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*- Personal Finance & Business Solutions -*

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## LIVESTOCK & HERD INSURANCE



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# EXECUTIVE SUMMARY

**Your Challenge:** Your dairy cows, goats, sheep, pigs, or poultry represent years of investment—breeding stock worth Ksh 80,000 per dairy cow, prize bulls worth Ksh 800,000, entire herds valued at Ksh 6M-20M+. Disease outbreaks (foot-and-mouth, anthrax), theft, lightning strikes, predators, accidents, and drought can wipe out your livestock investment overnight. One disease outbreak killing 25 dairy cows = Ksh 2M loss. Without insurance, you start over from zero.

**The Risk of Inaction:** Disease kills 18 of your 45 dairy cows (Ksh 1.44M loss). Lightning strike kills 8 cows (Ksh 640K). Thieves steal 30 goats (Ksh 450K). Truck accident kills 12 dairy cows in transit (Ksh 960K). Without livestock insurance, you absorb 100% of losses, deplete savings, take emergency loans at 18%+ interest, struggle for 3-5 years to rebuild herd, or abandon farming entirely.

**The Solution:** Livestock & Herd Insurance providing comprehensive protection for your animals against death from disease, accidents, theft, fire, lightning, floods, snake bites, predators, and transit accidents. Coverage includes veterinary expenses, emergency slaughter compensation, and herd replacement costs. Protects dairy cattle, beef cattle, goats, sheep, pigs, and commercial poultry.

**Investment:** Ksh 45,000 - 800,000 annually depending on herd size and value (typically 3%-6% of total livestock value), species, age, location, and management practices.

## Why Act Now:

- Disease outbreaks increasing (foot-and-mouth, lumpy skin, anthrax)
- Livestock theft rising 40% in pastoral areas
- Climate extremes causing animal losses
- One outbreak can wipe out 10+ years of breeding investment
- Banks require livestock insurance for agricultural loans

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## THE PROBLEM: WHY LIVESTOCK INSURANCE IS CRITICAL

### The Harsh Reality of Livestock Farming Risks

#### Major Causes of Livestock Loss:

- Disease outbreaks (foot-and-mouth, lumpy skin, anthrax, mastitis): 42%
- Theft (particularly in pastoral regions): 23%
- Lightning strikes: 12%
- Accidents (falls, drowning, vehicle strikes): 10%
- Fire (barn fires, grassland fires): 5%
- Predators (hyenas, leopards): 4%
- Snake bites: 4%

## Kenya-Specific Challenges:

- Unpredictable disease outbreaks affecting multiple farms
- Limited veterinary access in remote areas
- Livestock theft organized crime
- Climate extremes (drought, floods)
- Poor livestock handling infrastructure

## Average Loss Statistics:

- Dairy cow value: Ksh 70,000 - 120,000 (depending on breed, age, productivity)
- Prize bull value: Ksh 500,000 - 2,000,000
- Goat/sheep value: Ksh 12,000 - 25,000
- Commercial pig value: Ksh 15,000 - 35,000
- Disease outbreak typically kills 15-40% of affected herd

## Devastating Scenarios Without Livestock Insurance

### Scenario 1: Dairy Farm—Disease Outbreak Catastrophe

**Farm:** Mwangi Dairy Farm, Nyandarua County

- Herd: 52 dairy cows (Friesian/Ayrshire cross)
- Average value: Ksh 85,000 per cow
- Total herd value: Ksh 4,420,000
- Annual milk revenue: Ksh 3.6M
- Farm investment over 12 years

**The Outbreak:** Foot-and-mouth disease (FMD) detected in neighbouring farms. Despite quarantine efforts, disease spreads to Mwangi's farm. 19 cows die within 10 days. 8 more culled due to severe symptoms (total 27 cows affected).

### Losses:

- 19 cows dead: Ksh 1,615,000
- 8 emergency culls: Ksh 680,000 (salvage value minimal)
- Veterinary treatment costs (entire herd): Ksh 280,000
- Movement restrictions (3 months): Lost milk sales Ksh 540,000
- Herd productivity drop (survivors): 30% reduction for 6 months = Ksh 540,000
- **Total loss: Ksh 3,655,000**

### Recovery Impact:

- Remaining 25 cows produce only 70% of previous milk (disease weakened them)
- Cannot afford to replace 27 lost cows (need Ksh 2.3M)
- Must take emergency loan: Ksh 2M at 18% interest (monthly repayments Ksh 60K)
- Loan repayments consume all profit for 4 years
- Cannot invest in feed, breeding, improvements
- Family struggles financially

### Without Livestock Insurance:

- Farmer's savings: Ksh 650,000 (depleted immediately)
- Must borrow Ksh 2M+ at punitive rates
- 4-5 years to recover herd size
- Considers selling farm

### With Livestock Insurance (Premium: Ksh 220,000/year, 5% of herd value):

- Disease outbreak covered
- Insurance pays: 27 cows × Ksh 85,000 = Ksh 2,295,000
- Veterinary costs covered: Ksh 280,000
- **Total claim: Ksh 2,575,000 (paid within 45 days)**
- Farmer immediately purchases 20 replacement heifers
- Milk production recovers within 8 months
- No debt incurred
- Farm remains financially stable
- Family secure

**Premium over 12 years: Ksh 2.64M. One outbreak claim paid Ksh 2.575M. Insurance = farm survival insurance.**

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### Scenario 2: Goat Farm—Lightning Strike Mass Kill

#### Farm: Kambi Goat Ranch

- Herd: 180 goats (Galla, Toggenburg breeds)
- Average value: Ksh 18,000 per goat
- Total herd value: Ksh 3,240,000
- Annual breeding sales: Ksh 1.8M

**The Incident:** Heavy thunderstorm during rainy season. Lightning strikes metal-roofed goat shed where entire herd sheltering. Massive electrical discharge kills 47 goats instantly, injures 12 others (later die).

#### Losses:

- 59 goats killed: Ksh 1,062,000
- Shed repairs (lightning damage): Ksh 180,000
- Veterinary treatment for survivors: Ksh 45,000
- Lost breeding sales (dead animals included prize bucks): Ksh 520,000
- **Total loss: Ksh 1,807,000**

### Without Livestock Insurance:

- Farmer has Ksh 320,000 savings
- Cannot replace 59 goats (need Ksh 1.06M)
- Breeding program destroyed (lost prize genetics)
- Takes 3+ years to rebuild through natural breeding
- Lost income for 2 years (insufficient breeding stock)

- Considers abandoning goat farming

**With Livestock Insurance (Premium: Ksh 162,000/year, 5% of herd value):**

- Lightning strike covered (common agricultural risk)
- Insurance pays: 59 goats × Ksh 18,000 = Ksh 1,062,000
- Shed repairs covered: Ksh 180,000
- Veterinary costs: Ksh 45,000
- **Total claim: Ksh 1,287,000 (paid within 30 days)**
- Farmer purchases 50 replacement goats immediately
- Breeding program resumed within 6 months
- Farm operations continue without interruption

**Scenario 3: Commercial Pig Farm—Theft Devastation**

**Farm:** Machakos Pig Farm

- Herd: 85 pigs (breeding sows, fatteners)
- Average value: Ksh 25,000 per pig
- Total herd value: Ksh 2,125,000
- Farm located rural area, 8km from main road

**The Incident:** Organized gang raids farm at 2am. Overpowers night guard, loads 32 pigs onto waiting trucks. Pigs never recovered (likely sold to unscrupulous butcheries same night).

**Losses:**

- 32 pigs stolen: Ksh 800,000
- 8 breeding sows among stolen (critical breeding stock): Future lost income Ksh 480,000/year
- Security upgrades required: Ksh 220,000
- **Total loss: Ksh 1,020,000 + future income impact**

**Without Livestock Insurance:**

- Farmer's working capital: Ksh 180,000
- Cannot replace breeding sows immediately (need Ksh 400K+)
- Breeding program collapsed
- Must wait 18+ months to rebuild through natural breeding
- Lost income for 2 years: Ksh 960,000
- Total financial impact: Ksh 1.98M+

**With Livestock Insurance (Premium: Ksh 106,000/year, 5% of herd value):**

- Theft covered (with police report within 24 hours)
- Police OB number obtained immediately
- Insurance pays: 32 pigs × Ksh 25,000 = Ksh 800,000
- Farmer replaces critical breeding stock within 2 weeks
- Breeding program continues
- Income stream protected
- Implements security improvements from own funds

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## Why Livestock Losses Are Financially Catastrophic

### Multi-Year Investment Destroyed Instantly:

- Building quality dairy herd: 8-12 years selective breeding
- Prize genetics lost = irreplaceable
- Unlike crops (replant next season), livestock takes years to rebuild

### Income Stream Disruption:

- Dairy farm loses milk income for 12-24 months (rebuilding period)
- Breeding farms lose sale income for 18-36 months
- Cash flow crisis threatens entire farm operation

### Debt Spiral:

- Must borrow at high interest to replace stock
- Repayments consume profits for 3-5 years
- Cannot invest in improvements, feed, healthcare
- Vicious cycle of underperformance

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## THE SOLUTION: COMPREHENSIVE LIVESTOCK INSURANCE

### Core Coverage

#### What's Covered:

Cause of Loss	Coverage	Typical Payout
<b>Disease</b>	Foot-and-mouth, lumpy skin, anthrax, mastitis, etc.	Agreed value per animal
<b>Accidents</b>	Falls, drowning, vehicle strikes, crushing	Agreed value per animal
<b>Fire</b>	Barn fires, grassland fires	Agreed value per animal
<b>Lightning</b>	Direct strikes, electrical surge	Agreed value per animal
<b>Theft</b>	With police report within 24 hours	Agreed value per animal
<b>Predators</b>	Hyenas, leopards, wild dogs	Agreed value per animal
<b>Snake bites</b>	Venomous snake attacks	Agreed value per animal
<b>Floods</b>	Drowning during floods	Agreed value per animal
<b>Transit accidents</b>	While moving animals to market/vet	Agreed value per animal
<b>Emergency slaughter</b>	Humane destruction due to injury/disease	Salvage value consideration

## Coverage Options by Livestock Type

### Option 1: Dairy Cattle Insurance

#### Typical Coverage:

- Dairy cows (in milk): Ksh 80,000 - 120,000 per head
- Dry cows: Ksh 70,000 - 90,000 per head
- Heifers (over 1 year): Ksh 50,000 - 80,000 per head
- Bulls: Ksh 500,000 - 2,000,000 (prize breeding bulls)
- Calves (under 1 year): Usually excluded or minimal value

**Premium Rate:** 4-6% of total herd value annually

**Example:** 40 dairy cows × Ksh 90,000 average = Ksh 3.6M value

- Premium:  $\text{Ksh } 3.6\text{M} \times 5\% = \text{Ksh } 180,000/\text{year}$
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### Option 2: Beef Cattle Insurance

#### Typical Coverage:

- Breeding stock: Ksh 60,000 - 100,000 per head
- Fattening stock: Market value at time of loss
- Bulls: Ksh 300,000 - 1,000,000

**Premium Rate:** 3-5% of herd value (lower than dairy—less intensive, lower value)

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### Option 3: Goats & Sheep Insurance

#### Typical Coverage:

- Breeding does/ewes: Ksh 15,000 - 25,000 per head
- Bucks/Rams: Ksh 40,000 - 150,000
- Commercial goats: Ksh 10,000 - 18,000 per head

**Premium Rate:** 4-6% of herd value

**Example:** 150 goats × Ksh 16,000 average = Ksh 2.4M value

- Premium:  $\text{Ksh } 2.4\text{M} \times 5\% = \text{Ksh } 120,000/\text{year}$
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### Option 4: Pig Insurance

#### Typical Coverage:

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- Breeding sows: Ksh 30,000 - 50,000 per head
- Boars: Ksh 80,000 - 200,000
- Fatteners: Market value

**Premium Rate:** 4-5% of herd value

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## **Option 5: Commercial Poultry Insurance**

**Coverage:** Minimum flock size 1,000 birds

- Layers: Ksh 600 - 900 per bird
- Broilers: Market value
- Disease outbreak major risk

**Premium Rate:** 5-8% of flock value (higher risk—disease spreads rapidly)

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## **Key Policy Features**

### **1. Agreed Value Basis**

- You and insurer agree animal values upfront
- No disputes at claim time about value
- Market price fluctuations don't affect payout

### **2. Veterinary Certificate Required**

- Pre-insurance health check by licensed vet
- Confirms animals healthy when insured
- Prevents insuring sick/old animals

### **3. Disease Notification Period**

- Must notify insurer within 24-48 hours of suspected disease
- Allows early intervention
- Late notification can void coverage

### **4. Post-Mortem Requirement**

- Licensed vet must conduct post-mortem for major claims
- Determines cause of death
- Prevents fraudulent claims

### **5. Replacement Cost Coverage**

- Some policies pay replacement cost (not market value)
- Ensures you can actually replace lost animal with equivalent

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# OUR ROLE AS YOUR LIVESTOCK & HERD INSURANCE ADVISOR

## What We Do for You:

- Seek cover with your preferred insurer or recommend best fit insurer for your needs (if you have no one)
- Handle documentations and submission to insurer
- Secure best possible rates
- Obtain insurance policy on payment of premiums
- Reminder before policy expiration (no lapse)
- Re-compare providers yearly (rates change)
- Coordinate seamless renewal
- Guide you through claims process
- Ensure proper documentation
- Follow up with insurer
- Fight denied claims (appeal if wrongfully denied)

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## No Advisory Fees:

You pay nothing for my services - providers pay my commission. You pay the same premium direct or through me—but gain expert guidance, needs analysis, and claims advocacy

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## REAL SUCCESS STORIES

### Case Study 1: Disease Outbreak—Herd Saved

**Farm:** Nyando Dairy Cooperative member

**Herd:** 38 dairy cows, insured value Ksh 3.23M

**Premium:** Ksh 161,500/year

**The Outbreak:** Lumpy skin disease spread from neighbouring county. 14 cows died despite treatment, 3 emergency culled.

#### Claim Process:

- County vet notified immediately (24 hours)
- Post-mortems conducted on 3 cows (confirmed lumpy skin)
- Insurance assessor visited farm day 4
- Claim documentation: vet reports, death certificates, farm records
- Settlement: 17 cows × Ksh 85,000 = Ksh 1,445,000 (paid day 42)

**Outcome:** Farmer used insurance proceeds to purchase 12 replacement heifers immediately. Milk production recovered within 10 months. Without insurance: Would have taken 4+ years

to rebuild herd through breeding. Premium over 4 years: Ksh 646K. One claim: Ksh 1.445M. ROI: 124%.

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## Case Study 2: Lightning Strike—Family Saved

**Farm:** Kambi goat farmer

**Herd:** 95 goats, insured value Ksh 1.6M

**Premium:** Ksh 80,000/year

**The Incident:** Lightning struck metal-roofed shed during storm. 28 goats killed instantly.

### Claim Process:

- Police report filed (for death documentation)
- Vet inspected dead goats (confirmed lightning—burn marks, no disease)
- Insurance surveyor visited next day
- Claim approved: 28 goats × Ksh 16,500 = Ksh 462,000 (paid day 28)

**Outcome:** Farmer purchased 24 replacement goats within 3 weeks. Breeding program continued without major disruption. Without insurance: Family would have lost Ksh 462K (18 months of farm profit). Premium: Ksh 80K. One strike justified 5.8 years of premiums.

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## Case Study 3: Theft—Breeding Program Protected

**Farm:** Machokos pig farmer

**Herd:** 62 pigs, insured value Ksh 1.55M

**Premium:** Ksh 77,500/year

**The Theft:** 19 pigs stolen overnight (including 6 breeding sows).

### Claim Process:

- Police OB number obtained within 2 hours
- CID investigated (theft pattern in area confirmed)
- Insurance claim filed with police abstract
- Payout: 19 pigs × Ksh 25,000 average = Ksh 475,000 (paid day 35)

**Outcome:** Critical breeding sows replaced immediately. Farm operations continued. Without insurance: 6 breeding sows worth Ksh 240K = 2 years to rebuild through breeding. Premium: Ksh 77.5K. Theft claim justified 6+ years of premiums.

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# COMMON MISTAKES & HOW WE AVOID THEM

## Mistake 1: Under-Valuing Animals to Save Premium

**Problem:** Insuring Ksh 85K cow at Ksh 60K to pay lower premium. Claim pays Ksh 60K—you lose Ksh 25K per cow.

**Solution:** I help determine accurate market values. Under-insurance doesn't save money—it costs you at claim time.

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## Mistake 2: Not Maintaining Veterinary Records

**Problem:** Claim denied because no proof of regular vet care, vaccinations. Insurer suspects animal was sick before insurance.

**Solution:** Maintain detailed vet records. I provide checklist of required documentation.

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## Mistake 3: Late Disease Notification

**Problem:** Discover disease, try to treat yourself for 2 weeks, then notify insurer—claim denied (late notification voids coverage).

**Solution:** Notify insurer within 24-48 hours of ANY suspected disease or major incident. I explain notification requirements clearly.

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## Mistake 4: No Post-Mortem

**Problem:** Bury dead animals quickly (cultural/practical reasons). Insurer cannot verify cause of death—claim disputed or denied.

**Solution:** Always get licensed vet post-mortem for valuable animals. Insurance requirement and your protection.

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## Mistake 5: Insuring Old/Sick Animals

**Problem:** Buy insurance right before selling old/sick cow hoping it dies and you claim. Pre-insurance vet check reveals this—coverage denied.

**Solution:** Insure healthy, productive animals. Insurance protects unexpected losses, not inevitable end-of-life.

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## FREQUENTLY ASKED QUESTIONS

### **Q1: Are young animals (calves, kids, piglets) covered?**

Usually animals under 6-12 months excluded or covered at minimal value (25-50% of adult value). Focus insurance on productive/breeding stock.

### **Q2: What if I cannot afford to insure entire herd?**

Insure high-value animals first: prize bulls/bucks, top producers, expensive breeding stock. Better to insure 15 best cows than have no coverage.

### **Q3: Does insurance cover diseases I could have prevented (e.g., no vaccination)?**

No. Insurers require proof of proper management: vaccinations, deworming, vet care. Preventable diseases from negligence excluded.

### **Q4: What if animal dies and we don't know why (no post-mortem)?**

Claim likely denied or heavily disputed. Post-mortem by licensed vet mandatory for claims over Ksh 50,000.

### **Q5: Can I claim for animals that disappear (possibly stolen but no proof)?**

Difficult. Theft claims require police report within 24 hours. Mysterious disappearance without evidence usually not covered.

### **Q6: Does insurance cover loss of production (milk drop, breeding failures)?**

Not standard coverage. Insurance covers death/permanent disability. Temporary production losses excluded.

### **Q7: What's the waiting period before I can claim?**

Accidents/lightning: Usually immediate coverage. Disease: 14-30 day waiting period (prevents insuring already sick animals).

### **Q8: How long does claim payment take?**

Simple claims (1-3 animals, clear cause): 30-45 days. Complex claims (disease outbreak, multiple animals): 45-75 days.

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## TAKE ACTION NOW

### Why Delay Costs You

#### Every day without livestock insurance:

- Your herd (worth Ksh 2M-20M+) is one disease/lightning strike/theft away from devastation
- Disease outbreaks spreading in Kenya (foot-and-mouth, lumpy skin)
- Climate extremes increasing (floods, lightning storms)
- Livestock theft organized crime rising

**Statistics:** 1 in 5 livestock farmers experiences significant loss every 3-5 years. Average loss: Ksh 600K-2M. Insurance premium: 4-6% of herd value. One major loss justifies 3-10 years of premiums. Can you afford to self-insure?

## **Get Your Livestock & Herd Insurance Quote Now - Contact Me Today**

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*Livestock & Herd Insurance: Your animals represent 10+ years of investment. Disease, lightning, theft can wipe out your herd overnight. Premium: 4-6% of herd value. One outbreak killing 20% of herd = 3-5 years of premiums. Protect your livelihood—insure your livestock.*

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***Disclaimer:** Illustrative purposes only. Actual terms determined by selected provider based on livestock type, number, values, management practices, location, and vet inspection results. Simon Muchiri/Comely Global Insurance Agency Ltd acts as independent advisor. Commission paid by insurers at no extra cost to clients.*

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