



Press release

PAN AFRICA INSURANCE HOLDINGS BUYS 51% STAKE IN GATEWAY INSURANCE COMPANY

17 March 2015 Pan Africa Insurance Holdings Limited (Pan Africa) has acquired a majority shareholding in Gateway Insurance Company Limited (Gateway) after signing a deal that entitles it to a 51% stake in the Kenyan firm's ownership.

The transaction of 31,948,950 ordinary shares priced at Kes 17.56 per share will see Pan Africa pay the Shareholders of Gateway a total of Kes 561,023,562.

"We are delighted to have concluded this transaction giving us a majority stake in Gateway. Pan Africa's group strategy includes diversifying investments in a way that will maximize and meet client expectations while growing shareholder value. We are on a path to make Pan Africa a one stop shop for our client financial solutions." Remarked the Board Chairman Dr JPN Simba. " Our return to the general insurance market comes at a time when statistics on insurance penetration in Kenya, at a low of 3.5, show a huge opportunity. Financial services are a critical component of any economy which intends to record sustainable growth. Insurance companies only account for 32% of financial service providers in Kenya excluding Cooperative Societies and a measly 0.3 % when cooperative societies are included. This explains that while a saving culture is budding among our people, which is how it should be, there is a gap in the area of risk management which cannot be ignored." Added Simba. "Gateway's established brand in short term insurance service and a countrywide presence dovetails into Pan Africa strategy. The group structure will change to incorporate the new general insurance subsidiary so that management of the group

will be at Holdings level by the Group Chief Executive while business lines (Life, General and Asset Management) will be headed by the respective Chief Executives.

The Group Chief Executive Mugo Kibati added that this new business venture will see Pan Africa compete effectively with their composite peers in the industry. "While we only have 11 out of 48 such providers currently, the direction the industry is taking requires a provider to offer a comprehensive solution from long term (life) to short term (Medical, motor, commercial, property etc) insurance solutions. We shall remodel our business so as to create synergies within the group and maximize the capacity. We also expect that the General insurance license will boost our intention to tap into other industries such as the upcoming oil market." He closed adding that the group considered acquisition over partnership in the interest of ensuring optimum quality of service.

It comes shortly after the announcement of a new Group CEO, Mr Mugo Kibati and a new CEO for the Life Business, Mr Stephen Kamanda. A few months ago the insurer launched Pan Africa Asset Management raising its grip in the financial services provision in the Kenyan market. In December 2014, the group also broke ground for their new business address in Westlands with expected construction cost at Kes 2.3 Billion. The address is expected to be complete by the second half of 2017.

About Pan Africa Insurance Holdings

Being the first insurance company to be quoted and having started its underwriting business in 1947, Pan Africa Insurance Holdings was founded in 1954. Pan Africa Insurance Holdings Limited was restructured in 2004 after the merger to form two wholly owned subsidiaries. These subsidiaries are Pan Africa Life Assurance Limited dealing with life business and PA Securities which owns a 100% stake in Mae Properties and a 25% stake in Runda Water.

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