



*From the  
desk of:*

*Tom Gitogo*  
Chief Executive

 PAN AFRICA LIFE *We have a sense for Life*

### **The year 2013 so far....**

During the past six months, Kenya has gone through a series of changes, challenges and interesting times. The country started off with a state of concern and tension regarding the pending elections. This was mainly driven by the experience of 2007/2008 post election violence. This evolved to a state of confusion over political roles and responsibilities following the swearing in of a new government and implementation of a devolved system of government. We have also witnessed conflict and power play between MP's, Senators and Governors while strikes have also been on the rise with teachers and nurses demanding better pay. Gladly the storm has calm down positioning the country for growth and economic take off.

### **Economic indications for the first half of 2013**

The period January 2013 to June 2013 saw a rise in inflation to 4.9% owing to increased food and fuel prices. The overall inflation rate has however remained within the government medium term target of 5%. This is a good indication of better disposable income allowing people to cater for their basic needs as well as spare some money for savings. High interest rates in the first half of 2012 slowed down the economy. A gradual decline has been experienced in 2013 in tandem with the CBK lending rate. Currently it stands at 8.5% and unlikely to change in months ahead. This has reduced pressure on wallets and increased lending. The National Treasury anticipates a GDP growth of 6% in 2013. Macroeconomic stability, increased domestic demand, modest growth in credit and a robust agricultural sector is expected to drive this growth.

During the period between January 2013 and June 2013, the shilling appreciated by more than 4% against the US dollar, going in to the +/- 85 levels. Exchange reserves increased during the period providing a cushion to the foreign exchange market against both external and domestic shocks. With these indications, we expect a favorable macroeconomic environment enabling us to achieve our business objectives.

### **Devolution government**

Devolution is inevitably a potential source of economic growth for our country. Each county is expected to specialize in areas of their greatest assets i.e. natural resources. This will improve production efficiencies and boost inter-county and international business. However, it will be important to keep budgets and government expenses within tamable levels to avoid increased debt pile up.

### **Growth of Infrastructure**

Infrastructural improvement is certainly a good resource for business operations. The now complete Thika Super highway has facilitated easier movement within and without the city. The Lamu Port project and East African connecting railway will also provide great relief once completed to the greater East African region. Oil discovery and exploration is also another good indication of long term economic progression of Kenya, and should be taken seriously.

## **The Insurance Industry**

The industry has this year experienced a few regulatory changes. Such include the introduction of risk based supervision model, regulation around re-insurance as well as external auditors. These new guidelines are likely to impact the industry operations. We at Pan Africa Life are well prepared for these changes. Other guidelines include consumer protection in Bancassurance. In essence, a client will be allowed to choose their insurer of choice when purchasing an insurance product through the bank. Knowing that Pan Africa Life has a good standing with our clients, we do not anticipate any resistance. Finally, the Kenya Revenue Authority has also proposed to introduce excise duty of 10pc to insurers on any “fees” and “commissions” that they charge. The Association of Kenya Insurers has obtained a court injunction for this awaiting further negotiation.

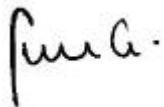
## **To our Clients: Pan Africa Life is here to continuously support you to create and secure your wealth.....**

Pan Africa Life has a unique approach to doing business. We stand ahead of competition and take it upon ourselves to make sure that individual and corporate financial needs are taken care of using innovative and affordable solutions.

We also continue to pursue alternative channels of distribution to increase uptake. We have partnered with Family Bank to distribute life insurance in the Kenyan Market, a development that is picking up pretty well. We have also entered in to a distribution arrangement with Airtel. This will enable clients to access life insurance at their comfort and affordably.

Finally, we are in the process of implementing a new operating system (Thought Express) which goes live on 30th September 2013. This transition to a new system will enable us attain operational efficiency through the use of a standard integrated system and seamless processes. Our customer satisfaction index is also bound to grow due to system speed and level of interaction. As usual we are more than glad to receive your feedback on our products and services through the available channels such as our branches and financial advisors across the country, e-mail, ordinary mail, SMS and website. This helps us to continuously improve our service to you!

Enjoy a productive second half of 2013!



**Tom**  
Aug 2013