness levels, sleep patterns, and vital signs, allowing for more personalised coverage options. AI even helps insurers predict future claims by identifying policyholders at risk of accidents or illnesses. The result is a more precise, fair, and data-driven approach to underwriting that benefits both insurers and customers.

AI-driven claims processing

Claims processing has long been one of the most frustrating aspects of insurance for both companies and policyholders. Traditionally, claims require extensive documentation, manual reviews, and human intervention at multiple stages, leading to delays and inefficiencies. AI is completely transforming this process by automating claims assessment, verification, and payouts, reducing settlement times from weeks to just hours, or even minutes.

AI-powered claims, agents use computer vision to analyse images of damaged property or vehicles and estimate repair costs instantly. For example, an AI model trained on millions of car accident photos can determine the severity of vehicle damage and suggest the appropriate claim payout without human involvement. Optical character recognition (OCR) and natural language processing (NLP) extract critical information from claims forms, medical reports, and legal documents, minimising paperwork and human error. Additionally, AI chatbots assist customers in filing claims, guiding them step by step and reducing the likelihood of errors or missing information.

Not only does AI make claims faster, but also makes them more transparent. Blockchain-integrated AI systems can create a tamper-proof record of claims data, ensuring that all transactions are verifiable and secure. This transparency helps build trust between insurers and policyholders, reducing disputes and enhancing customer satisfaction.

AI's role in fraud detection

Insurance fraud is a major challenge, costing the industry billions of dollars annually. Traditional fraud detection methods rely on manual audits and predefined rules, making it easy for sophisticated fraudsters to find loopholes. AI, however, has the capability to detect fraudulent activities in real-time by analysing vast datasets and identifying suspicious behaviours that human analysts might overlook.

AI-powered fraud detection models assess claims for inconsistencies, anomalies, and behavioural red flags. Machine learning algorithms compare new claims with historical fraud cases, flagging those that show similar suspicious patterns. For example, if a claimant submits multiple claims under different identities or exaggerates damages across multiple insurers, AI can detect these irregularities by cross-referencing data from different sources.

Voice and facial recognition technologies add an additional layer of security. When a claimant contacts an insurer's call center, AI-driven voice analysis can detect stress levels or inconsistencies that indicate potential deception. Similarly, facial recognition can verify a policyholder's identity during video claim submissions, reducing impersonation fraud.

Insurers are also using AI in combination with network analysis to uncover fraud rings, organised groups that stage accidents, or manipulate claims. AI identifies hidden connections between claimants, medical providers, and repair shops that might be working together to commit fraud. By preventing fraudulent payouts, insurers can keep premiums lower for honest policyholders while strengthening overall industry integrity.

AI-powered customer engagement

Customer expectations in insurance are evolving rapidly, with policyholders demanding faster responses, personalised recommendations, and seamless digital interactions. AI-powered virtual assistants and chatbots are addressing these demands by providing 24/7 customer support, reducing wait times, and improving overall satisfaction.

Unlike traditional automated responses, AI-driven chatbots use advanced NLP to understand complex queries, engage in meaningful conversations, and provide customised solutions. For example, an AI assistant can help customers compare policy options based on their unique needs, explain coverage details, and even guide them through the claims filing process.

> **Some AI systems use sentiment analysis to detect frustration in a customer's tone and escalate the issue to a human representative before dissatisfaction escalates.**

Some AI systems use sentiment analysis to detect frustration in a customer's tone and escalate the issue to a human representative before dissatisfaction escalates.

AI also enables insurers to engage with customers proactively. Instead of simply reacting to policyholder inquiries, AI anticipates customer needs by sending timely reminders for policy renewals, personalised risk-mitigation tips, and recommendations for additional coverage based on life events. For example, if a customer recently purchased a home, AI can suggest home insurance policies tailored to their property type and location. This level of proactive engagement not only strengthens customer loyalty but also increases cross-selling opportunities for insurers.

AI in regulatory compliance

Navigating complex regulatory requirements is a major challenge for insurers, as compliance laws are constantly evolving. AI is playing a crucial role in automating compliance monitoring, reducing risks, and ensuring insurers meet industry standards. AI agents continuously scan legal updates and regulatory changes, alerting insurers to necessary adjustments in policies and procedures.

Generative AI is also being used to draft policy documents tailored to individual customers while ensuring compliance with legal frameworks. AI-powered document analysis tools review contracts for discrepancies, flagging clauses that may not align with industry regulations. This automation reduces the need for manual compliance checks, minimising the risk of legal penalties and operational disruptions. It also helps insurers adapt quickly to new regulations, keeping them ahead of compliance challenges.

The future of AI-embedded insurance

The future of insurance is increasingly AI-driven, with embedded AI solutions making coverage more accessible and intuitive. Insurers are integrating AI-powered policies into digital platforms, offering seamless protection at the point of need. For example, when booking a flight, AI can automatically offer personalized travel insurance based on trip details, weather conditions, and traveller history.

Similarly, AI-driven microinsurance models provide real-time coverage for specific activities, such as pay-as-you-drive auto insurance, where premiums adjust dynamically based on driving behaviour.

Autonomous claims handling is another emerging trend, where AI agents manage the entire claims process from submission to payout with minimal human intervention. This shift will drastically reduce operational costs while improving accuracy and efficiency.

To sum up, AI is not just a tool for automation. It is a game-changer that is reshaping the entire insurance landscape.

> AI agents are transforming underwriting, claims processing, fraud detection, and customer engagement, making insurance more precise, efficient, and customer centric.

As AI continues to evolve, insurers that embrace these technologies will gain a significant competitive advantage, positioning themselves at the forefront of innovation in a rapidly changing industry. The future of insurance belongs to those who leverage AI not just to streamline operations but to redefine the very nature of risk assessment, customer interaction, and claims management.

Environmental, social, and governance (ESG) and climate change impact

ESG is framed as the universe of topics that reflect areas of performance management around impacts and dependencies of the business on society and the environment.

Environmental: Assesses the risk of a company and its suppliers / partners from potential or actual changes to the physical or natural environment and its impact on the physical environment.

Social: Assesses a company's relative social impact and associated risk from potential or actual changes on surrounding community and workers, including from its direct and indirect employees, customers and the communities in which it operates.

Governance: Assesses the timing and quality of decision making, governance structure and the distribution of rights and responsibilities across different stakeholder groups, in service of positive societal impact and risk mitigation.

ESG factors have become increasingly critical in the insurance industry. Underwriters need to understand the impact of ESG risks on insurance portfolios and how to incorporate them into their underwriting processes effectively.

ESG in insurance - The business case

ESG considerations are core to business strategy for insurers and drive value and the license to operate.

The insurance industry is encouraged to integrate ESG principles into its core strategies to drive growth, ensure long-term viability, and deliver sustainable dividends. By embedding ESG across the entire value chain, insurers can differentiate themselves in the market, strengthen stakeholder trust, and secure a competitive edge. This includes incorporating ESG stress testing in underwriting, aligning investment portfolios with sustainability objectives, and promoting ESG-related initiatives through product pricing and internal operations. Leveraging ESG opportunities would be crucial in shaping insurers' growth strategies, safeguarding future resilience, and delivering long-term value to stakeholders.

Insurers face mounting pressure to address evolving regulatory, financial, and reputational risks while managing stakeholder expectations. A well-defined ESG strategy that spans the entire insurance value chain - supported by key enablers for successful implementation - can help insurers make a meaningful impact on their organisations, communities, and the broader economy.

While each insurer's ESG journey will be unique, a structured approach can begin with three key steps:

- Finding your organisations why.
- What you can focus on across the insurance value chain.
- How you can mobilise to execute on your strategy.

Insurers should think about where they can differentiate across the value chain to connect ESG with their purpose and strategy, and initiate change across the enterprise. Once an organisation has aligned on the ***why*** and ***what*** of its ESG strategy, the next step is to focus on ***how*** to operationalise their ESG strategy and make it work in practice.

ESG reporting

ESG considerations can be seamlessly integrated into every operational and functional area of the insurer. Insurers investing in robust data management and ESG reporting capabilities is essential for informed decision-making and effective communication with both internal and external stakeholders.

ESG reporting involves disclosing an organisation's strategic approach, risks, opportunities, performance, and impacts-along with progress toward sustainability goals. This process highlights material non-financial metrics across ESG aspects, providing a transparent view of an organisation's ESG commitments.

The ESG reporting environment has become increasingly complex, with multiple standards, frameworks, and rating systems evolving over time. However, recent trends indicate a movement toward convergence.

Among the most widely adopted ESG reporting frameworks are:

- The Global Reporting Initiative (GRI) - A framework for sustainability reporting across various ESG aspects.
- ISSB IFRS S1 & S2 Standards - International standards focusing on sustainability-related (S1) and climate-related disclosures (S2).

Organisations may choose to adopt elements from multiple frameworks to align with their ESG goals. However, balancing compliance with flexibility is key, as each additional framework introduces complexity. Selecting a reporting approach that resonates with a broad stakeholder base can enhance transparency and credibility.

By proactively integrating ESG strategies and embracing a structured approach to reporting, insurers can navigate evolving expectations while strengthening their long-term sustainability and market position.

Climate change is rapidly becoming a defining factor in shaping the global and regional insurance landscape affecting both life and non-life insurance sectors. The rising frequency and intensity of climate-related risks is presenting significant challenges for the insurance sector, compelling insurers to reassess their risk models, product offerings, and investment strategies. The consequences of climate change are evident in underwriting processes, claims management, and the overall stability of the market. In particular, the financial burden is already apparent in sectors such as property, agriculture, and motor insurance, where climate-induced damage has led to higher loss ratios. The health insurance sector has also been significantly affected by climate change, as it exacerbates health risks linked to rising temperatures and pollution. The has led to increased claims pushing insurers to adjust their actuarial models to account for changes in mortality rates and morbidity influencing premium pricing and underwriting practices.

Regulatory bodies have been advocating for the incorporation of climate risk considerations into insurers' solvency assessments and pricing models. Regulatory frameworks are evolving to support public-private partnerships that enhance coverage for climate-induced disasters, with the goal of increasing resilience within vulnerable communities. There is a growing push for the mandatory introduction of climate insurance policies in high-risk industries that are more vulnerable to environmental risks, such as agriculture and construction. These regulatory shifts are pushing insurers to integrate climate-related risks into their operations more comprehensively.

Insurers are increasingly aligning their investment portfolios with ESG principles. By directing funds toward sustainable projects, such as renewable energy, climate-resilient infrastructure, and green bonds, insurers are not only managing long-term financial risks but also contributing to broader climate adaptation efforts. Looking ahead, the industry is expected to prioritise investments in sectors that foster climate resilience and sustainability, ensuring greater stability and reducing exposure to the uncertainties brought about by climate change.

the uncertainties brought about by climate change.

Technological advancements, particularly in data analytics and AI, are revolutionizing climate risk modelling. These innovations enable insurers to predict environmental hazards with greater precision, enhance their underwriting processes, and develop more effective risk mitigation strategies. AI-driven predictive modelling plays a key role in assessing climate-related risks, allowing insurers to adjust their pricing structures and coverage terms to more accurately reflect the evolving risks posed by climate change.

Opportunities exist in the market, including cyber insurance to address digital; risks, agricultural insurance to stabilise incomes against climate impacts, insurtech solutions for improved service delivery; and collaborations with SACCOs to extend reach to underserved markets.

However, challenges persist, such as:

- Limited product innovation.
- Low technology adoption.
- And under-developed distribution channels, which restrict market growth and access.

To adapt to rapid changes, insurers need to enhance customer experiences through data driven insights, diversify investment strategies to mitigate risks, and promote financial inclusion by introducing low cost, accessible insurance products and conducting financial literacy programs.

To create opportunities for long term growth in 2025, insurers can focus on product customisation, expanding their distribution through bancassurance, investing in green bonds and climate resilient projects, and streamlining claims management using digital tools. Innovative insurance products that address climate risks include green insurance with eco-friendly incentives, disaster risk insurance to cover natural catastrophes, partnerships with local cooperatives and NGO's to extend reach, and parametric insurance products particularly in agriculture, to offer swift financial relief based on specific weather triggers.

By adopting these strategies, the insurance industry in East Africa can effectively manage climate risk and contribute to broader socio-economic stability, aligning with global sustainability objectives while still adapting to a rapidly changing environment.

Optimising insurance across demographics

Enhancing customer experience across different demographics in East Africa

The insurance industry in East Africa is undergoing rapid transformation, driven by changing customer expectations, digital advancements, and economic shifts. Customer experience has become a critical factor in determining an insurer's success, particularly as needs vary across different age groups and regions. Understanding these variations and implementing strategies that enhance customer engagement can significantly improve insurance penetration and satisfaction.

Customer experience differs by age group

Young adults (18–35 years) prefer digital and mobile-first interactions, demanding quick responses, simplified onboarding, and transparent policies. This demographic is price-sensitive but willing to try innovative solutions like microinsurance.

Middle-aged customers (36–55 years) seek a mix of digital and in-person interactions, prioritising long-term financial security with health, life, and pension insurance. They value advice over price.

Older adults (55+ years) prefer face-to-face engagements and simplified products with clear terms. They trust established insurers and expect strong post-sale support, especially during claims processing.

Regional differences also shape customer expectations

Urban customers in cities like Nairobi, Kampala, Addis Ababa, and Dar es Salaam have high digital adoption and demand seamless, 24/7 self-service options. In contrast, rural customers rely on in-person interactions due to limited digital access and lower insurance awareness. Affordability is a major concern in these areas, making flexible and low-premium options necessary.

Several insurers in East Africa have successfully implemented these strategies. Britam Kenya has streamlined digital onboarding and claims processing, while Airtel Tigo and BIMA in Tanzania offer mobile insurance tied to airtime usage, making it more accessible to low-income groups. Jubilee Insurance Uganda provides hybrid services, combining digital self-service with in-person agent support. Pula, an agricultural insurance provider, leverages satellite data to trigger automatic claims for farmers and integrates mobile payments for premium collection.

Recommendations to insurers

Insurers should integrate digital and mobile solutions by developing user-friendly applications, WhatsApp chatbots, and SMS-based services for low-tech regions. Simplifying insurance products and introducing microinsurance or pay-as-you-go models can make policies more accessible. Hybrid customer engagement is also essential — while digital channels should be strengthened, physical branches, and agent networks remain crucial for trust-building and financial literacy, especially in rural areas.

Speeding up claims processing is another key improvement area.

AI-driven claims automation can enhance efficiency in urban centers, while USSD-based claims tracking can serve rural customers with limited smartphone access. Personalisation through data analytics can help insurers offer tailored products, such as usage-based auto insurance or embedded insurance linked to mobile loans. Partnerships with mobile network operators like M-Pesa and Airtel Money can also help distribute insurance more effectively.

In conclusion, insurers in East Africa must balance digital transformation with personalised service, to meet the diverse needs of customers. By focusing on affordability, convenience, and customer education, they can build trust, enhance experience, and drive higher insurance adoption across all demographics.

IFRS 17

Reporting under IFRS 17 has now become an integral part of operations for insurers in East Africa and the globe, reshaping the way the industry operates and how it reports its financials. While the initial adoption of the standard presented significant challenges, including the complexities of contract grouping, risk assessment, and revenue recognition, insurers have now largely overcome these hurdles. The transition, once marked by uncertainty, is now becoming more seamless, and its integration into daily operations is increasingly smooth.

Post-Implementation

Challenges facing the implementation of IFRS 17

1. Resistance to change

Many professionals within the insurance industry have exhibited reluctance toward adopting IFRS 17, primarily due to the significant changes it introduces to established accounting practices. This resistance stems from a comfort with existing systems and apprehension about the complexities of the new standard. Some executives viewed it as an accounting-driven initiative rather than a business-improving change. This has led to delays in implementation of IFRS 17 centric KPIs for many insurers.

2. Skill gaps

The intricate nature of IFRS 17 demands a deep understanding of both accounting and actuarial principles. However, there is a notable shortage of professionals equipped with the requisite expertise to effectively implement the standard. This deficiency has led to challenges in comprehending and applying the new requirements.

3. System overhauls

Implementing IFRS 17 necessitates substantial modifications to existing IT infrastructures. Insurers have had to invest in new systems or upgrade current ones to accommodate the standard's detailed reporting requirements, posing financial and operational challenges. Some smaller firms lacked the financial capacity, leading to reliance on manual processes that slowed compliance.

4. Data management

The standard requires granular data, compelling insurers to enhance their data collection, storage, and analysis capabilities. Many companies have struggled with data quality and the integration of disparate data sources to meet these stringent requirements.

5. Actuarial and accounting Integration

IFRS 17 blurs the lines between actuarial and accounting functions, requiring close collaboration. This convergence has been challenging due to differences in methodologies and terminologies between the two disciplines. Smaller insurers faced a lack of in-house actuarial teams, forcing them to outsource services. This increased costs and created delays in financial reporting.

Despite the initial hurdles, the transition to business-as-usual (BAU) operations under IFRS 17 has driven significant improvements across the industry. Insurers have refined their internal processes, systems, and reporting strategies, leading to more transparent and standardised financial statements.

This shift has prompted insurers to rethink their approaches to accounting, actuarial modeling, and profitability measurement, replacing the simpler IFRS 4 framework with a more rigorous and detailed reporting system. As a result, financial statements now provide greater clarity and reliability, benefiting both insurers and stakeholders.

One of the most notable transformations under IFRS 17 has been in how insurers group contracts and define portfolios. Initially, there were debates over the treatment of various products such as unit-linked, deposit administration, and microinsurance policies.

Over time, insurers have developed more precise methodologies for grouping contracts based on risk exposure, policy features, and coverage terms. This refined approach has enhanced financial comparability across the industry and improved transparency.

As a result, trust among regulators, investors, and other stakeholders has strengthened, with financial reporting now characterised by consistency and credibility.

One of the most significant outcomes of IFRS 17 implementation has been the reduction in equity volatility that insurers initially faced. The shift from IFRS 4 to IFRS 17 led to noticeable fluctuations in profits and equity during the early stages. However, as insurers adapted to the new standard, these fluctuations have stabilised, enabling them to manage transition effects more effectively. This stability has resulted in more predictable financial outcomes, reinforcing investor confidence in the long-term benefits of IFRS 17. With improved transparency, investors now have greater assurance regarding the financial health and resilience of insurers, recognising that the standard provides a clearer view of profitability and overall performance.

Beyond financial reporting enhancements, IFRS 17 has driven significant operational efficiencies. Insurers have strengthened their technological infrastructure to meet the standard's rigorous reporting requirements. These advancements have accelerated financial reporting processes, improved accuracy, and streamlined audits. By automating key reporting functions, insurers have minimised manual effort, allowing teams to focus more on strategic decision-making and long-term planning. This shift has not only optimised resource utilisation but also improved the agility of insurers in responding to market dynamics.

Additionally, the increased transparency under IFRS 17 has strengthened communication with key stakeholders. Clearer disclosures on risk management and revenue recognition have fostered stronger relationships with regulators, investors, and policyholders. Stakeholders now have a deeper understanding of insurers' financial positions and risk-handling strategies, enabling them to make more informed decisions. This improved communication has contributed to greater market stability and reinforced confidence in the financial reporting of insurers.

Looking ahead, insurers in East Africa will focus on further refining their IFRS 17 models.

Key priorities include:

- Optimising actuarial models
- Strengthening internal controls
- Leveraging data analytics

As data analytics evolves, insurers will make more informed, data-driven decisions on pricing, reserves, and capital management improving risk management and profitability.

Ongoing collaboration with regulators will be essential to ensure compliance and address emerging challenges as the industry adapts to the new standard. By refining their processes and embracing innovation, insurers will position themselves for long-term stability and growth in an increasingly dynamic market.

Regulatory environment

The regulatory landscape for the insurance sector in East Africa is undergoing significant transformation, with several key changes that are reshaping the market and creating new opportunities for growth and innovation. These developments are not only aimed at improving access to insurance, but also at strengthening regulatory oversight and promoting financial inclusion across the region.

Kenya

In Kenya, the transition from the National Health Insurance Fund (NHIF) to the Social Health Insurance Fund (SHIF), which was enacted in October 2024, marks a major shift in the country's approach to health insurance. This change is a central component of the government's broader strategy for achieving Universal Health Coverage (UHC). The new system consists of three primary elements: the Primary Healthcare Fund, the Social Health Insurance Fund, and the Emergency, Chronic, and Critical Illness Fund. This comprehensive structure will require contributions from all employees in the formal sector, while also encouraging participation from the informal sector.
As a result, insurers in Kenya will need to adjust their underwriting practices to accommodate the new system, particularly as private insurers align their services to support the SHIF initiative. This shift is expected to bring about greater efficiency in the healthcare insurance sector and increase accessibility to quality healthcare for a larger portion of the population.

Uganda

In Uganda, the regulatory environment is also evolving with the impending introduction of Takaful, a type of Islamic insurance based on mutual aid and shared risk. The IRA is in the final stages of developing a legal framework that will facilitate the operation of Sharia-compliant insurance products. This initiative is set to open up new avenues for financial inclusion, particularly among the Muslim population, and will attract investment from the growing Islamic finance sector.

The approval of Takaful operators is expected to drive competition within the insurance market, offering ethical insurance options that cater to a wider audience. This regulatory shift will not only diversify Uganda's insurance landscape but also foster inclusivity, enhancing the appeal of insurance products to a broader segment of the population.

Tanzania

Tanzania is also witnessing significant regulatory changes aimed at expanding the insurance sector's reach and ensuring greater protection for public assets. The government has introduced new regulations that mandate insurance coverage for public facilities, including schools, hospitals, markets, and government structures. This move is designed to mitigate financial risks related to damages and liabilities associated with public infrastructure.

The Tanzania Insurance Regulatory Authority (TIRA) is poised to enforce compliance, ensuring that all relevant entities secure the necessary coverage. This policy is expected to increase premium revenues in the general insurance market, while providing essential protection for public assets. The expansion of insurance coverage to include public infrastructure is also likely to bolster public trust in the sector and attract further investment into Tanzania's insurance market.

Ethiopia

Similarly, Ethiopia is embarking on a transformative regulatory reform aimed at enhancing the efficiency of its insurance sector. The government has announced plans to establish an independent insurance regulatory body, separate from the NBE. This restructuring is intended to improve oversight, streamline regulatory processes, and create a more conducive environment for innovation within Ethiopia's relatively underdeveloped insurance market.
By separating the insurance regulator from the central bank, the government aims to ensure specialised focus on the insurance industry, which will help attract foreign investment and boost confidence among both insurers and policyholders. This shift is expected to encourage product diversification and provide more tailored solutions for Ethiopia's unique market needs, driving the growth of the insurance sector.

Overall, these regulatory changes across East Africa signal a positive shift toward greater financial inclusion, improved transparency, and enhanced competition in the insurance industry. The implementation of new health insurance models, the introduction of Takaful, mandatory insurance for public infrastructure, and the establishment of independent regulators are all contributing to the growth and modernisation of the sector. These reforms are not only set to strengthen the region's insurance markets but also create new opportunities for insurers to innovate and expand their offerings, ultimately benefiting consumers and the broader economy.

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