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Landscape of Microinsurance

2024

Country Report Kenya

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The quantitative information presented in this paper does not represent an absolute number of products, clients, or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in the three regions studied, the data set is large enough to represent the "landscape" of microinsurance and provide, for the most part, an accurate picture of these markets and their components.

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Content

Country report

Kenya

2024

Executive summary

Kenya's microinsurance sector has grown steadily since the enactment of the Insurance (Microinsurance) Regulations, 2020, which established a framework with lower capital requirements and simplified licensing requirements. Before the regulations, the Insurance Act Cap 487 categorised microinsurance under the miscellaneous class of business, that made it difficult to report and track actual microinsurance performance. According to the Association of Kenya Insurers (AKI) report, 2023, the penetration rate for Kenya's insurance industry stood at 2.4% in 2023 a growth from the 2.3% rate recorded in 2022. The industry also recorded profits of KES 18.2 billion (USD140 million) in 2023, representing a growth of 49% from the previous year. The sector has shown progress and boasts the highest rate in the East African region. (AKI, 2023)

Despite gradual progress, Kenya's insurance penetration rate lags behind leaders such as South Africa, where funeral insurance is common and whose penetration rate stands at 11.5% (AKI, 2023), and the Philippines, where over half the covered population is covered through Mutual Benefit Associations (Commission, 2024). Kenya's unique strength lies in digital integration. Mobile money penetration of 82.3% of adults (CBK, KNBS, and FSD Kenya, 2024) provides a platform for premium collection and claims processing at scale, positioning Kenya as one of the most advanced mobile-driven insurance markets in Africa. Women represent a large share of policyholders, pointing to gender inclusivity, yet affordability, trust, and product diversity continue to constrain expansion. Climate risks, including recurrent droughts and floods, further underscore the importance of scaling solutions such as parametric and agricultural insurance solutions among other emerging climate risks.

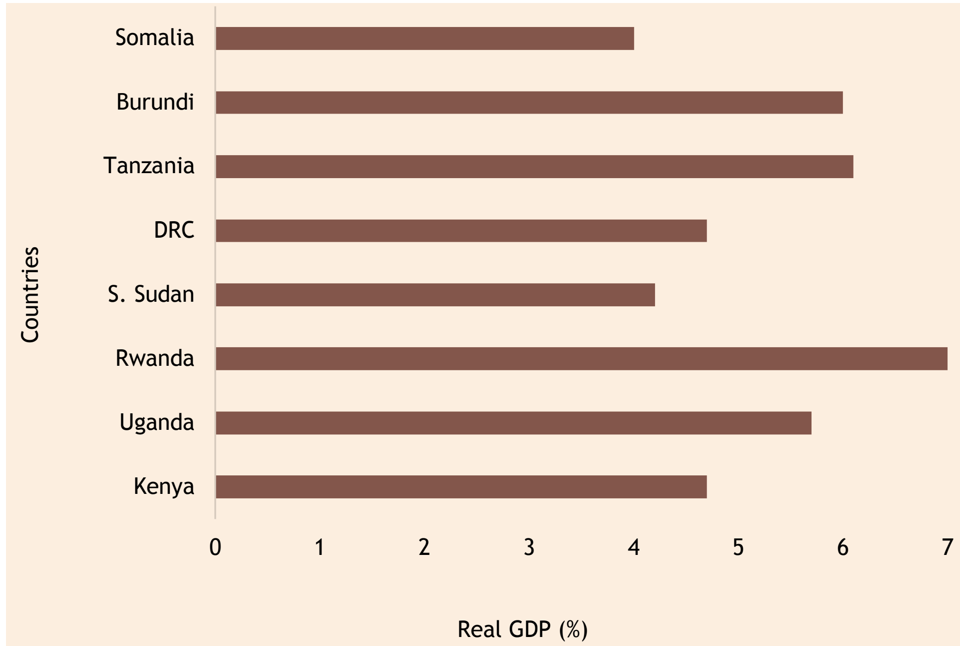
Looking forward, Kenya could emerge as a regional reference point for inclusive insurance by consolidating regulatory innovation, digital adoption, and public-private partnerships. The Landscape of Microinsurance 2024 shows that countries with strong frameworks and robust digital infrastructure scale faster, and Kenya is well placed to replicate this trajectory. With targeted reforms to strengthen oversight, diversify products, and rebuild consumer trust, the sector has the potential to expand well beyond its current reach. Kenya's progress, when viewed alongside global findings, demonstrates its capacity to not only lead in Africa but also contribute to global lessons on how inclusive insurance can drive resilience and development.

Introduction

Kenya, classified as a lower middle-income economy and a leading economy in Eastern Africa, recorded a GDP of USD 124.5 billion in 2024, with a GDP per capita of USD 2,206.13. (World Bank Group, 2025) . Real GDP growth slowed to 4.7% in 2024 from 5.6% in 2023 due to high inflation, fiscal constraints, and climate-related shocks (World Bank, 2024). Financial depth remains moderate, with domestic credit to the private sector at 31.6 % of GDP in 2023 (World Bank, 2024). The services sector contributed 55.3% of GDP, while agriculture accounted for 22.5% and employed 42.3 % of the workforce.[1] Industry, including manufacturing and construction, accounted for the remaining share and continues to play a key role in job creation and exports. Agriculture remains highly vulnerable to climate risks, with smallholder's dependent on rain-fed farming facing prolonged droughts, recurrent floods, and unpredictable rainfall, which reduce yields, lower livestock productivity, and force households into negative coping strategies such as asset sales, reduced food consumption, or school withdrawals.

FIGURE 1

REAL GDP GROWTH RATES OF EASTERN AFRICAN COUNTRIES REAL



[1] Kenya National Bureau of Statistics (KNBS), Economic survey 2025 (Nairobi: KNBS, 2025)

Geographically, Kenya is situated along the equator in Eastern Africa and is highly diverse, ranging from arid and semi-arid lands in the north and east to fertile highlands in the central and western regions. This geographic diversity shapes agricultural and economic productivity and exposes certain regions to higher climate and livelihood risks. Kenya's population reached about 57.5 million in mid-2025, with a growing youthful demographic.[2] In 2024, Kenya's unemployment rate stood at 5.4%, slightly below the African average of 6.5 %. This reflects an economy increasingly driven by informal employment, which continues to absorb a significant share of the labour force. The informal sector has expanded rapidly, creating nearly eight out of every ten new jobs outside the agricultural sector.[3]

FIGURE 2

UNEMPLOYMENT RATE IN AFRICA VS KENYA

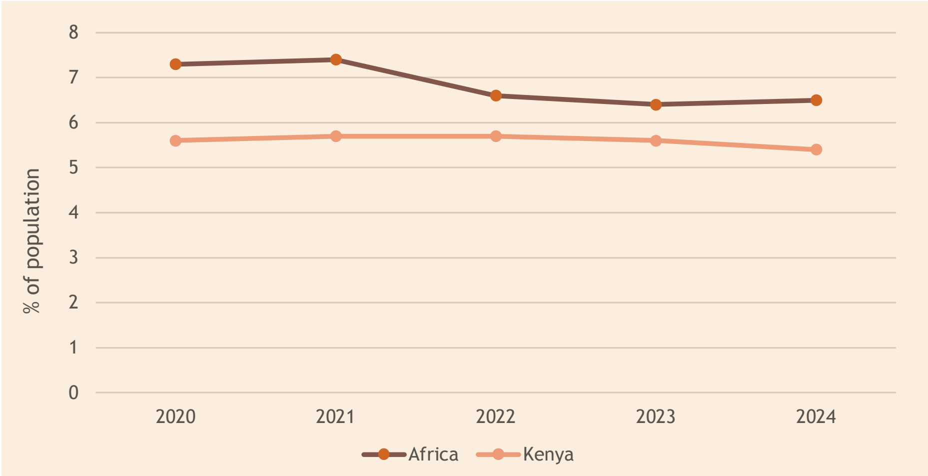
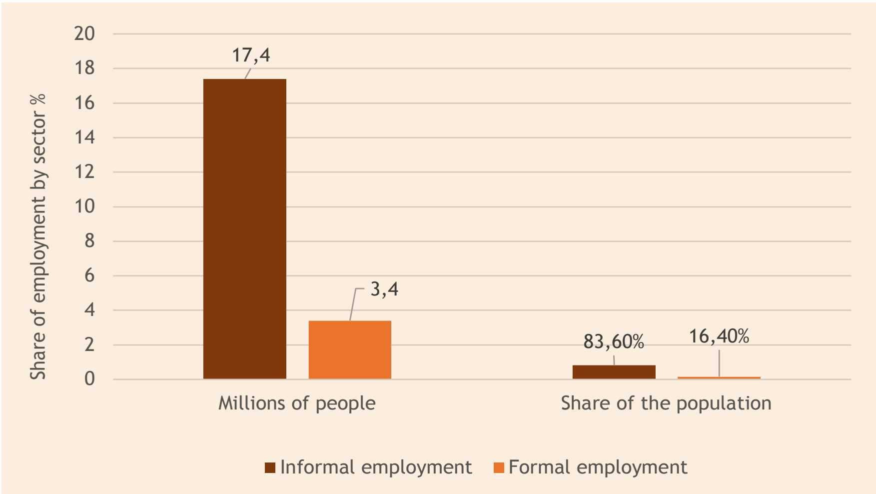


FIGURE 3

SHARE OF EMPLOYMENT BY SECTOR



Note: (Figure 3 – Share of Employment by Sector): The value of 83.6% represents the share of total employment corresponding to the informal sector, while 17.4 million refers to the estimated absolute number of individuals engaged in informal sector employment. These figures are derived from the Kenya National Bureau of Statistics, as reported in the Economic Survey 2025 – Popular Version. https://www.knbs.or.ke/wp-content/uploads/2025/05/2025-Economic-Survey-Popular-Version.pdf

[2] United Nations Population Fund, Kenya Population 2025, (UNFPA, 2025)

[3] Ministry of labour and social protection, Key facts about the informal sector in Kenya, (Nairobi: Ministry of labour and social protection, 2025)

However, 70% of workers in the informal economy earn irregular incomes of Kes 6,500–15,000 (USD 50–116) per month, often excluding them from conventional insurance.[4] Gender and regional disparities further constrain access to decent jobs and incomes, underscoring the need for inclusive financial solutions.

Formal financial access rose to 84.8% in 2024, up from 83.7% in 2021, but 9.9% of adults remain excluded, especially rural youth and women (CBK, KNBS, and FSD Kenya, 2024). Despite a maturing financial ecosystem, access to formal credit and insurance services remains uneven across regions, with rural and informal populations often relying on informal savings groups, mobile money, and SACCOs for financial management.

Insurance penetration stood at 2.43% of GDP in 2024, reflecting notable progress compared to the sub-Saharan African average penetration rate of 1.5.[5] Industry gross written premium stood at KES 241.34 billion (USD 1.9 billion) as at end of Q2 2025, with long-term insurers reaching KES 110.39 billion (USD 850 million) in Q2 2025, a 17.7% year-on-year increase, and general insurers at KES 129.88 billion[6] (USD 1 billion).

Despite this growth, uptake is concentrated in formal and urban populations, leaving rural and informal households underserved. Microinsurance has emerged as a strategic response, because it provides affordable risk protection to low-income populations who are often excluded from conventional insurance markets. It enhances financial resilience by helping households and small enterprises recover from shocks such as illness, crop loss, or natural disasters, thereby supporting inclusive economic growth. The number of registered products has grown from 32 in 2015 to 55 in 2023.[7] Health, personal accident, and last expense covers are the most sought-after, often distributed through digital platforms, SACCOs, and community groups. Nonetheless, uptake of microinsurance remains very low. Ongoing innovations such as mobile-based insurance, bundled financial products, and partnerships between insurers, MFIs, and agritech firms are gradually expanding reach.[8] Scaling up microinsurance is therefore essential for extending financial protection to low-income households, strengthening food security, and improving economic resilience at the community level.

The large untapped market serves as an opportunity for the insurance industry to design microinsurance products. To design effectively for this potential yet exposed population, insurers must be innovative in their approach, leverage the favourable regulatory framework and be open to collaborate with trusted existing partners for seamless distribution of solutions.[9]

[4] Ministry of labour and social protection, Informal Sector survey, 2025

[5] Association of Kenya Insurers, The Evolution of Insurance, (Nairobi: AKI, 2024)

[6] Insurance Regulatory Authority, Insurance Industry Report for the Period January – June 2025, (Nairobi: IRA,2025)

[7] Association of Kenya Insurers, State of Microinsurance in Kenya, (Nairobi: AKI,2023)

[8] Implementation Update: Kenya – the road to a country strategy for inclusive insurance, IDF

[9] Association of Kenya Insurers, The Evolution of Insurance, (Nairobi: AKI, 2024)

REGULATORY FRAMEWORK

Overview

Prior to the enactment of the Microinsurance Regulations, 2020 (LN NO 26),[10] the design of microinsurance products was governed by the Insurance Act. However, the insurance act[11] was not enabling the design of solutions for low-income households. Some of the gaps included very high capital requirements and rigid product approval processes that stifled innovation in the design and implementation of solutions. According to an industry survey conducted by AKI, the 22 players who were designing for low-income households were operating on grey areas, especially around client protection and adoption of suitable distribution channels that did not necessarily align with the emerging markets.[12]

To reduce the barriers, there was a need to create regulations that would make it easier and more favourable to design for the emerging markets that have a huge potential to not only use insurance as a social protection mechanism but boost insurance penetration.

[10] Insurance Regulation Authority, The Insurance (Microinsurance) Regulations No.26 of 2020, (Nairobi: National Council for Law, 2020

[11] Insurance Regulatory Authority, Insurance Act - Regulatory Framework / Framework Overview, (Nairobi: IRA, 2025)

[12] Association of Kenya Insurers, State of Microinsurance in Kenya, (Nairobi: AKI, 2023)

Microinsurance regulations, 2020

These regulations were instrumental in creating a distinct legal and operational framework tailored specifically for microinsurance. Their establishment was crucial for several reasons:

- Recognition of unique characteristics: The regulations formally recognized that microinsurance products, distribution channels, and target demographics (predominantly low-income populations) possess distinct characteristics that necessitate a different regulatory approach compared to traditional insurance. This acknowledgment allows for flexibility in product design, premium collection, and claims processing.

The regulations specify limits (such as maximum sum assured, maximum premiums), require simplified policy documents (including clear language and one-page summaries), and allow more flexible distribution channels to accommodate low-income and informal populations.[13]

- Targeting low-income populations: By understanding the financial constraints and needs of low-income individuals, the regulations aim to facilitate the development and accessibility of insurance solutions that are affordable, simple, and relevant to their specific risks (e.g., health shocks, crop failure, informal business disruptions).

- Fostering a supportive environment: The regulations are designed to encourage innovation and investment in the microinsurance sector. They provide clarity for insurers, intermediaries, and other stakeholders, reducing regulatory uncertainty and making it more attractive for new players to enter the market. This supportive environment promotes competition, potentially leading to better and more diverse microinsurance offerings.

There is evidence of growth as the number of registered microinsurance products increased to approximately 55 in 2023,[14] reflecting increased product development under the new regulatory environment. Industry reports indicate growth in participation by insurers, insurtechs, and digital platforms since implementation.

- Prioritising consumer protection: While fostering growth, the regulations place a strong emphasis on safeguarding the interests of microinsurance policyholders, who are often financially vulnerable. This includes provisions related to clear and simple language in policy documents, transparent pricing, fair claims settlement procedures, and robust complaints mechanisms. The aim is to prevent predatory practices and build trust in microinsurance.

[13] Insurance Regulation Authority, The Insurance (Microinsurance) Regulations No.26 of 2020, (Nairobi: National Council for Law, 2020

[14] Association of Kenya Insurers, State of Microinsurance in Kenya, (Nairobi: AKI, 2023)

Kenya's Insurance (Microinsurance) Regulations, 2020 exemplify international best practices, by aligning with microinsurance global thought leaders such as the IAIS[15] (International Association of Insurance Supervisors) and the Microinsurance Network who emphasise the need for balancing between consumer protection and market development.[16]

Some of the key areas where the regulatory framework in Kenya has aligned with international best practice for microinsurance include:

DIFFERENTIATED AND PROPORTIONATE REGULATION

Kenya's regulations create a distinct framework for microinsurance, with a maximum sum insured of KES 500,000 (USD 3,850) and premium limited to KES 40 (USD 0.31) per day. This tailored approach fosters market entry and innovation, mirroring global successful practices that avoid stifling microinsurance with stringent conventional insurance rules. In response to the high capital share requirement that previously barred most underwriters from establishing an exclusive microinsurance arm, the regulation introduced a relatively lower limit at KES 50 million (USD 385,000).[17] The lower capital requirement has made it possible for conventional insurance companies to set up fully fledged microinsurance companies as opposed to having a designated department within their operation. Smaller institutions that prefer to underwrite inclusive insurance solutions instead of partnering with a conventional insurer are now able to register, for example Turaco and Bird View Microinsurance Limited which got licensed recently.

PRODUCTS SPECIFICATIONS

The design of microinsurance products lies in 3 broad categories: life, general and bundled. The act explicitly outlines specifications of how the products should be packaged and priced. These guidelines are useful in ensuring that underwriters do not just shrink and repackage the existing products but design in line with the actual realities of the emerging markets populations such as irregular income patterns as well as their understanding and prioritisation of risk. Having a simplified, small and straight forward policy document creates transparency which is key in building trust.

CONSUMER PROTECTION

The framework prioritises simplified products and documentation. It dictates a clear one-page policy summaries for transparency and improved financial literacy among low-income clients. To align with income patterns of the market, a 45 day minimum grace period for premium payments offers a crucial safety net for policyholders. To ensure prompt relief for vulnerable households, the framework requires claims processing within 10 days. These helps build trust among underserved clients who often face irregular incomes and need flexibility.

PROMOTING MARKET DEVELOPMENT AND INNOVATION

Before the regulations were issued, the primary distribution channels were agents and brokers. The regulations provide for unconventional intermediaries and sales agents that include but are not limited to community and aggregator groups representatives, provided they undergo at least 25 hours of training and at least 15 hours refresher training every 3 years by the appointing microinsurer. The training is based on a curriculum that is pre-approved by the regulator. This provision has created an enabling environment for tailored distribution and efficient operations.

Kenya's comprehensive regulations lay a robust foundation for a thriving microinsurance sector, positioning the country as a financial inclusion leader and a benchmark against global standards. However, there remains challenges particularly in enforcement of the regulations and guidelines. Additionally, integration with laws in the other financial services sectors such as banking create a strain in the smooth implementation of the regulations.[18]

[15] International Association of Insurance Supervisors, Application Paper on Regulation and Supervision supporting Inclusive Insurance Markets, October 2012

[16] International Association of Insurance Supervisors & CGAP Working Group on Microinsurance, Issues in Regulation and Supervision of Microinsurance, June 2007

[17] International Association of Insurance Supervisors & CGAP Working Group on Microinsurance, Issues in Regulation and Supervision of Microinsurance, June 2007

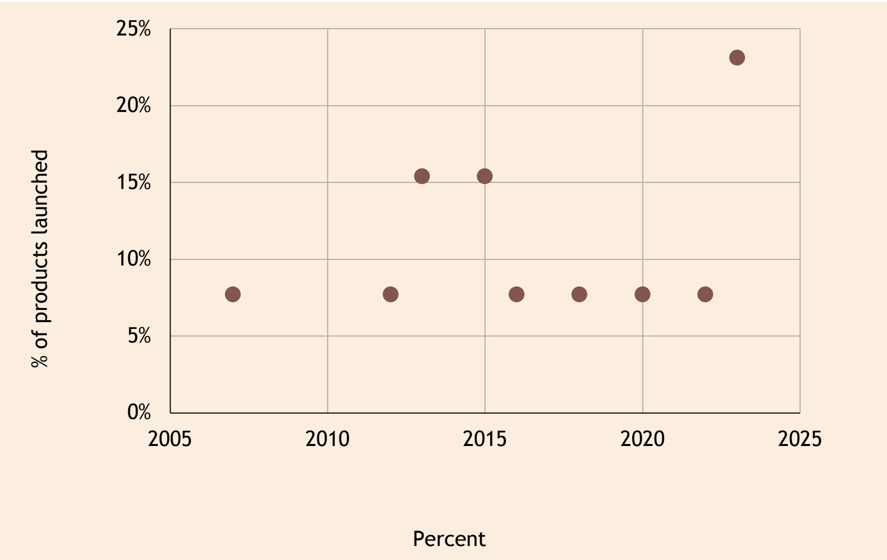
[18] Business Daily Africa, Insurers lobby to offer microinsurance policies without creating new subsidiaries, September 2025

Market overview

Kenya's macroeconomic environment exerts a strong influence on the development of microinsurance. Although the insurance industry reported a 17.7% growth in gross premiums in 2023,[19] overall penetration remained stagnant at 2.4% of GDP, far below the global average of 7%.[20] According to the IRA and AKI reports over the past two decades, insurance penetration has not crossed the 3% mark. This stagnation indicates among other things an industry that revolves around the same market without venturing strongly into emerging opportunities like microinsurance and inclusive insurance. Introduction of microinsurance in the industry as a miscellaneous class of business in the early 2,000s has not really contributed much to the growth of the industry, though significant progress has been made with the highlight being the Insurance (Microinsurance) Regulations, 2020.

FIGURE 4

YEAR OF PRODUCT LAUNCH



Significant endeavours have been undertaken to develop products for low-income households, with some offerings having been in the industry for over a decade. Nevertheless, according to the 2024 landscape report, the past five years have witnessed a notable surge in the creation of microinsurance products.

The promulgation of microinsurance regulations has been a primary catalyst for this expansion. Based on the 2024 Landscape Study, both life and non-life products, tailored to address the principal risks encountered by the target demographic have been predominantly designed to cover illnesses, agricultural hazards, and to safeguard household and business assets.

[19] Insurance Regulatory Authority, Annual Insurance Report, (Nairobi: IRA, 2023)

[20] Association of Kenya Insurers, The Evolution of Insurance, (Nairobi: AKI, 2024)

THE CURRENT INCLUSIVE INSURANCE LANDSCAPE

Coverage

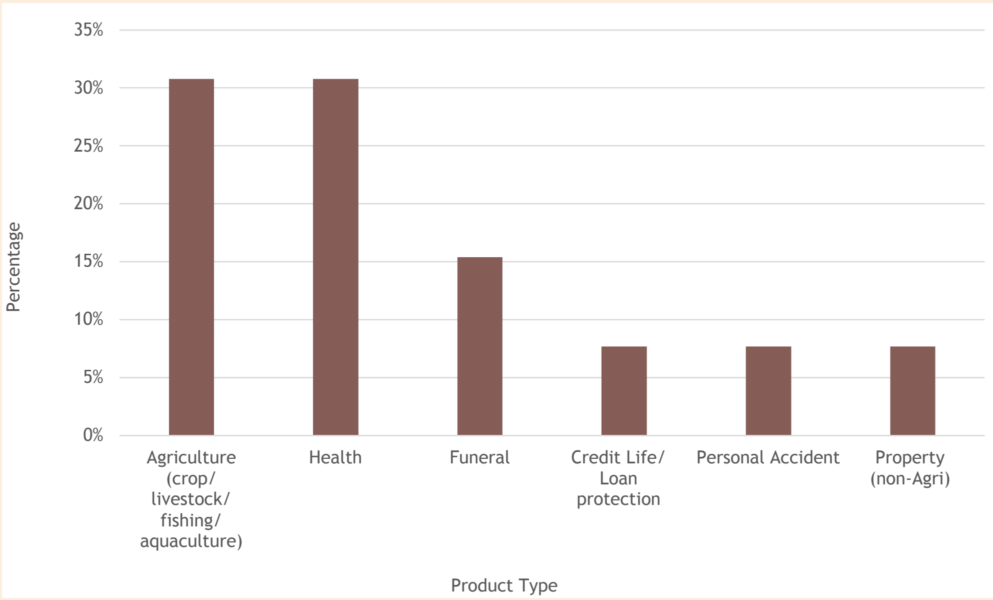
The Microinsurance Network conducts regular landscape studies on inclusive insurance across selected countries in Africa in which Kenya participates as a respondent. Below are the findings on the Kenyan inclusive insurance landscape for 2024. The findings are based on data that was provided voluntarily by a sample of the industry participants.

Discussions with 6 of the major insurance companies during the 2024 landscape study in Kenya revealed that there has been a fluctuating trend on microinsurance coverage over the past three years. The 13 products reported in the landscape ranged from agriculture, health, funeral, personal accident, credit life, property and agriculture solutions. A total of 1,281,018 people were covered in 2022, subsequently decreasing to 1,058,510 in 2023, and then rebounding to 1,162,213 people in 2024.

Product

FIGURE 5

PRODUCT TYPES IN THE MARKET



The design of microinsurance products has primarily been around the primary risks experienced by the emerging markets. Some of the primary products designed include:

Health: A diverse array of products has been designed to address health requirements, which are recognised as a priority risk among most households due to their potential severity. Many households are perpetually on the brink of falling into a cycle of poverty due to illness.

The government of Kenya recently revamped the National Health Insurance Fund to Social Health Insurance Fund (SHIF). The new fund comes with its own limitations including a lower cover limit, that has left vulnerable populations exposed thus a need for complementary microinsurance health insurance cover (Association of Kenya Insurers, 2024).

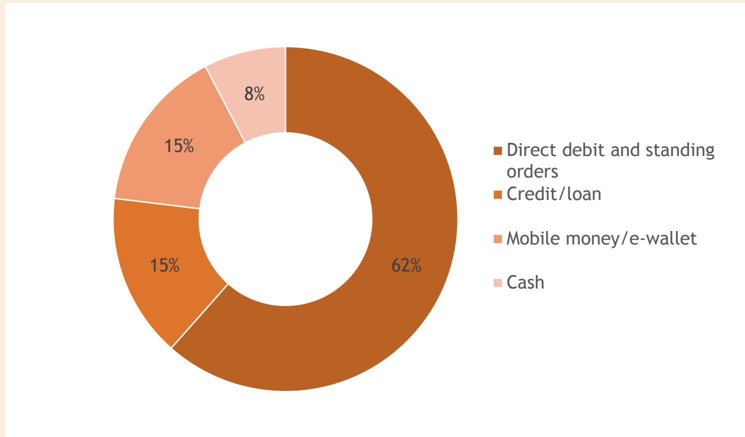
To supplement SHIF, income replacement solutions have been designed to enable households to maintain their daily routines even while their primary income earner recovers. In the last 3 years, there has been a decline in uptake of health insurance, with 632,252 people covered in 2024, compared to 919,427 and 985,725 people in 2023 and 2022, respectively.

Based on the 2024 Landscape study, majority of these people are covered on an individual basis, as opposed to group coverage. Health insurance is largely acquired voluntarily, with a minor proportion opting for mandatory coverage. Direct debit and/or standing order remain the preferred mode of payment because of the relatively high cost of medical insurance and therefore instalments remain more suitable compared to one off payments.

According to the 2024 landscape study, a small minority (8%) prefers cash payments. Based on available medical microinsurance covers, the primary risk addressed is medical expenses/surgery, often supplemented with death/disability or property cover riders.

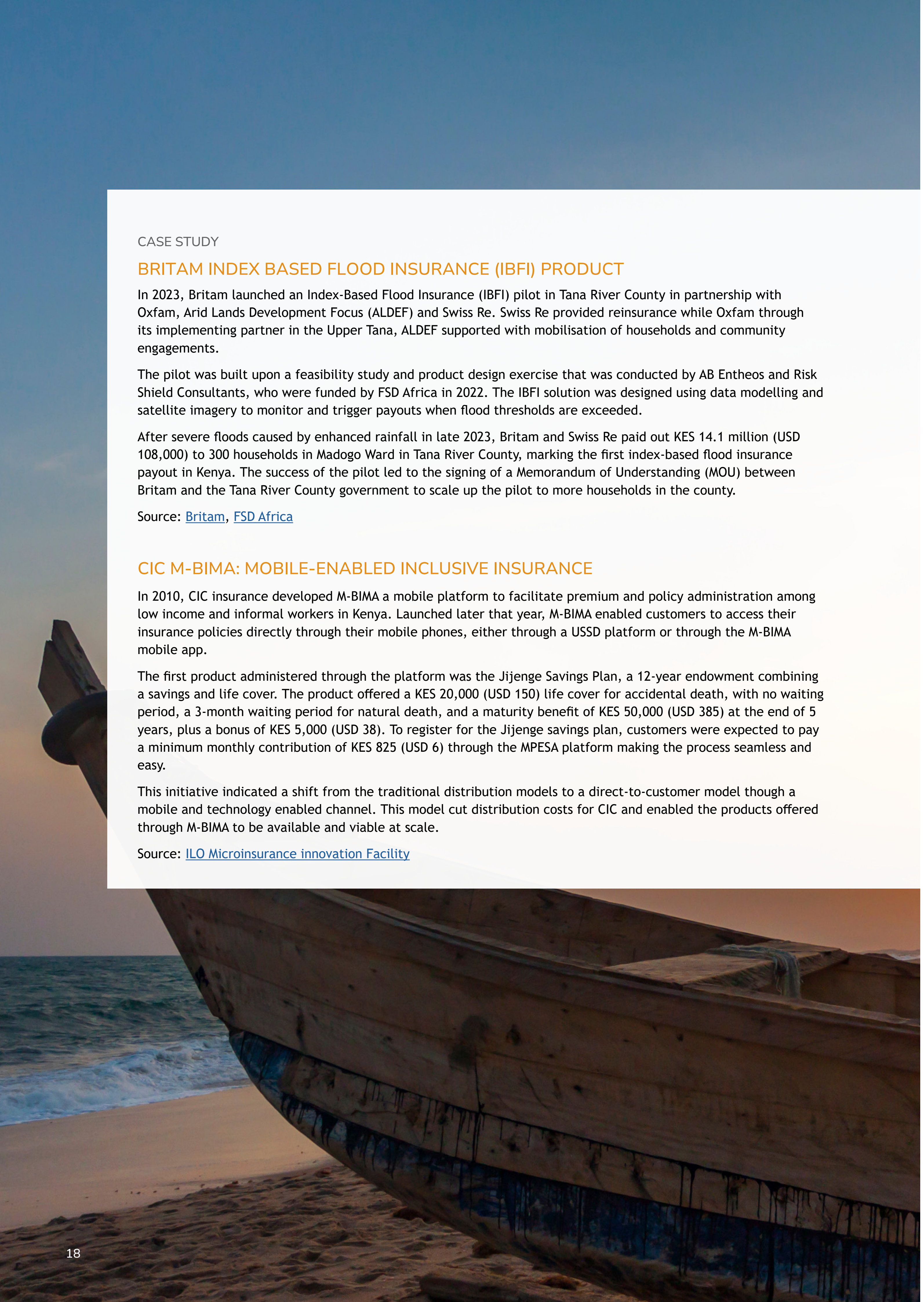
FIGURE 6

PREMIUM PAYMENT METHODS



Funeral: Providing a dignified farewell for deceased loved ones is a significant expression of affection and respect. Historically, there was a strong reliance on social capital; however, despite its deep societal roots, this reliance is progressively proving inadequate. This reality has presented an opportunity for the insurance sector to develop a solution that alleviates the financial burden on families, enabling them to provide proper send-offs for their departed. In 2023, there was a substantial increase in the adoption of last expense cover, with 142,767 policies registered. Conversely, 2024 witnessed a considerable decrease in uptake, with only 29,182 policies procured.

Property insurance: Insurers have designed a variety of property covers to primarily cater for losses due to theft, fire and floods. Some are standalone with a few bundling the policy with life insurance as a rider. Both voluntary and mandatory offerings are available in the market. The property insurance offering experienced a marginal increase from 118,000 policies in 2023 to 118,170 in 2024. As a new concept in emerging markets, property insurance is expected to take time to gain wider acceptance. Furthermore, despite the high ranking of property loss and damage as a significant risk factor, most households continue to prioritise health insurance coverage over property insurance.



CASE STUDY

BRITAM INDEX BASED FLOOD INSURANCE (IBFI) PRODUCT

In 2023, Britam launched an Index-Based Flood Insurance (IBFI) pilot in Tana River County in partnership with Oxfam, Arid Lands Development Focus (ALDEF) and Swiss Re. Swiss Re provided reinsurance while Oxfam through its implementing partner in the Upper Tana, ALDEF supported with mobilisation of households and community engagements.

The pilot was built upon a feasibility study and product design exercise that was conducted by AB Entheos and Risk Shield Consultants, who were funded by FSD Africa in 2022. The IBFI solution was designed using data modelling and satellite imagery to monitor and trigger payouts when flood thresholds are exceeded.

After severe floods caused by enhanced rainfall in late 2023, Britam and Swiss Re paid out KES 14.1 million (USD 108,000) to 300 households in Madogo Ward in Tana River County, marking the first index-based flood insurance payout in Kenya. The success of the pilot led to the signing of a Memorandum of Understanding (MOU) between Britam and the Tana River County government to scale up the pilot to more households in the county.

Source: Britam, FSD Africa

CIC M-BIMA: MOBILE-ENABLED INCLUSIVE INSURANCE

In 2010, CIC insurance developed M-BIMA a mobile platform to facilitate premium and policy administration among low income and informal workers in Kenya. Launched later that year, M-BIMA enabled customers to access their insurance policies directly through their mobile phones, either through a USSD platform or through the M-BIMA mobile app.

The first product administered through the platform was the Jijenge Savings Plan, a 12-year endowment combining a savings and life cover. The product offered a KES 20,000 (USD 150) life cover for accidental death, with no waiting period, a 3-month waiting period for natural death, and a maturity benefit of KES 50,000 (USD 385) at the end of 5 years, plus a bonus of KES 5,000 (USD 38). To register for the Jijenge savings plan, customers were expected to pay a minimum monthly contribution of KES 825 (USD 6) through the MPESA platform making the process seamless and easy.

This initiative indicated a shift from the traditional distribution models to a direct-to-customer model though a mobile and technology enabled channel. This model cut distribution costs for CIC and enabled the products offered through M-BIMA to be available and viable at scale.

Source: ILO Microinsurance innovation Facility

Life and Personal accident: Personal accident covers are one of the recent entrants in the microinsurance landscape and covered a population of approximately 125,612 individuals in 2024.The growing number could be attributed to the increasing number of fatalities resulting from road accidents and primarily involving the boda-bodas (motorcycles) sector in Kenya.

Agriculture: Being a cornerstone of Kenya's economy, accounted for 22.5% and employed 42.3% of the workforce.[21] However, unpredictable weather patterns are rendering seasonal dependency for profitable agriculture increasingly untenable. Farmers face adverse weather conditions coupled with resistant pests and diseases, posing a significant threat to national food security.

The government of Kenya through the Ministry of Agriculture recognises insurance as an important resilience building tool among the farmers.[22] The Ministry of Agriculture in partnership with players from the insurance industry designed De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE), a national insurance project targeting the Arid and Semi-Arid Lands (ASAL) parts of the country. This project has played a critical role in bringing the value of insurance home for the pastoral populations who are disproportionately positioned against climate related risks to their livelihoods.

Other key initiatives that the government has championed include the Kenya Livestock Insurance product that was launched to support pastoral communities protect their livestock against drought. For crop farmers the government partnered with a consortium of 6 insurers led by APA to design and roll out the Kenya Agricultural Insurance Program (KAIP).

However, the DRIVE project leaves out a huge population of non-ASAL households that is equally exposed giving room for innovation and design for the exposed market. To provide a financial safeguard, insurance companies have developed straightforward, and pertinent products designed to compensate farmers in the event of natural disasters and uncontrolled pest and disease outbreaks.

Additionally, insurance companies such as CIC have designed livestock insurance products that cover against loss of livestock due to risks such as uncontrollable diseases, theft and fire. Due to the seasonal nature of their incomes, direct debit or standing orders are the preferred premium payment methods, with a small percentage utilising mobile wallets. All currently available products are voluntary. Agricultural insurance products are either risk-based or parametric/index-based.

A consistent increase in the coverage of smallholder farmers has been observed over the past two years. According to the landscape data, in 2023, a total of 389 policies were underwritten. This figure saw a substantial rise to 253,173 in 2024. This significant growth may be attributed to the introduction of index-based insurance products and the considerable losses experienced by farmers due to severe weather events, such as the El Niño rains that occurred in late 2023. Additionally, there were fewer respondents in the 2023 landscape studies as compared to 2024.

[21] Kenya National Bureau of Statistics (KNBS), Economic survey 2025 (Nairobi: KNBS, 2025)

[22] Ministry of Agriculture and Livestock Development, National Agricultural Insurance Policy (Nairobi, 2023)

Distribution

FIGURE 7

PRIMARY DISTRIBUTION CHANNELS

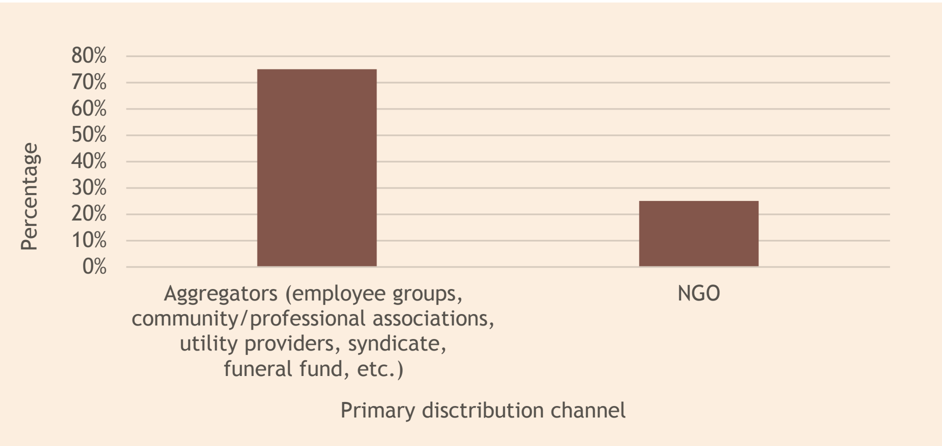
Effective distribution is crucial for the widespread adoption and utilisation of microinsurance products.

The 2024 landscape report data shows that agents and brokers continue to serve as the primary distribution channel, with approximately 782,148 active agents. Their pivotal role in offering a personalised approach renders them central to effective distribution, particularly for sensitive products such as health and funeral insurance.

Beyond the traditional agent model, insurers have forged partnerships with diverse stakeholders to optimise distribution. These collaborations encompass cooperatives, aggregators, financial and microfinancing institutions, as well as non-governmental organisations. Mobile network operators are also being utilised but to a lesser extent.

FIGURE 8

PRIMARY DISTRIBUTION CHANNELS AMONG SMALLHOLDER FARMERS

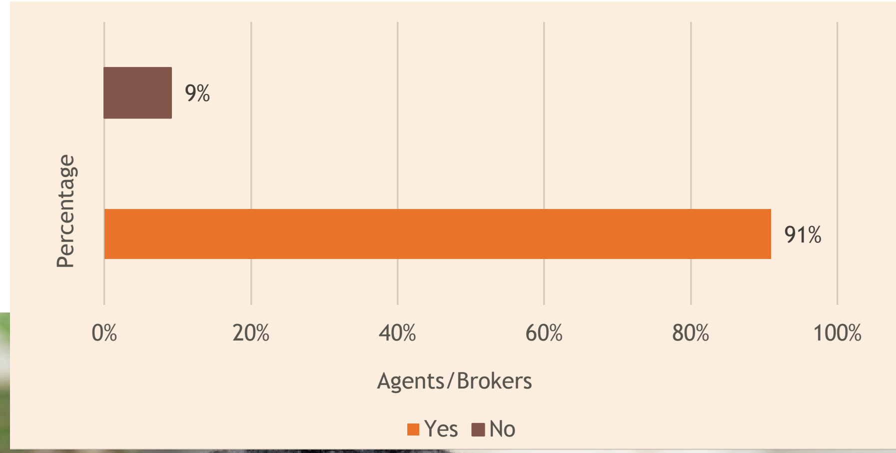


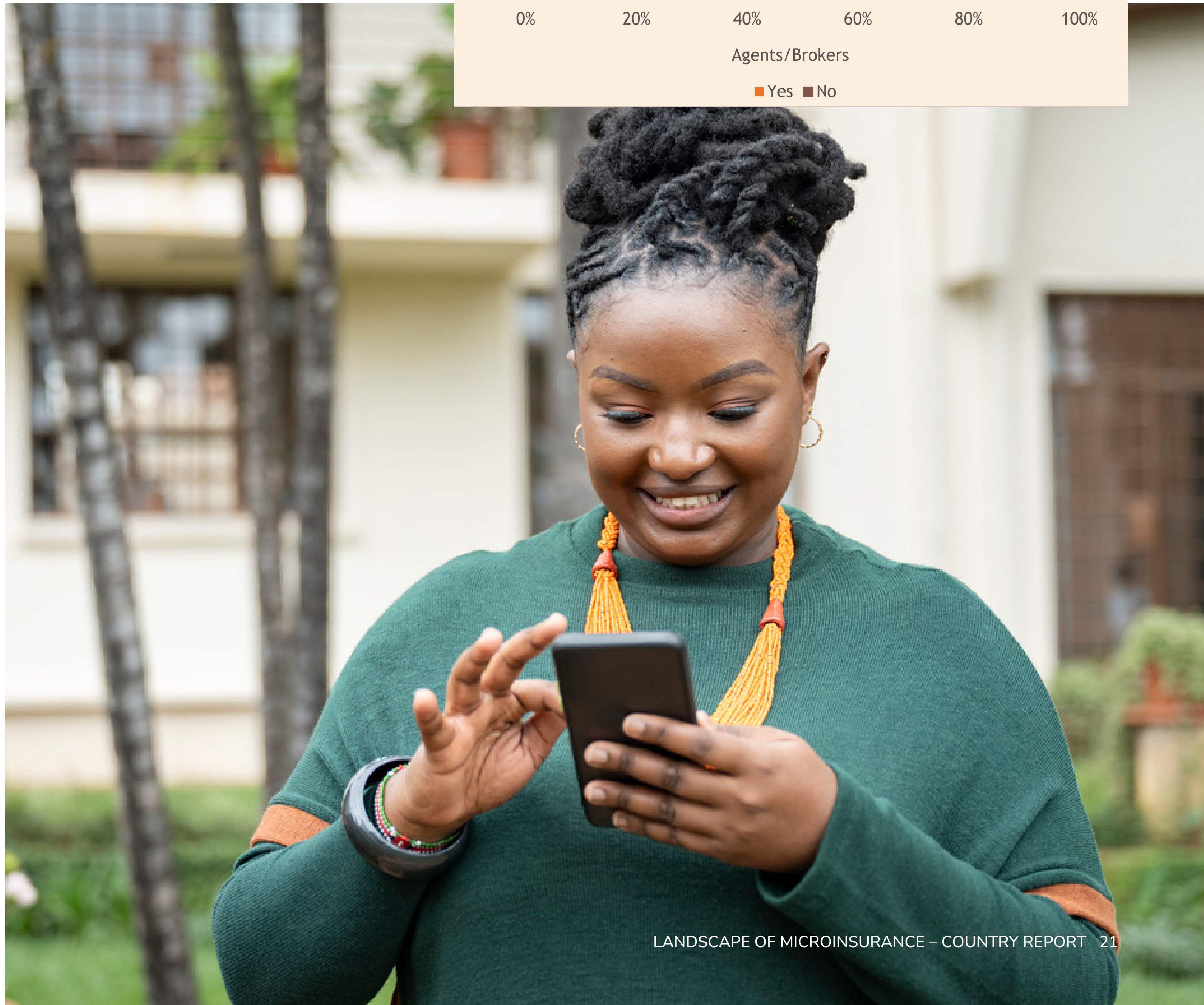
Smallholder farmers aggregate for resource pooling and marketing of their produce. The group dynamic enables them to acquire farm inputs at a relatively lower cost as well as attract better market rates for their produce. Insurers have strategically leveraged the substantial aggregation capabilities of smallholder farmers, facilitating distribution through groups or cooperatives with a minority relying on NGOs.

Technology has become a primary enabler in the distribution of the different microinsurance products. Given the increased mobile phone penetration, all insurance providers serving smallholder farmers have integrated technology to augment processes, including smart policies and claims payments. Furthermore, they employ blast SMS and USSD platforms for consumer awareness. This information further indicates that all the channels of distribution in Figure 8 above use technology in their partnership with insurers.

FIGURE 9

INSURERS USE OF TECHNOLOGY FOR AGRICULTURE INSURANCE





Gender

The data from the Landscape study conducted in 2024 indicates that less than 1% of people covered by health microinsurance products are women. This is an indication that there is still a lot that needs to be done to encourage gender inclusion. Majority of the women on cover are primarily dependants either under their spouses or parents. Products exclusively designed for women like the APA's SHEild cover and Britam's Malkia cover, are key in increasing uptake of medical insurance as they are tailored to women-specific risks. However, with most of these initiatives, a strong focus is given to maternal health care which is appropriate for women of childbearing age leaving older women needs out of the equation.

Premiums and claims

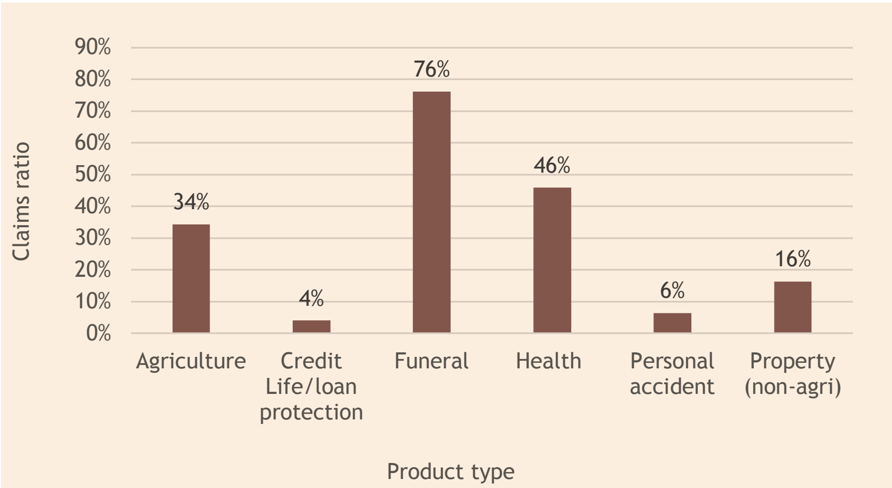
Kenya's premium and claims ratio data highlight important trends in product performance, client value, and market dynamics.

Claims ratios reveal the ratio of claims paid out relative to the premiums collected. Funeral insurance has a high claims ratio of 76%, indicating strong benefit delivery and value for policyholders, though it could also be an indicator of adverse selection in the products introductory period. Health insurance follows at 46%, while Agriculture stands at 34%, pointing to opportunities to improve alignment between coverage and actual farmer risks. By contrast, Credit Life (4%) and Personal Accident (6%) have very low claims ratios.

In microinsurance, higher claim ratios signal greater client value, as they reflect timely and meaningful payouts that build trust and drive uptake. Persistently low ratios, on the other hand, can indicate product misalignment or limited customer awareness of the solutions sold to them.

FIGURE 10

CLAIMS RATIO PER PRODUCT TYPE



Coverage across the product lines indicates a significantly higher uptake of Personal Accident and Property Insurance. This trend may be attributed to the high incidence and financial impact of accidents, fatalities, fires, and burglaries. However, the relatively low claims ratios shown above may pose a challenge to future product uptake, as it indicates lower perceived value in the product. Credit Life Insurance records the lowest median number of people covered likely due to the high cost of loans (Association of Kenya Insurers, 2023), while the health coverage levels suggest a growing need for customers to obtain additional protection beyond the benefits currently provided under the Social Health Insurance Fund.

FIGURE 11

MEDIAN NO. OF PEOPLE COVERED (2024) PER PRODUCT TYPE

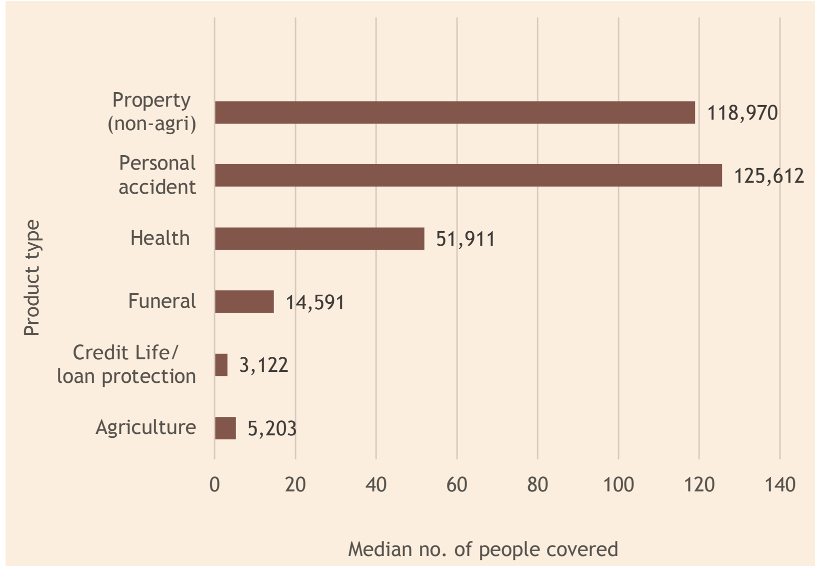
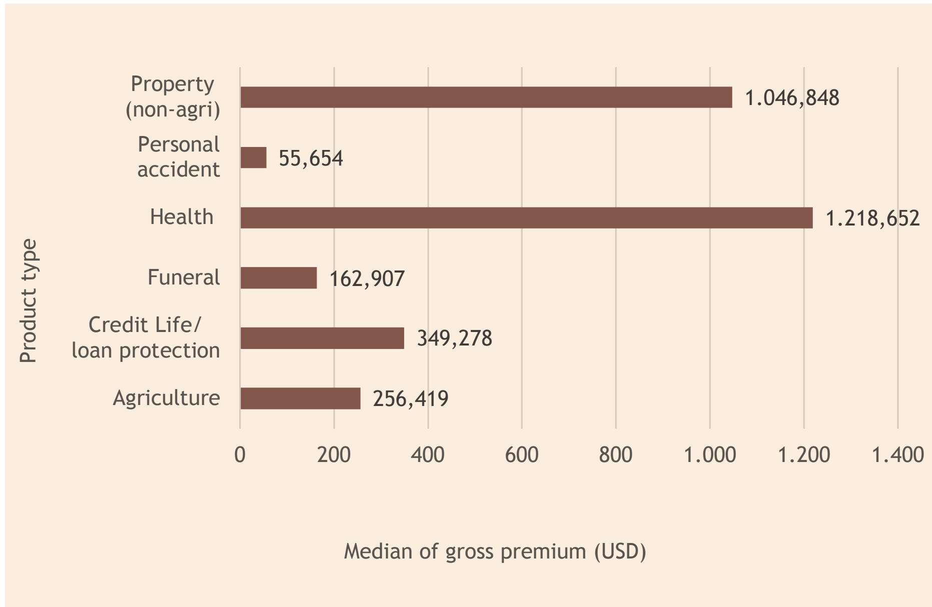


FIGURE 12

MEDIAN GROSS PREMIUM PER PRODUCT TYPE



Median gross premiums differ widely across product lines. Personal accident insurance has the highest median premium at approximately USD 1.22 million, followed by Property (non-agriculture) at USD 1.05 million and Credit Life/Loan Protection at USD 349,000. Agriculture and Funeral insurance record lower median premiums of USD 256,000 and USD 163,000 respectively, despite their relevance to rural and low-income households.

STAKEHOLDER ANALYSIS

Kenya's microinsurance market thrives on a diverse ecosystem of stakeholders who are vital for the development, distribution, regulation, and adoption of microinsurance products. The table below outlines their roles, responsibilities and interconnections within the Kenyan microinsurance landscape.

TABLE 1
STAKEHOLDER ANALYSIS

Stakeholder Group	Key Roles & Responsibilities	Examples in Kenya
Regulators & Policymakers	• Set legal/regulatory framework • License micro-insurers • Ensure compliance & consumer protection • Align microinsurance with national policy goals (Vision 2030, Universal Health Coverage (UHC), Bottoms-up Economic Transformation Agenda)	• Insurance Regulatory Authority (IRA). • Government of Kenya (Vision 2030, National Health Insurance Fund (NHIF) / Social Health Insurance Fund (SHIF), Insurance Professionals Act 2025). • Ministry of Finance & Treasury
Insurers & Product Providers	• Design & underwrite microinsurance products • Partner with Insurtech & distributors • Tailor covers to low-income & informal sector	• Licensed micro insurers i.e., Britam, CIC, APA, Turaco. • Mainstream insurers offering micro covers; Insurtech: ACRE Africa
Intermediaries & Distribution Channels	• Provide last-mile access to consumers • Aggregate demand (groups, cooperatives) • Leverage mobile/digital platforms for premiums & claims • Build trust through human touch	• Mobile Network Operators (MNOs) i.e. Safaricom. • MFIs & SACCOs (Faulu, Kenya Women's Finance Trust (KWFT), chamas) • Aggregators & agri-businesses • Community groups & NGOs; Agents & brokers (phygital model)
Target Consumers & Groups	• End beneficiaries, ultimate users of products • Provide feedback & adoption behaviour • Drive demand through trust networks	• Informal sector workers. • Smallholder farmers • Women & community groups (chamas, SACCOs). • Vulnerable pastoralist communities
Development & Support Partners	• Provide funding, technical support, research • Subsidise premiums in pilots • Build awareness & literacy campaigns • Advocate for policy improvements	• World Bank/IFC • UNDP • ILO Impact Insurance Facility • FSD Kenya • NGOs • Microinsurance Network (MiN)

Comparative analysis: Kenya vs. other markets

When comparing Kenya's microinsurance sector with those in Nigeria, India, South Africa, and the Philippines for example, several patterns and contrasts emerge. Kenya's microinsurance sector is distinct in its regulatory clarity and deliberate design, setting it apart from peers such as Nigeria, India, South Africa, and the Philippines. The Insurance (Microinsurance) Regulations, 2020 (IRA, 2020) established a stand-alone licensing regime requiring micro insurers to hold a separate license, with adapted capital thresholds of KES 50 million (USD 385,000). It also introduced strict product parameters such as a maximum 12-month term, premium ceilings of KES 40 (USD 0.31) per day, and sum assured limits of up to KES 500,000 (USD 3,850) (AKI, 2023). These regulations also set consumer-protection standards, including timelines for claims processing and complaint resolution, designed to ensure affordability, transparency, and trust. While Nigeria also has the regulator NAICOM's microinsurance guidelines, enforcement has been weaker and fewer dedicated players exist (Microinsurance Centre at Milliman, 2023). India's regulation emphasises rural and social obligations and large government programs, while South Africa's market grew informally through funeral insurance before formal licensing was introduced. In the Philippines, mutual benefit associations and cooperative-based providers dominate, supported by tailored frameworks and lower capital requirements.

Indicator	Kenya	Nigeria	India	Philippines	South Africa
Regulatory framework	+	Partial	+	+	+
Mobile integration	High	Low	Medium	High	Medium
Penetration rate	2.4%	0.5%	3.7%	5%	11.5%

A second distinctive feature is Kenya's integration of mobile money and technology into microinsurance distribution. With mobile money penetration reaching 82.3% of adults (Anon., 2024; CBK, KNBS, and FSD Kenya, 2024), the infrastructure supports seamless premium collection, claims disbursement, and digital enrolment, lowering costs and increasing accessibility to remote populations. By contrast, Nigeria's lower rural uptake of mobile money and South Africa's continued reliance on traditional funeral networks slow inclusive growth, while India's heavy use of in-person agents remains dominant despite rising digital adoption. The Philippines combines strong digital growth with entrenched community-based distribution, but Kenya is uniquely positioned due to its fintech ecosystem, where insurtechs and aggregator models are piloting parametric products triggered by satellite or weather-station data. These innovations directly respond to Kenya's climate and agricultural risks, reflecting both regulatory openness and private-sector creativity.

Finally, Kenya demonstrates a collaborative, bottom-up approach to scaling microinsurance that blends regulatory support, donor engagement, and strong public-private partnerships. The 2020 Regulations also authorise non-insurance actors such as SACCOs, churches, and aggregators to distribute products, widening reach and access (AKI, 2023). Donor and NGO involvement has additionally fuelled education, product pilots, and premium subsidies, especially in agriculture and pastoralist insurance. This differs from India's and the Philippines' reliance on large, government-driven schemes (World Bank, 2024), highlighting Kenya's more decentralised and innovation-driven pathway. Challenges persist across markets such as low awareness, trust gaps, affordability concerns, and basis risk in index products, but Kenya's tech-enabled distribution and regulatory framework allow faster progress in addressing them compared to peers like Nigeria or South Africa. While Kenya has yet to reach the massive scale of India or the Philippines, it has carved a competitive position as a regional leader in regulatory foresight, digital adoption, and climate-risk microinsurance experimentation.

Challenges and barriers

REGULATORY BARRIERS

Despite the strong backdrop that the Insurance (Microinsurance) Regulations, (2020) framework forms in the design of suitable solutions, it has some weaknesses that may be exploited. One of the significant gaps, is in the design of health microinsurance where key provisions such as waiting periods, benefit packages and provider guidelines are missing or unenforced and the regulator (IRA) lacks capacity to oversee quality or benefits implementation. Additionally, the high entry and compliance cost with evolving capital requirements and supervisory standards is financially burdensome for smaller players. There is also limited capacity to design climate-related products such as parametric solutions for microinsurers.

LIMITED PRODUCT DIVERSIFICATION

The profiling of the client markets and labelling them as suitable or difficult by the insurance companies is a major barrier to designing outside the box. The profiling has deterred the industry from designing out of the script and in alignment with risks that are unique to the originally excludes markets. For the few insurers that have boldly designed for the market, there is a limited variety that has been duplicated across the market.

The rapid pace of change in client needs poses a challenge, especially for smaller companies with limited resources. Additionally, the limited capacity to design innovative solutions against climate risks stifles the accelerated growth of inclusive insurance design and implementation.

LAST MILE DISTRIBUTION

With the prevailing mistrust in insurance among the low-income households fanned by the negative experiences of their peers, a human touch in distribution remains crucial. The ratio between the number of agents and brokers to the potential market is imbalanced. This reality leaves a gap in access to suitable solutions for the market. There has been an attempt to combine technology with the agency network in a model called Phygital which has proven very successful. In a study conducted by Cenfri on Britam's' health microinsurance cover" Bima ya mwananchi", one of the key insights is the value of a hybrid model that combines technology and human touch in the customer journey.[23] The model puts more control in the hands of the client through a digital portal but leaves some room human engagement as necessary. However, there is need to leverage a wider network of existing structures on which insurance can be embedded to increase efficiency and subsequently reduce the cost of insurance products.[24]

LIMITED AND INACCURATE INSURANCE AWARENESS

Historically, significant effort has been directed towards corporate clients due to their assured purchasing power. With the advent of microinsurance, initiatives have been undertaken to educate the potential market about insurance, enabling them to make informed decisions. Despite these efforts, a substantial portion of the target market possesses limited information regarding the concept of insurance. While some individuals have information, much of it is influenced by the skewed experiences of their peers, often resulting from previous negative encounters. To adequately inform the market, various stakeholders could collaborate to disseminate insurance information through channels that resonate with and are accessible to low-income households.[25]

[23] Cenfri, Scaling up the delivery of health microinsurance in Kenya, Lessons from Britam's Bima ya Mwananchi health microinsurance product, September 2024
[24] Association of Kenya Insurers, State of Microinsurance in Kenya, (Nairobi: AKI, 2023)
[25] Boosting insurance penetration in Kenya through micro insurance

Opportunities for growth

The Kenyan microinsurance market is emerging as a prominent thought leader in Africa. This strategic positioning has been significantly influenced by several innovations, including, but not limited to, the following:

Technology, particularly Insurtech, offers a viable alternative to the conventional, high-cost insurance models that have historically failed to adequately serve the low-income demographic. The widespread adoption of technology, specifically mobile money, presents a transformative opportunity for the microinsurance sector. With an estimated penetration rate of 88%, mobile money platforms can serve as an efficient and scalable distribution channel, facilitating a cost-effective mechanism for premium collection and claims disbursement. The digital insurance market is already exhibiting a positive trajectory, with substantial growth projections.

Incorporation of innovations such as satellite imagery and picture-based insurance in the design and implementation of microinsurance products. This has particularly revolutionised the Agri-insurance products design making the customer journey more suitable especially in the claim assessment and settlement process (World Bank Group, 2022).

Focus on customer-centric design: Mismatch between the real needs of target markets and the available insurance products is one of the primary drivers of low insurance uptake in Kenya. A customer centred design reflects the heightened imperative to develop solutions that genuinely align with the actual needs of end-users, rather than solely catering to the preferences of insurers. For low-income households to engage effectively with available solutions, these offerings must be conceptualised and developed in collaboration with them. Consequently, insurance companies are obligated to invest in continuous human-centred research to gain a comprehensive understanding of their potential clients beyond mere statistical data. Human-centred design significantly enhances the value proposition of insurance products.

Gender inclusion signifies an increasing deliberate effort to design for previously excluded groups, including women. Developing microinsurance solutions that address the specific needs of women is crucial for increasing their adoption of insurance. The collection of gender-disaggregated data is essential to enable underwriters to effectively monitor their impact in designing gender-inclusive solutions.

Leveraging the aggregation power of the target market. Insurers are missing an opportunity to develop group products despite robust networks. To leverage this, they must partner with organisations like professional associations, unions, and religious institutions that already engage with these groups, gaining insights for targeted product development. New products should integrate with existing solutions to optimise infrastructure and enhance convenience. This holistic approach offers comprehensive value, such as collaborating with HMOs for integrated health and life insurance, or credit unions for bundled financial protection.

Development partners and NGOs should focus on bridging trust and affordability gaps. By subsidising premiums in climate-risk zones, supporting financial literacy in local languages, and aggregating demand through community groups, they can complement insurer efforts. Public-private partnerships can leverage existing government systems—such as NIIMS for ID verification and SHIF for complementary health products—to widen outreach. These recommendations ensure that interventions remain aligned with existing gaps in oversight, affordability, trust, and distribution rather than generic sector-wide advice.

For insurers, the priority is to shift from repackaged conventional products to genuinely customer-centric solutions. Flexible premium schedules, such as weekly or seasonal payments, are necessary to align with informal-sector incomes. Expanding last-mile distribution through SACCOs, agricultural cooperatives, and trusted community networks will also help counteract mistrust. Digital integration should go beyond payments to embedding insurance within mobile wallets, with features like instant claim receipts and status trackers to strengthen confidence (CBK, KNBS, and FSD Kenya, 2024).

Advancing Kenya's microinsurance requires interventions that directly address the sector's current challenges. For regulation, the Insurance Regulatory Authority (IRA) should strengthen oversight in health microinsurance where key provisions—such as waiting periods, benefit packages, and provider standards—remain unenforced. Simplifying licensing, aligning with the SUAVE principle (Simple, Understood, Accessible, Voluntary, and Effective), and reducing compliance burdens for smaller players would unlock greater innovation.[26]

[26] Association of Kenya Insurers, State of Microinsurance in Kenya, (Nairobi: AKI, 2023)

Strategic recommendations

FOR GOVERNMENT & REGULATORY AUTHORITIES

- **Build enabling policy framework**
  Expand beyond microinsurance regulations to integrate inclusive insurance into national resilience, social protection, and climate adaptation strategies.
- **Scale transparency and data infrastructure**
  Mandate reporting on inclusive insurance metrics (people covered, premiums, penetration) using a standardised framework compatible with MiN benchmarks.
- **Sustain incentives and regulatory flexibility**
  Adopt tax breaks, regulatory sandboxes, or temporary reliefs to encourage new entrants and innovations in microinsurance.

The Government and IRA should champion Kenya’s inclusive insurance agenda by anchoring it within national development priorities and enabling scalable, data-driven growth.

FOR INSURERS & PRODUCT DEVELOPERS

- **Build simple and scalable solutions**
  Launch products that can be scaled through digital channels to foster invocation and scale across the industry.
- **Scale climate and agricultural microinsurance**
  Prioritise products addressing climate and weather risks, integrating them with existing agricultural extension services, early warning systems or weather data systems.
- **Enhance trust through reliability**
  Ensure prompt claims settlement, transparent pricing, and robust consumer support to build confidence and trust among low-income clients.

Insurers must commit to inclusive product lines, adopt scalable business models, and reinforce trust to transform underserved segments into viable markets.

FOR DISTRIBUTION PARTNERS

- **Build strong partnerships**
  Deepen collaboration with SACCOs, mobile operators, community groups, and fintechs to leverage existing relationships and infrastructure.
- **Scale outreach capacity**
  Train and equip teams with digital tools and consumer education materials to expand reach.
- **Enhance reach through embedded insurance**
  Embed microinsurance into everyday financial products (mobile accounts, credit, savings) so clients access cover as part of routine transactions.

Distributors should integrate microinsurance into their service ecosystems, expanding reach and usage through trusted, existing client touchpoints.

FOR DEVELOPMENT PARTNERS & INDUSTRY ASSOCIATIONS

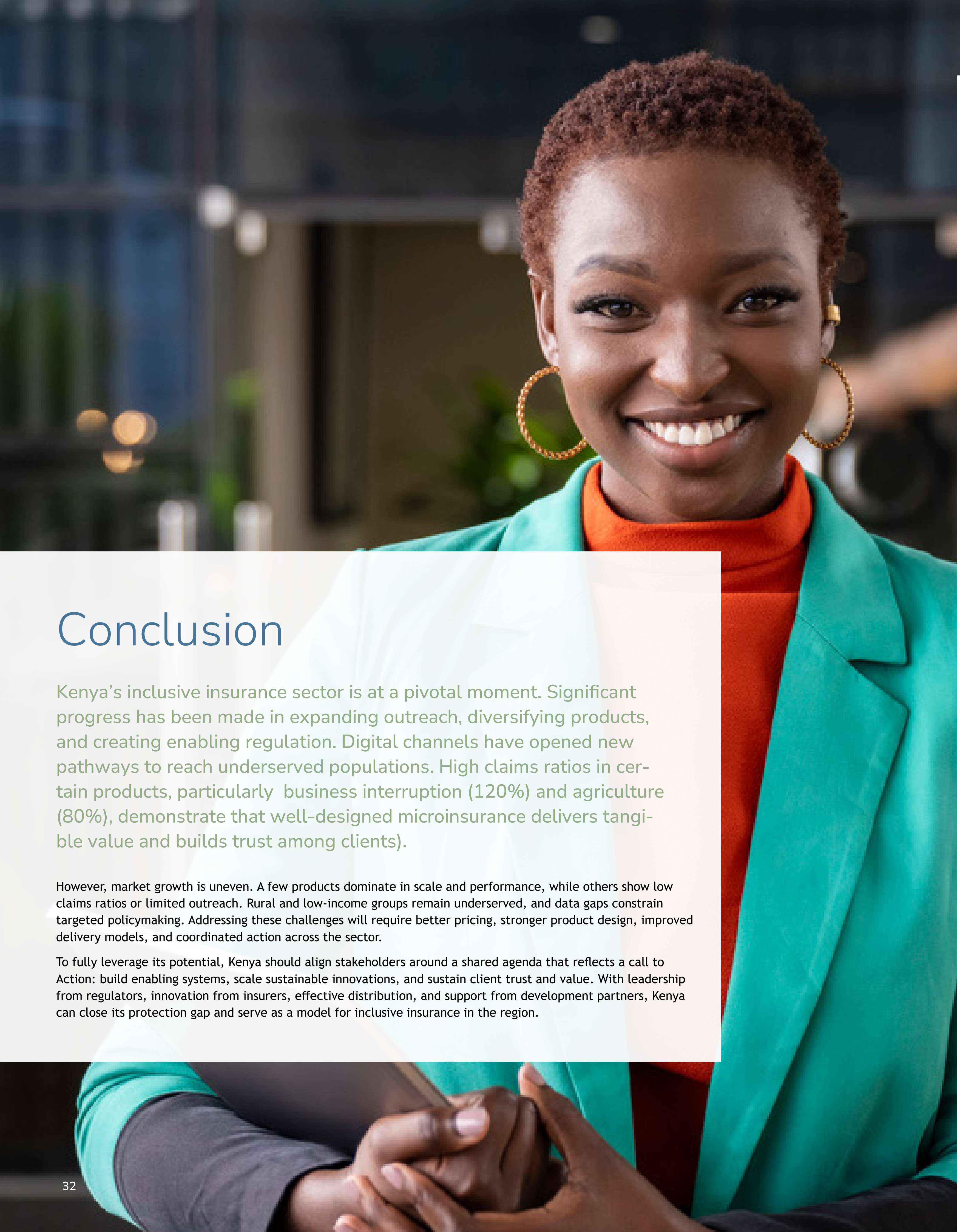
- **Build innovation ecosystems**
  Support pilot projects in under-served segments (agriculture, climate) and help incubate proof-of-concept models.
- **Scale convening and knowledge sharing programs**
  Host stakeholder forums and platforms to align government, insurers, and investors on inclusive insurance priorities.
- **Sustain evidence-based expansion**
  Fund studies and impact evaluations aligned with MiN metrics to guide investment and policy direction.

Development agencies and associations should catalyse Kenya’s inclusive insurance sector, facilitating innovation, data-driven decision-making, and scalable partnerships.

FOR CONSUMER ENGAGEMENT & AWARENESS PROGRAMS

- **Build trust and financial literacy**
  Launch campaigns in vernacular languages; use community voices and success stories to demystify insurance.
- **Scale interactive education platforms**
  Use mobile, radio, and in-person forums to teach how inclusive insurance works and its benefits.
- **Enhance feedback loops**
  Establish mechanisms for clients to report experiences, complaints, and suggestions to continuously improve products.

Stakeholders must partner on a national communication strategy to raise awareness, improve trust, and encourage uptake across communities.



Conclusion

Kenya's inclusive insurance sector is at a pivotal moment. Significant progress has been made in expanding outreach, diversifying products, and creating enabling regulation. Digital channels have opened new pathways to reach underserved populations. High claims ratios in certain products, particularly business interruption (120%) and agriculture (80%), demonstrate that well-designed microinsurance delivers tangible value and builds trust among clients).

However, market growth is uneven. A few products dominate in scale and performance, while others show low claims ratios or limited outreach. Rural and low-income groups remain underserved, and data gaps constrain targeted policymaking. Addressing these challenges will require better pricing, stronger product design, improved delivery models, and coordinated action across the sector.

To fully leverage its potential, Kenya should align stakeholders around a shared agenda that reflects a call to Action: build enabling systems, scale sustainable innovations, and sustain client trust and value. With leadership from regulators, innovation from insurers, effective distribution, and support from development partners, Kenya can close its protection gap and serve as a model for inclusive insurance in the region.

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micro insurance network

About the Microinsurance Network

The Microinsurance Network is the global multi-stakeholder platform for professionals and organisations that are committed to making insurance inclusive. Membership-based, we bring together diverse stakeholders from across the value chain who share our vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks. We encourage peer-to-peer exchange and learning, facilitate the generation of knowledge and research, and act as advocates, promoting the role that effective risk management tools, including insurance, play in supporting the broader development agenda.

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