Professional Numbers

1. There is only one consulting actuary resident in Kenya. In addition, the Indian Government's aid for Africa includes an actuary seconded to Kenya's Ministry of Finance, to supplement actuarial advice to some departments of national and local government traditionally provided by the U.K.'s Government Actuary's Department.

2. Several firms of consulting actuaries in the UK have clients in Kenya, who visit the UK and are visited in Kenya.

3. One or two actuaries are from time to time employed in Kenya on one or two-year contracts by insurance companies.

4. There are virtually no Kenyans training to become actuaries. Suitable trainees are rare, do not complete their first degrees until age 25 or so, and have so far chosen more immediate ways of earning a living.

Economy

5. There are 15 million inhabitants of whom more than half are under age 15. Only 6% of the population is in formal, registered employment which does not include pastoralists or peasant agriculture. About 11% of the land area is well cultiviated; rainfall elsewhere is too low or unreliable. There are few mineral resources. Tea, coffee, meat products and tourism are the main foreign currency earners. Part of the country's upland climate and its political philosophy have attracted international agencies and businesses to invest in regional headquarters and assembly or manufacturing operations, especially in Nairobi. There are substantial ongoing foreign aided development projects.

6. The economy is mixed. The Government wholly owns some enterprises and has a majority stake in some others, but private enterprise is encouraged and so, in most fields, is competition. However, many food and drink prices are controlled. Infrastructure is good by comparison with much of Africa. Efficiency and honesty are much as would be expected after 16 years of independence, with extremes of poverty and affluence, and a long tradition of extended family obligations.

7. Cost of living has been increasing for some years at an official 10-15% per annum. The government-owned Central Bank keeps a firm grip on financial affairs, influencing interest rates and the direction of lending, and controlling foreign exchange transactions. Wide fluctuations is world prices e.g. of coffee or oil affect the availability of import licences and the cost of import finance from time to time.

8. There is a stock exchange and a small number of local common stocks. Government bonds yield up to 8½% p.a. long term. Property development is vigorous but land is much sought after and tightly held.

Social Security

9. There is some free hospital care, but no social security. Most of those in registered employment are required to contribute to the so-called National Social Security Fund, i.e. are forced to save about 5% of the bottom slice of pay, matched by the employer, repayable with interest, currently credited at 5% p.a. on retirement or death. Advice has been taken, and discussions are going on, about converting the benefit to a pension related to service and earnings.

Life Insurance

10. Pressure to incorporate locally was exerted first by discriminating through tax rates against foreign-controlled life offices, then by exhortation. The former induced most foreign-controlled offices to stop writing new business. Most have now sold out or localized. The legal framework is similar to the UK's. Most contracts are endowment assurances with reversionary bonuses. About half the mortality appears to be due to motor accidents.

Reinsurance

11. 25% of all treaty cessions on a risk premium basis, and 25% of new cessions on origianl terms, have to go to Kenya Reinsurance Corporation. Kenya undertakes to pass on 5% to the African Reinsurance Corporation, through Kenya Reinsurance Corporation, but the 5% is included in the 25%. On non-life insurance, a similar percentage of all business written has to be ceded to Kenya Reinsurance Corporation. whether the insurers would otherwise have reinsured it or not.

Employee Benefits

12. Since 1974 no contributions by employee or employer towards retirement benefits have been tax deductible, but income tax on up to K.Shs. 50,000/ = p.a of retirement pension is remitted (K.Shs. 9.66 = 1S.D.R.). Registered pension plans suffer no tax on their investment income, but must limit cash benefits on retirement and payments in. This peculiar (perhaps unique) type of tax treatment suggests balance sheet pension plan funding and top slice salary sacrifice in favour of employers' contributions to unregistered provident funds, but so far the trend in that direction is very small and most pension plans are of obsolescent insured types. There are a few disability and medical benefits plans. Death benefits are usually paid as lump sums or at trustees' discretion, because of polygamic complications.

Comparison with other countries

13. The most comparable countries are other black African countries which used to be British-influenced rather than French or Portuguese. Some have struck oil. Even they, and the others to a much greater degree, have serious problems arising out of the combination of persistently high birthrate, land pressure, lack of resources and a short history of education and development. Their leaders have impossible tasks and political instability is to be expected. Kenya has been stable so far. Its problems should not be underestimated.