



Insurance

THE INSURANCE USAGE & AWARENESS REPORT

THE WYLDE INDUSTRY PULSE

AN ANALYTICAL REPORT ON THE GAPS AND
OPPORTUNITIES IN THE UPTAKE OF INSURANCE
AMONGST SMALL AND GROWING BUSINESSES IN NAIROBI

Dec 2024





PREFACE

In an era where small and growing businesses (SGBs) are pivotal to economic growth and job creation, ensuring their resilience against risks is paramount. Insurance serves as a critical enabler, offering a safety net that fosters business continuity and growth. However, understanding the unique needs and challenges of SGBs in Nairobi remains an unmet necessity.

This analytical report sheds light on the gaps and opportunities in the uptake of insurance within the SGB segment, presenting insights that can guide both insurers and business owners toward mutually beneficial solutions. It is our hope that this report acts as a catalyst for meaningful dialogue, innovative product development, and strategic partnerships to empower SGBs in Nairobi and beyond.

INTRODUCTION

Small and growing businesses (SGBs) in Nairobi are vital drivers of Kenya's economic progress, contributing significantly to innovation, job creation, and community development.

However, these businesses face numerous risks, from operational uncertainties to external challenges, making risk management a critical need for their sustainability.

Insurance provides a vital safety net, enabling SGBs to safeguard their assets, employees, and operations against unforeseen events.

Despite the availability of various insurance products, the uptake among SGBs remains relatively low. Key types of insurance that could significantly benefit these businesses include:

- **Property Insurance:** Protects business premises and assets from risks such as theft and natural disasters.
- **Motor Insurance:** Covers vehicles used in business operations against accidents and liabilities.
- **Fire Insurance:** Provides compensation for damages caused by fire incidents.
- **Health Insurance:** Ensures employees have access to medical care, enhancing workforce productivity.
- **Personal Accident Insurance:** Offers financial support in the event of accidental injury or death.
- **Burglary Insurance:** Covers losses resulting from burglary or theft.
- **Worker's Compensation Insurance:** Provides benefits to employees injured or made ill in the course of their duties.
- **Professional Liability Insurance:** Protects businesses against claims of negligence or errors in professional services.

This report, commissioned by WYLDE International in collaboration with AAR Insurance Kenya, explores the gaps and opportunities in the uptake of these insurance products among Nairobi's SGBs. By examining current coverage, attitudes, and challenges, the report aims to provide actionable insights for both insurers and business owners to foster greater adoption and mutual benefit.

EXECUTIVE SUMMARY

Background

WYLDE International, an award-winning business consulting and entrepreneurship development organisation in Africa, is dedicated to empowering businesses by bridging gaps in knowledge and access, fostering sustainable growth and resilience.

AAR Insurance Kenya, a provider of medical and general insurance solutions, is committed to leveraging digital innovation to expand its market presence.

Recognising the untapped potential in underserved segments such as small and growing businesses (SGBs), WYLDE International and AAR initiated a survey to uncover insights into insurance coverage, attitudes, and interactions with providers among SGBs in Nairobi.

Key Findings

- **Insurance Uptake:** Only 47% of SGBs currently have active insurance policies, with property and motor insurance being the most popular.
- **Interaction with Providers:** Email remains the preferred communication channel, though there is room to improve the claims process, which 12% described as "somewhat smooth."
- **Challenges and Opportunities:** High insurance costs and a perceived mismatch between offerings and SGB needs are significant barriers. However, digital tools and portals are increasingly used, and 83% of business owners report positive experiences with insurers.
- **Future Prospects:** Only 16% of SGBs are considering new insurance coverage in the near future, underlining the need for affordable and customised products tailored to their unique challenges.

Recommendations

- Develop affordable, customised insurance products for SGBs.
- Enhance transparency and efficiency in the claims process.
- Increase awareness and engagement through consultative and collaborative approaches.
- Leverage digital platforms for improved communication and service delivery.

OBJECTIVES OF THE REPORT

The primary objective of this report was to identify gaps and opportunities in the uptake of insurance among small and growing businesses in Nairobi. Specific areas of focus included:

- 1 Understanding current insurance coverage levels and product preferences.
- 2 Assessing attitudes and perceptions toward insurance.
- 3 Identifying challenges faced by SGBs in adopting insurance.
- 4 Exploring the interaction dynamics between SGBs and insurance providers.
- 5 Highlighting potential improvements and future considerations for insurance uptake.

Scope and Methodology

The report targeted small and growing businesses within Nairobi's metropolitan area, employing a mixed-methods approach to gather qualitative and quantitative data.

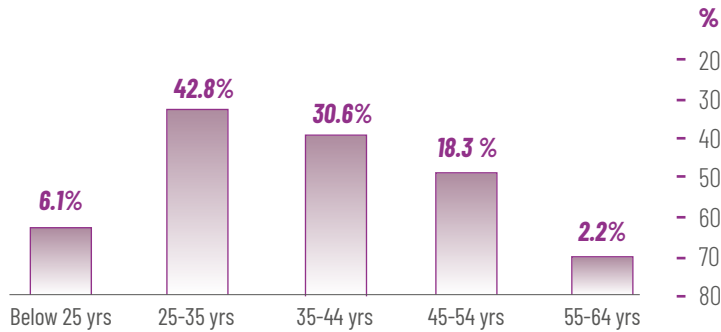
Key components included:

- **Data Collection:** Conducted through structured interviews to capture relevant information directly from business owners.
- **Research Method:** A quantitative approach was used, supported by Computer Assisted Personal Interviews (CAPI) for accuracy and efficiency.
- **Instrument:** A semi-structured questionnaire designed to elicit detailed responses on key thematic areas, including insurance uptake, attitudes, and interaction with providers.
- **Sample Size:** The survey included a total of n=180 respondents, representing a diverse mix of business types and sizes.
- **Sample Details:**
 - Small businesses (1-10 employees).
 - Medium businesses (11-50 employees).
- **Language:** The interviews were conducted in English to ensure clarity and uniformity of responses.
- **Survey Dates:** The survey was conducted from 5th to 12th October 2024, ensuring timely data collection reflective of current business dynamics.

This robust methodology ensured that the findings presented were both reliable and relevant, offering a nuanced understanding of the insurance landscape for Nairobi's SGBs.

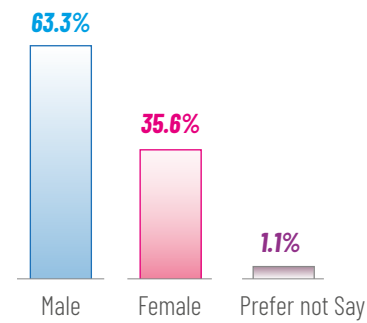
Demographics

Age of Businesses Owners



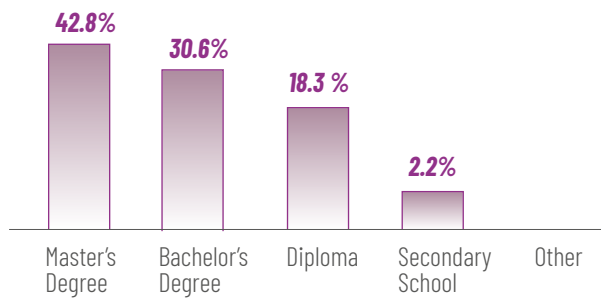
Majority of the business owners interviewed were **Millenials** and **Gen Zs**, aged between **25-44** years comprising **73%** of the sample.

Gender of Businesses Owners



Males comprised **63%** of the sample whereas females were **36%**.

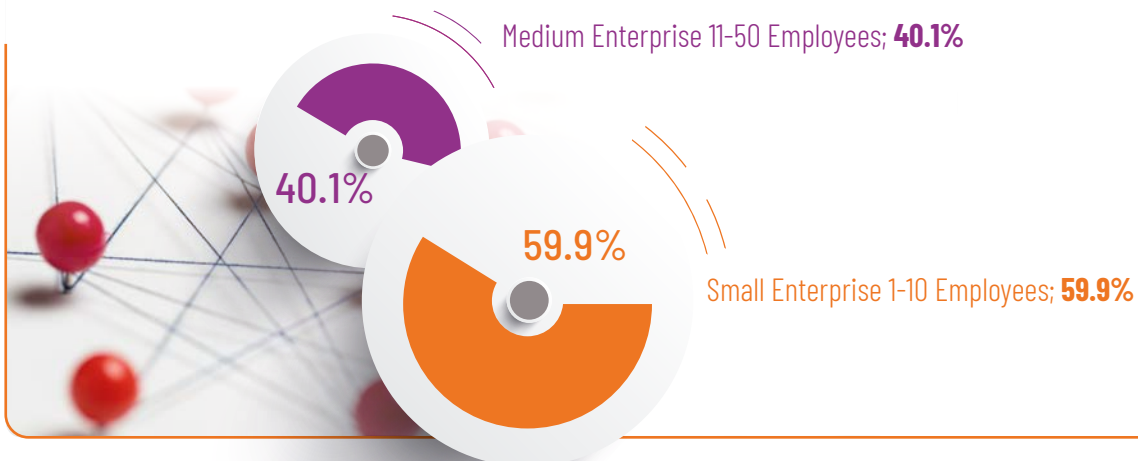
Education of Businesses Owners



78% of business owners either have a **Bachelor's Degree** or **Diploma**.

Business Organisation

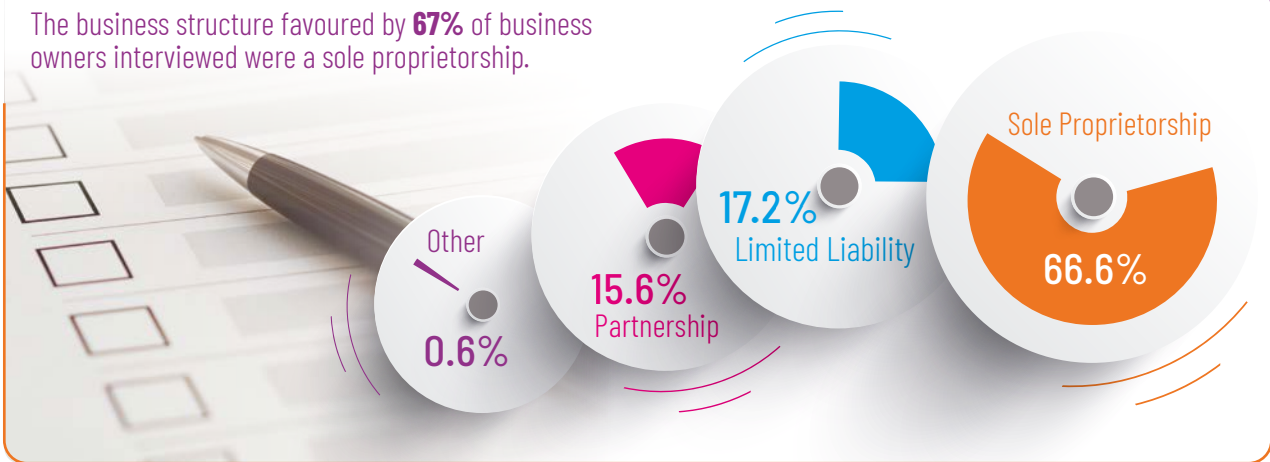
Business Size



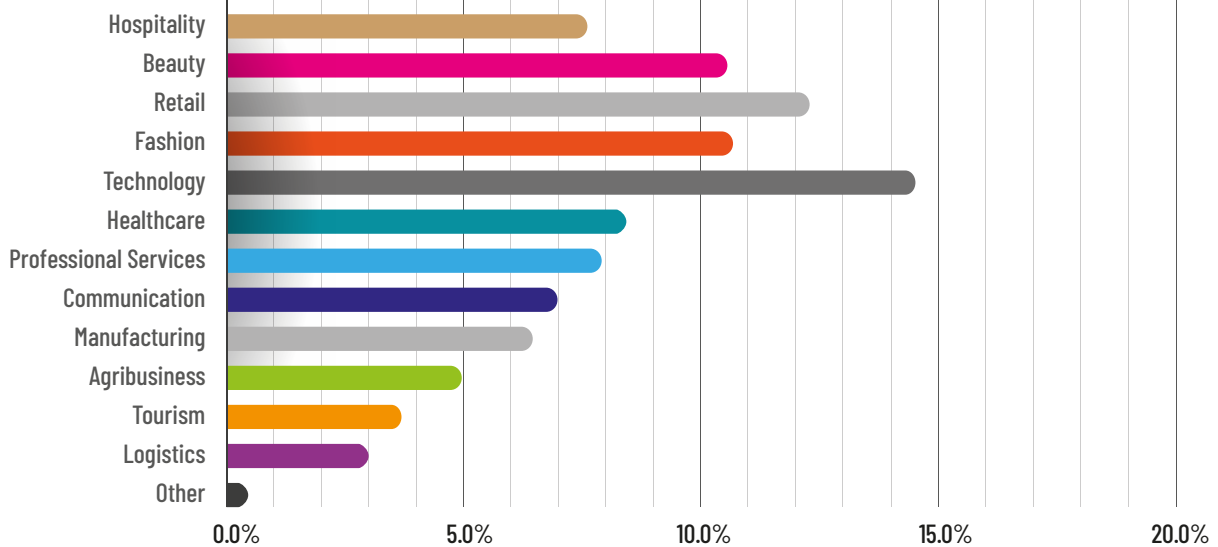
Business Information

Businesses Registration

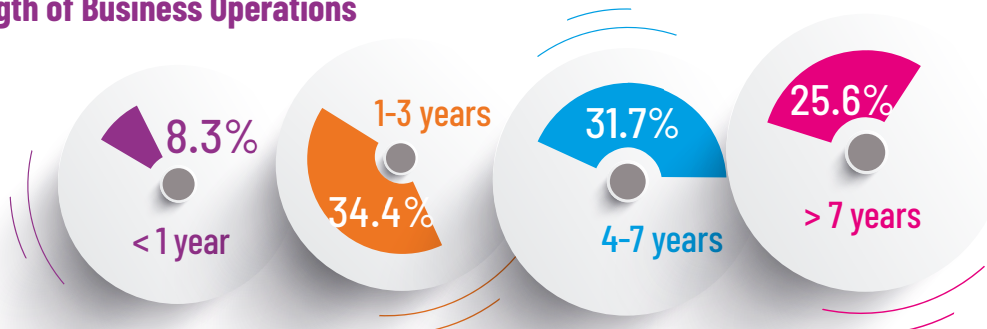
The business structure favoured by **67%** of business owners interviewed were a sole proprietorship.



Industry



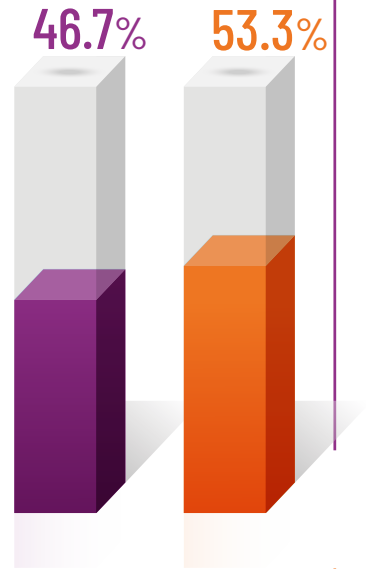
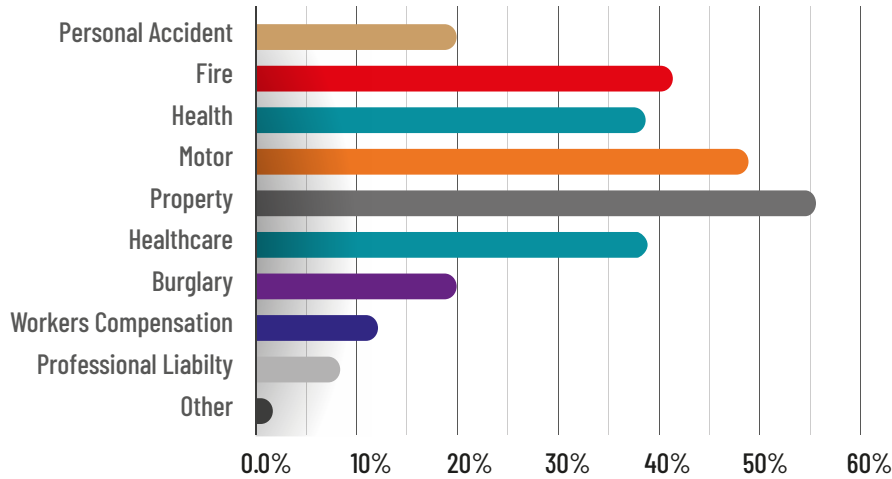
Length of Business Operations



34% of businesses have been running for a period of between **1-3 years**, followed by **32%** that have been operational for **4-7 years**.

Insurance Coverage

Attitudes: Uptake of Insurance Policies

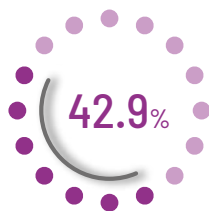


53% of small and growing businesses do not have insurance.

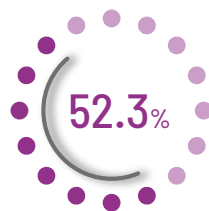
Providers



4-5 Providers



2-3 Providers



1 Provider

52% of small and growing businesses have a single insurance provider, whereas **43%** have upto 2-3 providers.

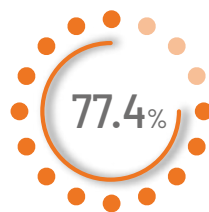
Adequacy



Not Sure



No

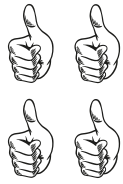


Yes

77% of small and growing businesses feel that their respective current insurance coverage is adequate.

Attitude Towards Insurance

Insurance Importance



44%
Very Important



30%
Somewhat Important



20%
Not Very Important



6%
Not Important at all

74% of business owners, including those without an active policy, believe that insurance is important for running a business, with 44% of them considering it "very important."

Reason for Insurance Purchase



67% of business owners indicate Risk Management as the main reason for insurance purchase.

Understanding Insurance Policies



54%
Very Confident



31%
Somewhat Confident



14%
Not Very Confident

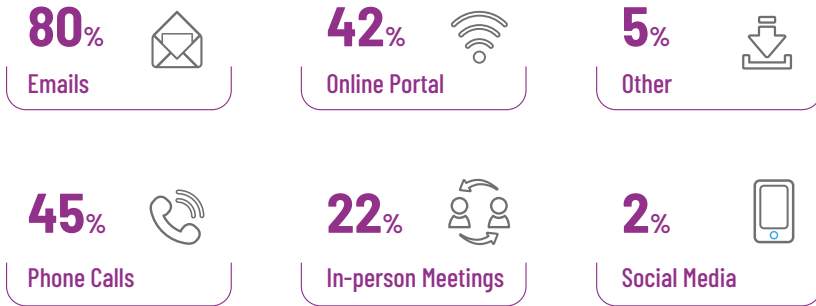


1%
Not Confident At All

54% of business owners with insurance are very confident in understanding their insurance policies.

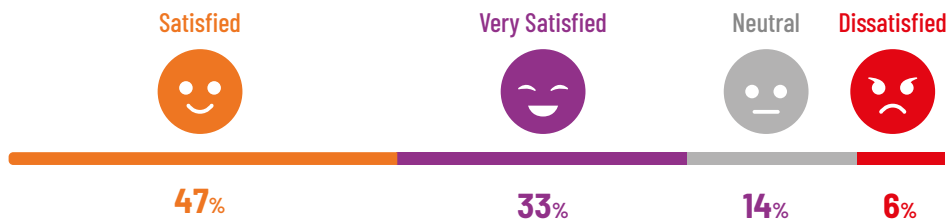
Interaction With Insurance Providers

Communication Channels



Emails are the single most preferred communications channel, followed by phone calls and self service portals.

Satisfaction



47% of business owners with insurance are satisfied with customer service, while 33% of them report being "very satisfied" with customer service.

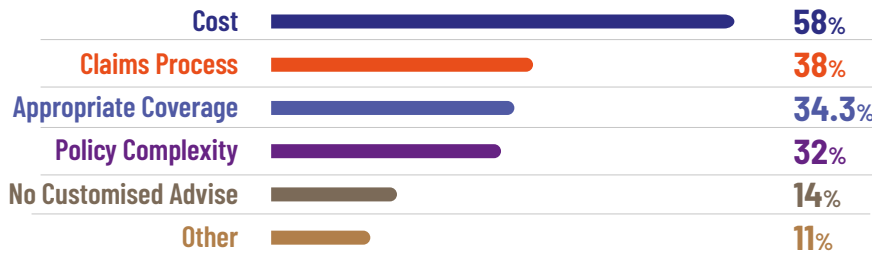
Insurance Claims



35% of business owners with policies have filed an insurance claim, with 12% saying the process was somewhat smooth.

Insurance Needs/Challenges

Insurance Challenges



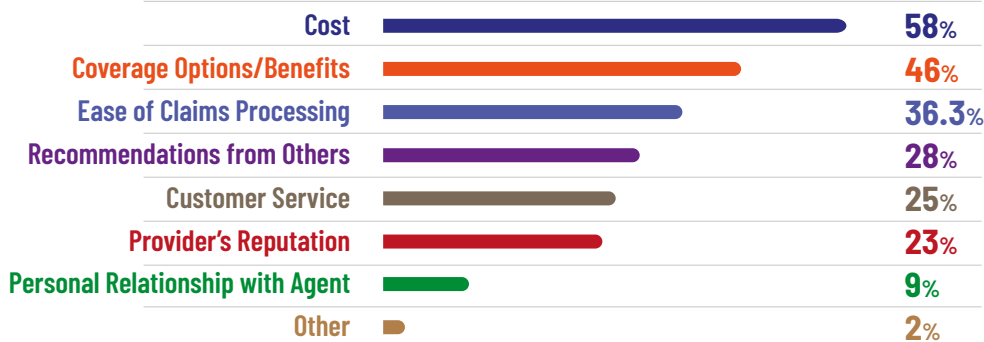
Cost is the biggest challenge when considering insurance for business as indicated by **60%** of business owners.

Review of Insurance Policies



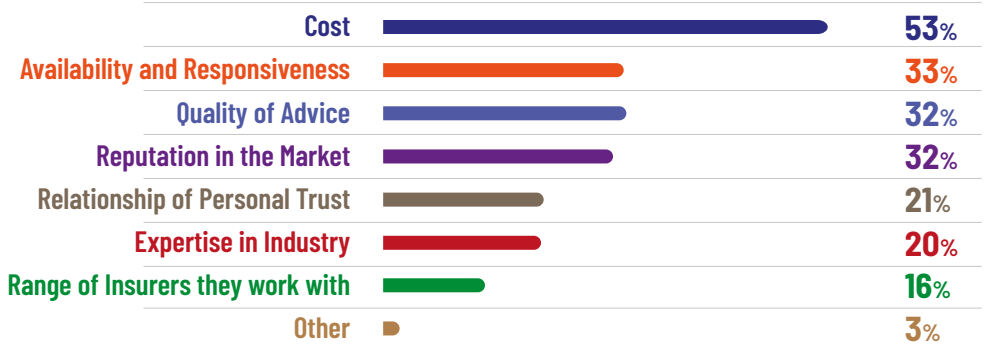
87% of business owners review insurance policies annually.

Choice of Insurance Provider



Cost and Coverage Options/ Benefits are the two most popular factors to be considered in insurance.

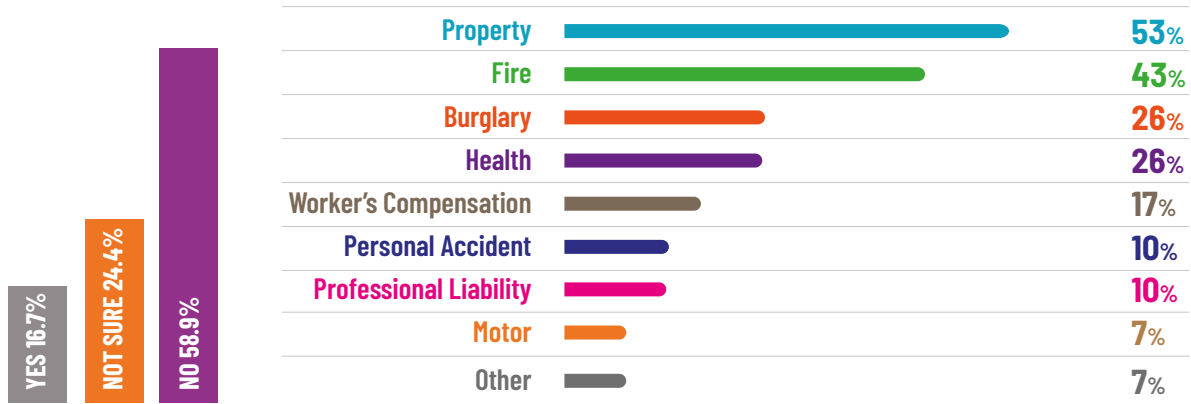
Choice of Insurance Agent/Broker



Cost is the largest consideration when working with a broker.

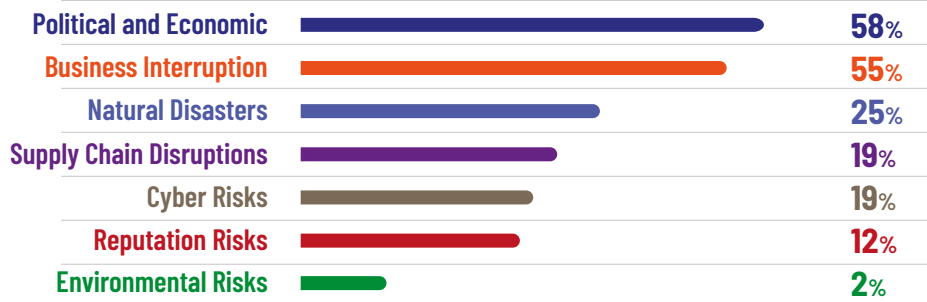
Future Insurance Consideration

Future Insurance Needs



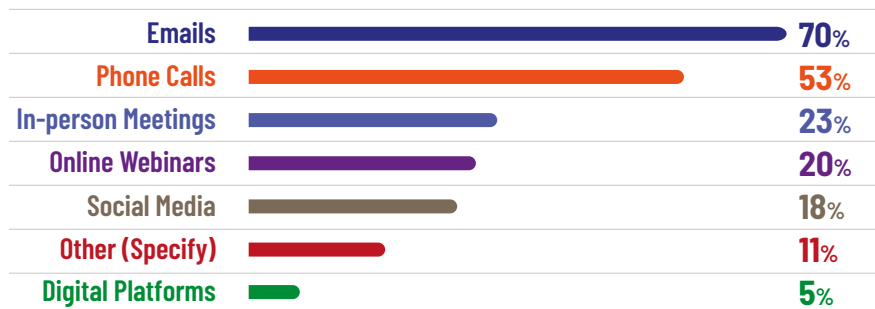
59% of business owners are **not considering taking insurance** in future. However, **Property** and **Fire insurance** top the list of insurance considerations, for 17% of business owners.

Insurance Risks



Political and Economic risks, as well as **business interruption**, are the two greatest risks business owners would consider insuring.

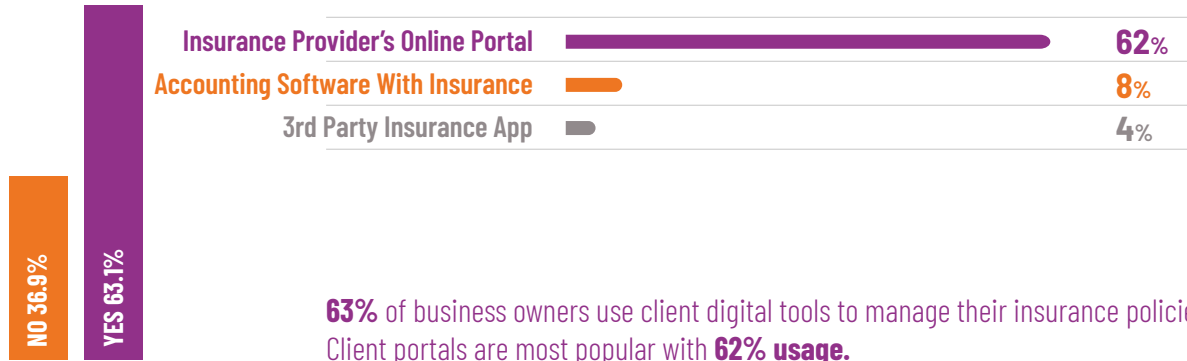
Information on New Insurance



70% of business owners prefer **email** communication, with 53% preferring **phone calls**.

Future Insurance Consideration. Cnt

Insurance Digital Tools



63% of business owners use client digital tools to manage their insurance policies. Client portals are most popular with 62% usage.

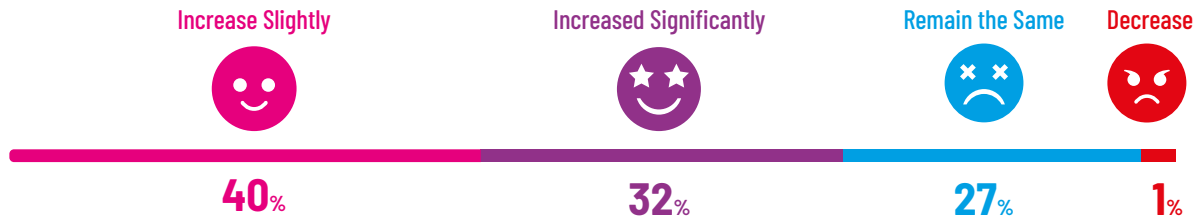
Satisfaction With Digital Tools



83% of business owners who use digital tools to manage insurance policies have positive satisfaction, 49% being very satisfied.

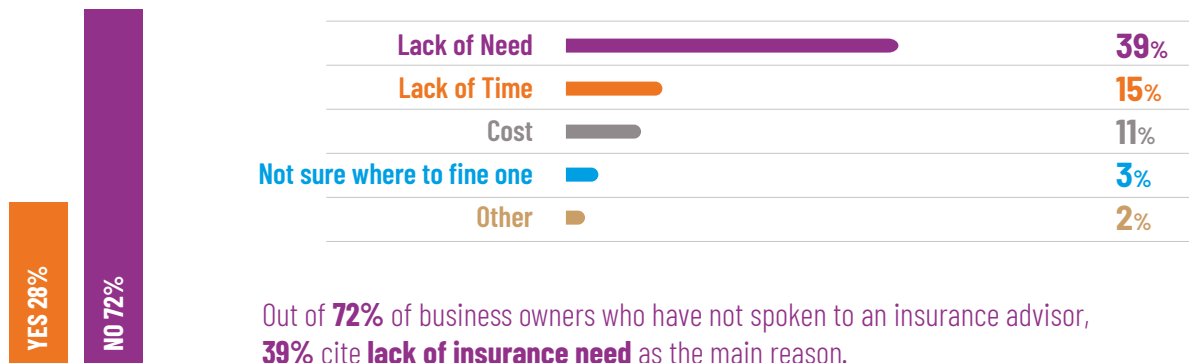
Insurance & Business Growth

Insurance Needs



72% of business owners expect a change in their insurance needs as their businesses grow, with 33% expecting a "significant increase" in those needs.

Insurance Needs



Out of 72% of business owners who have not spoken to an insurance advisor, 39% cite **lack of insurance need** as the main reason.

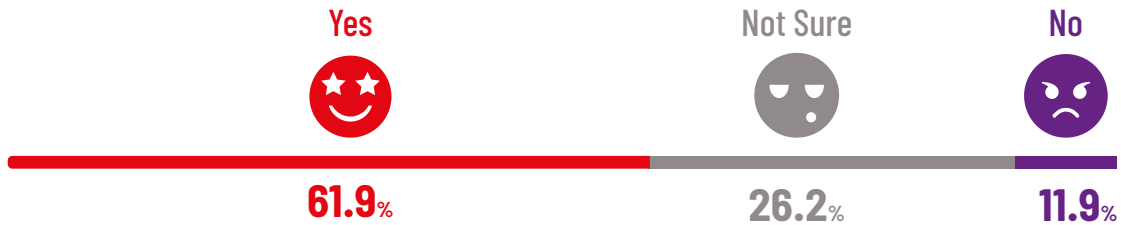
Understanding Business Needs



58% of business owners say that insurance companies do not understand the needs of small and growing business

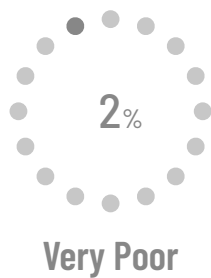
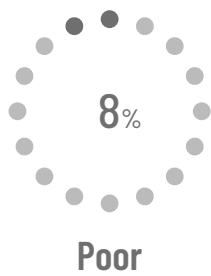
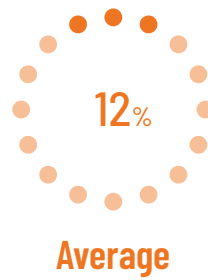
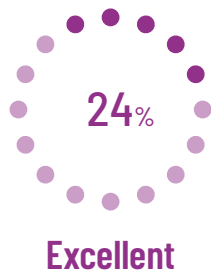
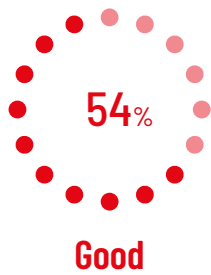
Insurance & Business Growth Ctn.

Understanding Business Needs



62% of business owners currently with an insurance policy would recommend their insurance providers

Satisfaction with Insurance



83% of business owners have had a good experience with insurance.

Improvements In Insurance

We put forward three open-ended questions to the participants of the survey. Here are the questions and their responses:

1

What improvements would you like to see in the insurance industry for small and growing businesses?

The most common response was **“more affordable products”**, followed by **“simplify the claims process”** followed by **“more customized products”**, followed by **“better communication”**



2

Is there anything else you would like to share about your experience with business insurance?

The most common response was **“simplify the claims process”**, followed by **“better communication”** followed by **“more customized products”**



Conclusions

1. More sensitization needed on insurance products available to small and growing businesses, as well as consultative engagement to develop custom insurance products for small businesses.
2. Insurance providers have an opportunity to grow their reach with small and growing businesses. However, this requires understanding the needs and industry contexts of these businesses
3. Misinformation has made it difficult for business owners to obtain factual information on insurance solutions for their businesses. Risk management is largely misunderstood or generally shrouded in mystery. However the adoption of digital platforms and tools provides an opportunity for better engagement.
4. Business owners are positive about projected growth, thus necessitating the need for insurance providers to seek organic conversations/engagement that eventually builds brand love.



ABOUT US

WYLDE International, founded in 2004, is a highly experienced consultancy firm specialising in bespoke strategy and business transformation services across all sectors. Headquartered in Kenya and based at the SNDBX (pronounced "sandbox"), WYLDE operates alongside over 35 seasoned professionals in diverse fields, including HR, finance, customer service, and marketing.

Beyond consultancy, WYLDE is a leader in entrepreneurship development, offering business coaching, access to finance support and financial management training. These services, combined with our team's extensive international experience working with clients like YUNUS Social Business, International Trade Centre, World Food Program, Global Alliance for Improved Nutrition, and Meta underscore our commitment to excellence.

Our Mission is "To transform entrepreneurs and organisations by creating and delivering impactful solutions."

Our Vision is "To see Africa reach a level of global influence"

To learn more about WYLDE's programs, products, and services, connect with us on Facebook, Instagram, LinkedIn, or Twitter, or visit our website at www.wyldeinternational.com.

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FUSED Ideas

For their creative direction and inspiration.

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While every effort has been made to ensure the accuracy and completeness of the information presented, neither WYLDE International nor AAR Insurance Kenya assumes responsibility for any errors, omissions, or decisions made based on the contents of this report.

Readers are encouraged to seek professional advice when making decisions related to the topics discussed.

For more information on the report or how you can work with WYLDE contact;

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