

## 2021-07 | Micro-property Insurance Scale-up Programme

Partner Financial Institution:	<a href="#">APA Insurance Limited</a>	SCBF Contribution:	CHF 70,000 (66%)
Grantee:	<a href="#">AB Consultants Limited</a>	Matching Contribution:	CHF 35,390 (34%)
Country:	Kenya	Theme:	Resilience
Duration:	October 2021 – October 2023	Product:	Property Insurance
Potential Outreach:	334,335	Target Group:	MSMEs
Thereof Women:	167,168 (50%)		

### CONTEXT

Kenya's national development blueprint is defined by Vision 2030 launched in 2018. Financial services is a priority sector identified for growth and development under the economic pillar as part of this vision. Kenya has a high formal financial inclusion rate of 82.9% (FinAccess, 2019), driven by the growth of mobile money, government initiatives and support as well as developments in information, communication and technology (ICT) in the country.

However, the high penetration of financial services does not match the usage of insurance services in Kenya. The industry has an annual gross written premium of about USD 2.2 billion with a penetration of 2.30% contribution to the GDP (AKI, 2020). This penetration rate has remained at or below 3% for more than a decade leaving a majority of the population without adequate formal risk mitigation mechanisms. 71% of Kenyans have never had an insurance policy (FinAccess, 2019). Of the 29% insured, a majority are insured by the National Health Insurance Scheme (NHIF) and only 5.5% are covered by a private insurance policy. APA's micro-property insurance policy aims at addressing the needs of the uninsured MSMEs in order to reduce the insurance coverage gap.

### CURRENT STATUS OF THE PFI

Since 2010, APA Insurance has been providing inclusive insurance solutions in Kenya with a strategic focus on building the resilience of emerging and vulnerable consumers, which include MSMEs. APA's focus is driven by market misalignment to address the demand for innovative and relevant solutions that meet customers' unique needs. APA Insurance has provided insurance as a risk coping mechanism to over 1.1 million smallholder farmers since 2015 and currently serves approximately 210,000 low-income households through solutions such as personal accident cover, income replacement and last expense. The support from SCBF will enable APA Insurance to engage technical capacity, which is currently not available in-house, for a demand- and supply-side review of the micro-property market with the aim of understanding the barriers to scale-up and potential solutions to address these.

### OBJECTIVES AND MAIN ACTIVITIES

APA Insurance, in partnership with SCBF and AB Consultants, seeks to increase MSMEs' uptake of micro-property insurance, from the current baseline of 93,000 active policy-holders (CHF 30.8 million policy value) to a minimum of 334,335 (CHF 850 per policy) active policies. The main target group will be rural populations (at least 80%). Key project activities include: demand and supply review, customer journey mapping using human-centric design, consumer education and awareness using gamification as an educational tool, and expansion of distribution strategy by adding new channels, including a digital platform. Upon completion of the project, APA Insurance's improved understanding of the barriers to micro-property insurance uptake and solutions to overcome these should enable them to reach the target of over 330,000 active policy-holders, and over 2 million policy-holders by the fifth year after the project is launched.

**Partnering with:**

