



## Press Release

### **AAR Insurance profit dips as healthcare costs surge**

**Nairobi, 25th April 2017...** The spiraling cost of healthcare in Kenya has seen AAR Insurance net profit for 2016 fall 23 percent to Ksh218 million despite posting 48 percent growth in gross written premiums.

The company's net earnings dipped from Sh285 million in 2015 with profit before tax falling from Sh411million in 2015 to Sh319 million. Gross written premiums increased from Sh4.4billion in 2015 to Ksh6.5billion last year.

The company's total assets increased from Ksh3.1 billion in 2015 to Ksh5.2 billion last year. Net earned premium rose 11 percent from Ksh3.6 billion to Ksh4 billion. Income from fees and commission declined significantly from Ksh137 million to Ksh31 million. Investment income was up 18 percent to Ksh221,877.

AAR Insurance, the country's second largest medical underwriter, commands 16 percent market share. Caroline Munene, the firm's Managing Director, cited a tough operating environment characterized by increased cost of health care as eating into the underwriter's profit.

"Several factors are driving up health costs in the country including inefficiencies, over-servicing those with insurance, inflated consultancy, diagnostic and procedure fees. These among other factors have led to increase in claim ratios and thus declining revenues for insurers," said Ms Munene.

Ms Munene appealed to stakeholders in the sector to devise ways of lowering the cost of health care in the country. She said escalating costs invariably lead to higher premiums, hurting those covered by private medical insurers and even public health insurance schemes like the National Health Insurance Fund (NHIF).

"Many countries including Kenya face the daunting task of taming the spiraling costs of health care. This calls for efficiency in the health system. However, achieving efficiency involves a delicate balance between cutting costs and ensuring quality and availability of services," she added.

AAR Insurance is keen on expanding its product portfolio and enhancing customer relationships. "We are committed to further diversifying our product offering to focus on



solutions that put our clients in control. We will continue to focus on efficient service delivery as a way of fostering excellent customer service to all our clients,” stated Ms. Munene

In its commitment to develop a business environment that is client focused and one that will propel the success of Africa’s people, the company recently partnered with Octagon to offer medical insurance to retirees. The cover will see retirees enjoy an overall limit of between Ksh1 million to Ksh5 million.

AAR Insurance has over 100,000 customers and 13 branches across the country.

**Ends**

*For more information, contact Anthony Mutua on 0720721095*

**ABOUT AAR INSURANCE**

AAR Insurance is a licensed financial services provider in Kenya and a member of the Association of Kenya Insurers (AKI) with presence across the country through its intensive branch and broker network.

The company is licensed to transact General Insurance business in Kenya.