

Title: A PROPOSED MODEL LIFE TABLE FOR THEKENYAN MORTALITY EXPERIENCE

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ABSTRACT

The Kenyan insurance industry has had the challenge of lacking mortality tables that have been specifically developed out of Kenya's population mortality experience. This forced many insurance companies to base their mortality assumptions on life tables that were developed in other countries such as the UK and SA. These tables were the A1949-52 and SA85-90 respectively. However, in 2009, the first mortality tables specifically constructed out of the experience of assured lives in Kenya was constructed; the KE2001-03. This research report focuses on the development of mortality tables in Kenya. It proposes a new Model life table that is constructed after adjustment of the KE2001-03. The adjustment is carried out using the Brass Logit model with current census data being the determinant of the parameters of the model. Furthermore the study seeks to determine how the KE2001-03 life table compares to the A1949-52 and the SA85-90. This was carried out by a simple comparison of the mortality rates at each age for three mortality tables. Results of the research revealed that the KE2001-03 life table had the heaviest (highest) overall mortality rates followed by the SA85-90 then the A1949-52 table. In addition, the study revealed that there is a need to be periodically adjusting the mortality tables used by insurance companies in Kenya in order to ensure that the mortality assumptions used in conducting actuarial valuations match the actual mortality experience of the population in Kenya.