



### Jubilee shareholders to receive KES.580Mn in dividend

- Jubilee Holdings shareholders will today receive the final dividend amounting to KES.579.8Mn despite the insurer having put on hold its annual general meeting.
- The group announced Thursday that the decision to pay dividends, made up of KES.8 per share, before the AGM will offer a cash boost to shareholders given the negative impact of Covid-19 pandemic.
- This latest payout, when added to the already paid interim dividend of KES.1 per share, will bring the total payout to KES.652.3Mn.
- The latest payout is the same as that declared in the previous year despite the net profit dropping by 2.6% to KES.4Bn on higher insurance claims and underwriting costs.

### Our View

- **We are concerned about the company's ability to sustain its dividend payout in the current operating environment.**
- The corona virus pandemic poses significant risks to the insurance sector operating environment which is expected to have a negative impact on Jubilee's financial performance.
- Majority of insurers and reinsurers do not cover pandemic risks but we expect to see an upsurge in claims that are indirectly related to the pandemic.
- Insurance claims have been on a steep rise in recent years on the back of heightened fraudulent claims resulting in high loss ratios across the industry.
- These claims have been more prevalent in the general business with motor and medical claims constituting the biggest share of gross claims incurred.
- In 2019, Jubilee paid out higher claims than the previous year with net benefits and claims increasing 23.8% from KES.15.9Bn to KES.19.7Bn.
- Jobs losses, pay cuts, unpaid leave and reduced income earnings among Kenyan households during the pandemic will result in a reduction in gross written premiums for the insurer which will affect the company's bottom line.