

UNIVERSITY OF NAIROBI



SCHOOL OF MATHEMATICS
SAC 420: PROJECT IN ACTUARIAL SCIENCE

M-INSURANCE

**Submitted in partial fulfillment of the requirement for the degree of Bachelor of Science
in Actuarial Science**

May 2014

ABSTRACT

As it currently stands penetration of insurance stands at 3% of the GDP, specifically uptake of life insurance stands at 1.2%. Given the importance of life insurance it is paramount for life insurance cover to be easily accessible, convenient and less costly. This project aims to illustrate how this can be possible by the use of mobile telephones targeting specifically the low income and middle class earners.

The research was carried out at Pan-Africa Life Assurance Company Limited and Britam Insurance Company Limited, since they are the two companies that offer insurance services over the mobile phone, namely Bima Mkononi and Linda Jamii respectively. The survey for the study was conducted using questionnaires and personal interviews.

Credibility theory was applied to data obtained on claim experience in order to derive a mass market premium rate for an endowment assurance with a term of 3 years.