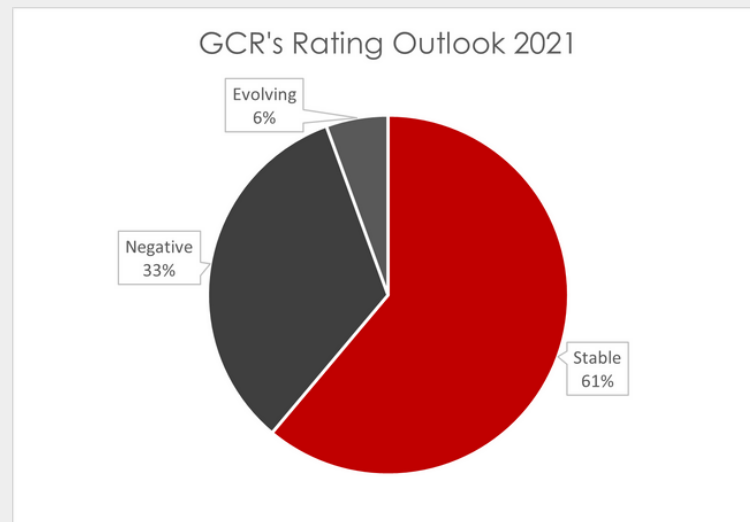
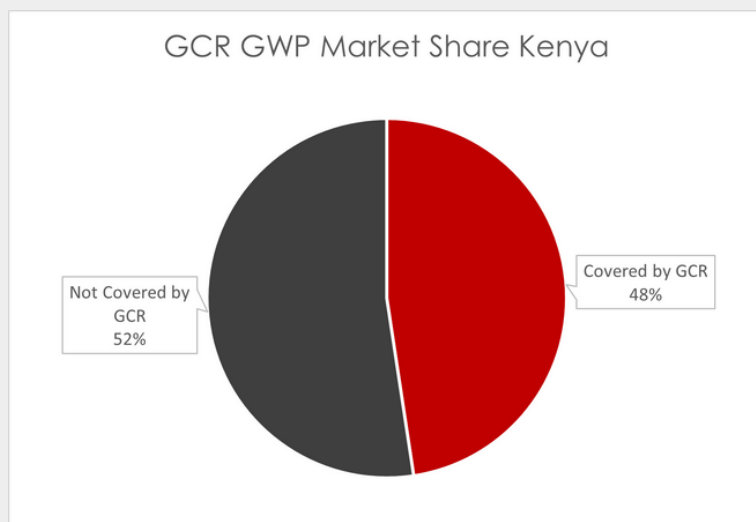


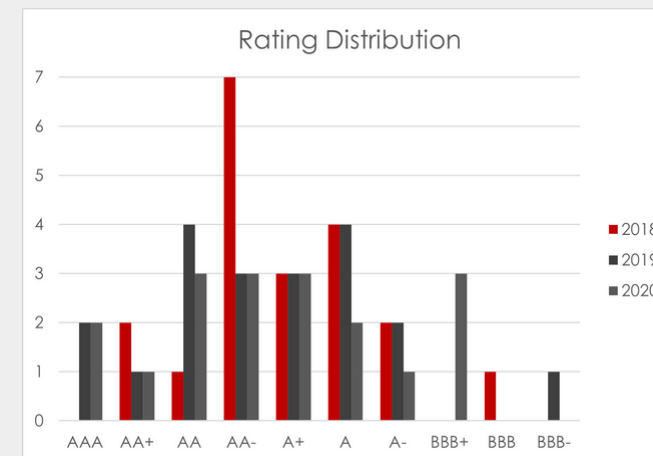
GCR Ratings Coverage of Insurers in Kenya

In 2020, we placed 11 insurers on stable; 1 on evolving; & 6 on negative outlooks, reflecting group & company asset & debt exposures as well as corporate reorganisations.



We also lowered both the country & sector risk scores due to the indirect impact of COVID-19, a restrained economy & other industry specific challenges. However, national scale relativities broadly remain consistent, & the stable outlooks are viewed to be well supported into 2021.

Ratings Distribution

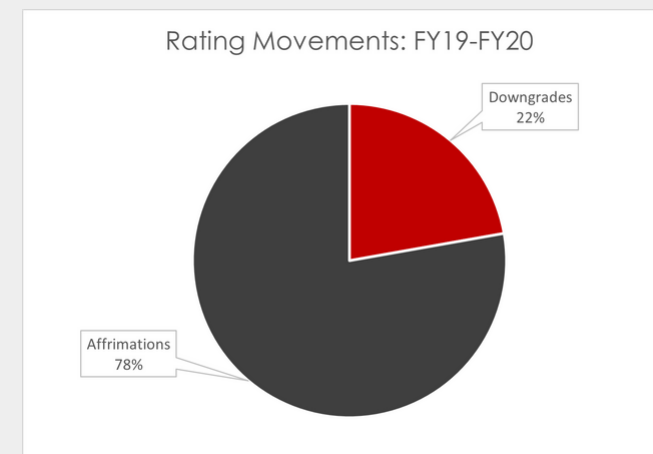


There is a good spread from the AAA(KE) band to the BB(KE) band on a national scale.

Drivers of Ratings Movements

The main drivers of ratings movements in 2019 & 2020 were:

- Group Risk
- Low quality of assets for some insurers
- Corporate transactions and/or strategic partnerships.



Industry Performance and Outlook

PREMIUM GROWTH: We estimate total insurance industry premium growth moderated to a 2-4% range in 2020 reflecting the adverse impact of COVID-19. However, despite continued challenges we expect gross premium growth to improve to 4-7% in 2021.

PROFITABILITY: Net profit margins are likely to compress relative to the prior four-year average for both the short and long term industry in 2020 before rebounding in 2021, while investment income will remain a key earnings driver.

SOLVENCY: Industry-wide solvency and liquidity may remain inhibited by exposure to outstanding receivables, making it difficult for most market participants to meet the prescribed capital requirement of 200%.