

**FACTORS AFFECTING THE GROWTH OF LIFE INSURANCE BUSINESS
IN NAIROBI KENYA**

BY

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University or for any other award.

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DEDICATION

This piece of academic work is dedicated to my parents, Ruth Kunga and J.M Kimanthi, my brothers and sisters Kyalo, Stella, Dennis, Angeline, Lillian and Kimanthi who stood by me during the period of the MBA class and research work.

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ABSTRACT

Kenya's insurance industry leads within the East Africa Community (the regional intergovernmental organization of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda and Republic of Burundi, with its headquarters in Arusha, Tanzania) and is a key player in the COMESA region. Despite this, the penetration of life insurance in Kenya has remained low at 0.94% of the GDP in 2009 and 1.05% of the GDP in 2010. This is considered to be very low compared to other countries in Africa such as South Africa which had a penetration of 7.58% of the GDP in 2009 and 12% of the GDP in 2010; Namibia had a penetration of 5.0% of the GDP in 2010.

From the view point of low life insurance business penetration in Kenya, this prompted the need for a study that analyzed and assessed the possible contribution to this unimpressive trend. There are 14 life assurance companies in Kenya and 7 composite insurance companies (offering both life and general insurance) for the year 2012, making a total of 21. The study focused on all the 21 registered and licensed life assurance firms in Kenya, located within Nairobi. Through purposive sampling, 5 sales staff were identified from each of the life assurance firms, making a total of 105 respondents.

A structured survey questionnaire was administered by the researcher to the respondents, who were required to complete them. The responses were analysed using descriptive statistical techniques in form of frequency distribution tables, percentages; tables and graphs were used to present the data. The output was to establish the factors affecting the growth of life insurance business in Kenya and therefore came up with recommendations that will help in determining those indicators that the industry should focus on to enhance growth of life insurance business.

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DEFINITION OF KEY TERMS

Insurance – A contractual relationship between two parties in which one party, the insurer, is paid a premium by the other party, the insured. In return for the premium, the insurer promises to indemnify the insured in the event of a covered loss.

Insurer – This is the party that agrees to pay money on the happening of the contingency. Usually the insurers are the insurance companies.

Insured – This is the person who faces a particular risk. He seeks protection against risk by paying premium. The insured claims and receives money as compensation in the event of loss.

Premium – This is the amount, which is paid by the insureds to the insurers for their policies. It is the consideration for which the insurer gives protection to the insured. It is the price for insurance cover.

Insurance Act – Refers to Chapter 487 of Laws of Kenya.

Superannuation business – Life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

ABBREVIATIONS

- AKI – Association of Kenya Insurers
- COMESA – Common Market for East and Southern Africa
- GDP – Gross Domestic Product
- IIK – Insurance Institute of Kenya
- IRA – Insurance Regulatory Authority
- SME – Small and Medium Enterprises

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

The performance of the life insurance industry in Kenya seems to be poor yet the industry's importance of the insurance sector cannot be underrated (Etemesi 2004). Insurance provides employment opportunities through its marketing and the distribution networks such as direct insurance companies, insurance brokers, insurance agents, insurance investigators, insurance surveyors, loss adjusters, loss assessors and risk managers (Ogutu, 2004).

Etemesi (2004) points out that life insurance industry also contributes to the Gross Domestic Product (GDP) of this country, besides insurance being an important source of funds through its pooling system. Masinga (2005) points out that a thriving insurance sector is of vital importance to every modern economy. First because it encourages savings, secondly it provides a safety net to business enterprises and productive individuals. Finally and perhaps most importantly it generates long-term investment funds for economic development. This is in addition to its basic role of providing protection to the insured against financial loss as well as being a source of security. This chapter has analyzed the study in these divisions: background to the study, statement of the problem, objectives of the study, research questions, significance of the study, scope of the study and limitations of the study.

Insurance is a way of reducing uncertainty of occurrence of an event. It has assumed many functions; the basic purpose being to derive plans to counteract the financial consequences of unfavourable events. Insurance is the protection and security against unforeseen risks, whose two primary functions are to provide adequate coverage at a reasonable rate of premium and to pay losses promptly and fairly. While it does not stop the event from happening, it acts as a cover against the financial consequences of such risks (Ogutu, 2004).

Throup (1988) (as cited in Kamau, 2003) notes that the history of the development of commercial insurance in Kenya is closely related to the historical emancipation of Kenya as a nation. With the conquest of Kenya as a British colony complete, settlers initiated various economic activities, particularly farming, and extraction of agricultural products (Huxley, 1990), as cited in Muchire (2003). These substantial investments needed some form of protection against various risk exposures. British insurers saw an opportunity in this and

established agency offices to service the colony's insurance needs (Muchire, 2003). Prosperity in the colony soon justified expansion of these agencies to branch networks with more autonomy, and expertise to service the growing insurance need. By independence in 1963, most branches had been transformed to fully fledged insurance companies (Maxon, 1993). Kenya's insurance industry leads within the East Africa Community (the regional intergovernmental organisation of the Republics of Kenya, Uganda, the United Republic of Tanzania, Republic of Rwanda and Republic of Burundi, with its headquarters in Arusha, Tanzania), and is a key player in the COMESA region (Insurance Annual Review, 2009).

According to the Insurance Annual Review (2004), despite this achievement, the life insurance sector in Kenya has not contributed significantly to the GDP. The level of life insurance intensity and penetration is disappointing. Faced with difficulties especially that of slow economic growth, the sector will need to look at a number of issues in search for a solution (Kenya Insurance Survey: KPMG 2009).

As at June 2012, the Kenyan economy had 45 licensed insurance companies, 24 transacting general insurance business, 14 transacting life insurance businesses, while 7 are composite insurers – transacting both life and general insurance business. Other members of the insurance industry as at June 2012 included 154 insurance brokers, 126 insurance investigators, 26 insurance surveyors, 20 loss adjusters, 23 medical insurance providers and 78 licensed motor assessors. Others are 2 licensed claims settling agents and 10 licensed risk managers (Insurance Regulatory Authority, 2012). This makes the Kenyan insurance industry one of the largest among the 54 African countries.

According to Kenya Insurance Survey: KPMG (2009), overall insurance penetration in Kenya stood at 2.84% in 2009 and 3.10% in 2010, a low figure compared to other markets like South Africa, which is leading in Africa with an uptake of 16% in 2009 and 14.8% in 2010. Compared with its regional neighbours, Kenya lags behind countries like Malawi. The figures provided from Association of Business Journalists of Malawi (ABJ) Annual Review (2010) indicate that Malawi's insurance penetration stood at 3%. Zambia's insurance penetration was at 2.4% and Tanzania was at 2.2%. The average global penetration rate for the insurance market is at 7.5% with United Kingdom as the global leader at 16.5% of the GDP, trailed by South Africa at 16% and Taiwan at 14.5% (African Insurance Market Outlook, 2010).

According to African Insurance Market Outlook (2010), insurance density (premium per capita) and insurance penetration (premium in percentage of GDP) which are important growth indicators are quite low in Kenya compared to other countries. Life insurance penetration in Kenya varied lowly from 0.83% of the GDP in 2007, 0.87% of the GDP in 2008 to 0.94% of the GDP in 2009 and 1.05% of the GDP in 2010 (Olende 2010).

Life insurance density in India was only US \$ 12.9 as against the world density of US \$ 267.1. Similarly, life insurance penetration in India was only 2.2% as against World penetration level of 4.59% in 2009. It has been observed that many of the smaller countries like Bahamas, Honking and South Africa etc achieved better growth rate in life insurance density and penetration. Bahamas, a country with 0.5 million population in the year 2009, and US \$ 56 billion GDP registered a density of US \$ 699.5 and penetration of 4.38% in the same year. Further Australia and Switzerland have achieved high level of density and penetration. Insurance density in Switzerland was US \$ 3,431.8 which was the highest in the World. It was even better than USA (US \$ 1,657.5) with highest level of GDP in the World followed by Japan (US \$ 3,002.9) and UK (US \$ 2,617.70). Similarly, life insurance penetration in Australia at 12.96% was the highest in the World followed by UK at 8.62%, Japan at 8.28% and Taiwan at 8.28%, while China has 2.30% life insurance penetration and Brazil/Russia at 1.28% (African Insurance Market Outlook, 2010).

According to Swiss Re (2009) South Africa registered a density of US \$ 476.5 and life insurance penetration of 7.58%, as compared to Morocco which registered a density of US \$ 12.0 and life insurance penetration of 2.05%, and Egypt which registered a density of US \$ 2.7 and a life insurance penetration of 0.22%. The penetration of general insurance was 1.9%, while that of life insurance was 0.94% of GDP, in Kenya in 2009 and 1.05% of GDP in 2010 (AKI Insurance Industry Annual Report, 2010).

Among the most talked about topics in the insurance industry is the low penetration and spread of the business. Lack of trust in the industry, limited knowledge on its products, its limited reach to the informal sector; the perception that insurance is expensive, and the fear of not being able to service it continuously, are some of the factors hindering penetration of the service. Insufficient tax breaks offered to individuals and corporate, lack of tax incentives to life insurers and the absence of active government involvement in mitigating calamities, also play a part in reducing its spread (Kenya Insurance Survey: KPMG, 2009).

However, with coordinated efforts, the Kenyan insurance industry can grow to 5% of the GDP per year. Communicating the benefits of insurance in a way that is clearly understood by the market, will also play a key role. Poor marketing and advertisements and lack of non development of new products have also contributed to dismal penetration of the life insurance sector in Kenya (Insurance Annual Review, 2009).

The study therefore attempted to find out, from the sales staff involved in selling and advising customers on life insurance, the factors that contribute to the slow growth of life insurance business in Nairobi Kenya.

1.2 Statement of the Problem

The life insurance industry in the country has been in its infancy with the penetration of life insurance remaining low at 0.94% of the GDP in 2009 and 1.05% of the GDP in 2010. This is considered to be very low compared to other countries in Africa such as South Africa which has a penetration of 7.58% of the GDP in 2009 and 12% of the GDP in 2010 while Namibia's was 5% of the GDP in 2010. (AKI Insurance Annual Report, 2010).

Masinga (2005) asserts that life assurance provides cover to an individual policy holder against ill health, disability, premature death, natural calamities and financial stability in old age. The penetration of life insurance among the Kenyan population is also low compared to other countries. A good example is Malaysia which has an estimated 41% of the population covered by some form of life insurance in comparison to Kenya which has less than 1% of the population insured (African Insurance Market Outlook, 2010).

Life insurance is beneficial in that the financial interests of one's family remain protected from circumstances such as loss of income due to critical illness or death of the policyholder and insurance products also have a strong inbuilt wealth creation proposition. It was therefore necessary to find out the factors affecting the growth of life insurance business in Nairobi Kenya.

Previous study by Muchire (2003) on assessing the service quality in the Kenya's Insurance Industry noted that the customer is a lot more informed and thus the delivery of the service to the customer must be done professionally. Kabui (2002) argued that marketing and communication strategies in the general insurance industry are vital in informing the consumers about the benefits of insurance. In most of these studies, the focus was more on the general

insurance business and the insurance industry as a whole. This study therefore focused on particularly the life insurance sector.

The problem model is therefore that of disrupted cash flows, reduced profitability and decreased customer levels resulting from low levels of customer uptake (as a result of various factors) heightened by untrained sales staff, poor product packaging and lack of promotion, and unaffordable insurance products.

1.3 Objectives of the Study

1.3.1 The General Objective

The general objective of this study was to analyse the factors affecting the growth of life insurance business in Nairobi Kenya.

1.3.2 The Specific Objectives

The specific objectives of this study were:

- a) To determine the effect of professional sales staff training on the growth of life insurance business in Kenya.
- b) To examine how sales promotion of life insurance products affects the growth of life insurance business in Kenya.
- c) To establish the effect of affordability of life insurance products on the growth of life insurance business in Kenya.
- d) To find out the effects of government regulation policies on the growth of life insurance business in Kenya.

1.4 Research Questions

The study attempted to answer the following questions:

- a) What is the effect of professional sales staff training on the growth of life insurance business in Kenya?
- b) How do sales promotions of life insurance products affect the growth of life insurance business in Kenya?

- c) What is the effect of affordability of life insurance products on the growth of life insurance business in Kenya?
- d) How do government regulation policies affect the growth of life insurance business in Kenya?

1.5 Significance of the Study

Life insurance companies will find this study useful in its suggestions about those factors that have contributed to the industry failing to live up to the life insurance clients' expectations and led to the low life insurance penetration. It will be of great reference to the life insurance industry in drawing policies and programs aimed at restoring the customers' confidence, trust and loyalty with a reflective effect in increased sales and life insurance penetration.

The findings of this study are also expected to put life insurance in proper perspective in the minds of the public by providing a much needed exposure. It will help policy holders and potential policy holders to know exactly what to expect in their dealings with life insurance companies in particular and the insurance industry in general.

The study will also be of importance to the Government of Kenya, through the Commissioner of Insurance in coming up with appropriate legislation that will ensure there is congruence between policy holders, potential policy holders and the insurance companies.

The Association of Kenya Insurers (AKI) will utilise the findings on factors affecting the growth of life insurance business to strengthen and evaluate its role in the industry.

The findings of this study are expected to not only help in filling the void that exists in Kenya as regards research and publications on life insurance, but also to stimulate discussion in the academic field and provide a fertile ground up on which further research could be based.

1.6 Scope of the Study

The study covered all life insurance companies registered and recognised by the Commissioner of Insurance as at June 2012 and operating within Nairobi. The main areas of focus were on the professional training of sales staff, sales promotion of life insurance products, affordability of life insurance products and how government regulatory policies affects the growth of the life insurance business in Kenya. The study also focused on the effect of both the internal and external environment and the structure of the life insurance industry.

The study attempted to suggest the way forward and recommendations on what would be seen as structures that would increase growth, stability, and profitability of the life insurance business in Kenya.

1.7 Limitations of the Study

Resource constraint was a major limitation in this study. Due to this factor data was collected from respondents based in Nairobi only. Nairobi being a metropolitan city was considered a good representation of the whole country. Also research assistants were used to collect data.

The respondents may not have been willing to reveal everything since the information required for the research was confidential. This was overcome by seeking approval of the company's management and assuring them of confidentiality in handling of the data that they provided.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter, the factors affecting the growth of life insurance business in Nairobi Kenya were given an in-depth analysis and different literature was reviewed. The research allowed for location of literature from a variety of sources. The sources of literature were texts, books, magazines, journals, previous research works and observations related to the issue at stake. These helped to clarify, strengthen and accordingly direct each stage of the research from the formulation of the research topic to the dissemination and utilization of research findings.

2.2 Insurance Industry

In the simplest terms, insurance of any type is all about managing risk. The insurance industry can be looked at under the following:

2.2.1 Insurance as a service industry

Evans and Berna (1990) study (as cited in Muchire, 2003), define a service as any activities or benefits that one party can offer to another, which is essentially intangible and does not result in the ownership of anything. To obtain these, consumers exchange money or something else of value, such as their own time. These two establish some unique characteristics of a service. Ogutu (2004) notes that these characteristics include; a high level of intangibility, inseparability of service provider, greater variability in quality and perishability. These characteristics have important marketing implications. Stanton (1978) study (as cited in Etemesi, 2003) adds that a service industry is also characterised by fluctuating demand.

2.2.1.1 Intangibility

This means that services cannot be seen, tested, felt, heard or smelled before they are bought. To reduce this uncertainty, buyers look for 'signals' of service quality. They draw conclusions about the quality from the place, people, price, equipment and communication material they can use. The marketers work is to add tangibles to their intangible offers of life insurance services (Muchire 2003).

2.2.1.2 Inseparability

This means that services cannot be separated from their providers, whether the providers are people or machines. In case of life insurance services, the employee who provides the service is part of the service. Because the customer is present as the service is provided, the provider – customer interaction is a special feature of services marketing. Both the provider and customer affect the service outcome (Ogutu, 2004).

2.2.1.3 Variability

According to Diacon and Carter (1992) (as cited in Watene, 2003), this means that the quality of service depends on who provides them as well as when, where, and how they are provided. That means that employees in the same department at an insurance company can serve clients on different levels of pleasantness and speed. The same employee could act differently depending on his or her energy and frame of mind at the time of each customer encounter. Service firms can help manage variability by training their staff on good customer service, give employee incentives or bonuses based on customer feedback.

2.2.1.4 Perishability

Ogutu (2004) notes that the services cannot be stored for later use or sale. This is never a problem when the demand is steady. It is good for the company to act on peak and off peak period; insurance companies should ensure customer comfort during service delivery so as to create a long lasting relationship with the customer.

2.2.2 Challenges facing Kenya's Insurance Industry

Drury (2003) noted that the insurance industry faces shrinkage margins and must re – engineer its businesses to stay profitable. The challenges facing the Kenya's insurance industry include:

Professional malpractices – some insurers continue to engage in unprofessional malpractices, which have tarnished the industry's reputation. Unless these undesirable practices are overcome, they will continue to dent an already battered image of the industry, leading to further loses of business opportunities for the industry (Marwa, 2007).

Unhealthy competition amongst insurers – Insurers are currently engaged in severe price wars amongst themselves while attempting to wrestle businesses from their rivals so as to survive (Williams, 2002).

Failure to meet insolvency margins by some insurers – The insurance Act provides that insurers transacting life insurance maintain a solvency margin, difference between stipulated assets and liabilities of Kenya Sh. 10 million or 15% of the previous years’ direct premium income, whichever is higher, (Marwa, 2007).

According to Ogutu (2004) various other challenges facing the insurance industry include globalization of markets and low level of economic growth.

2.2.3 The Life Insurance Business in Kenya

Life insurance is a contract between the policy holder and the insurer, where the insurer promises to pay a designated beneficiary a sum of money (the “benefits”) upon the death of the insured person. Depending on the contract, other events such as terminal illnesses or critical illnesses may also trigger payment (Marwa, 2007).

According to the Insurance Act, Cap 487, Part B (as cited in Insurance Regulations, 2010), for a life insurance business to be registered, the minimum paid up capital should be at least one hundred and fifty million Kenyan shillings. The registration fees should be one hundred and fifty thousand shillings as per section 30 of the Act.

2.2.3.1 Statements to be submitted under section 30 (k) of the Act

Every insurer at the time of the first making application for registration under life insurance business as prescribed under regulation 9 and 10, lodge with the Commissioner of Insurance some statutory documents that may include a photocopy of the certificate of incorporation and a certificate by an actuary supported by calculations or projections by the actuary, that he considers the financing of the insurer to be sufficient to cover both technical reserves and required margin of solvency during the first three financial years following the financial year in which application is made (Insurance Regulations, 2010).

As per the Insurance Regulations (2010) section 9 (1), an insurer carrying on life insurance business, shall maintain separate accounts in respect of the following classes of long – term insurance business.

Table 1.1: Classes of life insurance business in which separate accounts are maintained

Serial No.	Brief description of classes
31	Bond Investment business
32	Industrial life insurance business
33	Ordinary life insurance business
34	Superannuation business

Source: Researcher (2011)

2.2.3.2 Life insurance policies

Term assurance – is an assurance cover for a term or a temporary period against financial loss. It is paid when the assured dies within the term or period sought for. This provides temporary insurance during the period of an unusual financial strain. This is also convertible to a permanent insurance and can be used to liquidate some particular debts (Marwa, 2007).

Whole life insurance – Is also called ordinary life and provides protection for the lifetime of the assured at a level premium. Premiums are paid so long as the insured is living, that is purposively designed as a saving investment (Margot, 1971).

Endowment life insurance – This is split into pure endowment policy and a combination of term assurance and pure endowment. Pure endowment policy pays the policy amount only if the insured survives past the endowment period (Marwa, 2007).

Margot (1971) noted that life insurance companies are faced with the mechanics of selling life insurance. It has often been said that this is never bought, but always sold (in other words, the persuasive words of a life office representative, a broker or an agent are necessary if people are to be made aware of the advantage, if not the necessity, of life cover).

2.3 Theoretical Framework

2.3.1 Factors affecting the growth of life insurance business

Various factors affecting the growth of life insurance business are discussed as below:

2.3.1.1 Professional sales staff training

Today's customers expect insurance sales people to have deep product knowledge, to ideas to improve the customers operations, and to be efficient and reliable. These demands have required companies to make a much higher investment in sales force training. They have to be trained on sales techniques and in the company's products, policies, and customer satisfaction (Ogutu, 2004).

Kotler (2003), states that, "customers are value – maximisers." They form an expectation of value and act on it. Buyers will buy life insurance from a firm that they perceive to offer the highest customer – delivered value, which is the difference between total customer value and total customer cost. A buyer's satisfaction is a function of the insurance product's perceived value and the buyer's expectations. Customer satisfaction should be a goal and a marketing tool.

Diacon and Carter (1992) study (as cited in Kamau, 2003) notes that the insurance company's marketing staff especially the sales representatives need to be motivated always. Some will put their best effort without any special coaching from management. To them, selling is the most fascinating job in the world; they are ambitious and self – starters. However, the majority requires encouragement and special incentives. These may include a bonus, cash rewards, and other allowances. According to Maigo (2000), life insurance companies should know about the prices they are selling their products and should also understand their customers' needs.

Wells, Stafford and Friedman study (as cited in Etemesi, 2004) cite lack of professionalism as a source of customer dissatisfaction in the insurance industry. Lack of technical and experienced staff can lead to improper interpretation of the policy provisions and consequently payment of a claim that was not otherwise payable under the policy.

Munguti (2006) notes that the widespread customer dissatisfaction in the insurance industry has been of great concern to various stakeholders in the industry. This is due to various impediments to efficient provision of services to customers.

In his book, Dorfman (2004) notes that there has been significant changes in the marketing of all types of insurance in the preceding decades. The marketing of life insurance has been an area of obvious change. During the early part of the twentieth century, it was common for life insurance agents to come to an insured's home on a weekly basis or monthly basis to collect a small premium for "burial" insurance. This type of life insurance now has almost disappeared. Dorfman (2004) continues to note that today, many individuals who previously identified

themselves as life insurance agents call themselves “professional financial planners.” These financial planners believe the new identification better reflects the fact that they can offer a broader range of services than the traditional life insurance agent.

2.3.1.2 Sales promotion of life insurance products

According to Berkowitz, Kery, Hartley and Rudelius (1997) study (as cited in Kamau, 2003), promotion includes all activities the company undertakes to communicate and promote its products and services to the target market. Promotion represents the fourth element in the marketing mix commonly referred to as the 4P’s of marketing. The promotion element comprises of a mix of tools available for the marketer called the promotional mix. Life insurance companies employ these tools so as to reach their customers and persuade them to purchase their products.

Belch and Belch (2001) (as cited in Kabui, 2002) defines promotion as the coordination of all seller initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. While implicit communication occurs through the various elements of the marketing mix, most of an organisation’s communications with the market place take place as part of a carefully planned and controlled promotional program.

Kotler (2003) noted that companies often need to restructure their business and marketing practices in response to significant changes in the business environment, such as globalization, deregulation, computer and telecommunications advancements, and market fragmentations. The main responses of business firms to a rapidly changing environment include empowering personnel to produce more ideas and take more initiative. This should be the case with marketing and selling of life insurance products.

Packaging insurance products with multiple benefits will go a long way in growing their uptake. Jubilee Kenya General Manager Patrick Tumbo said more needs to be done to encourage more people to take up various covers. “The insurance industry needs to be flexible enough to understand and meet the needs of the Kenyan market,” said Mr. Tumbo. “Insurance products that package multiple elements have proven to be more attractive in convincing the uninsured segment of the economy of the need for insurance,” he said during an Association of Kenya Insurers open day at the KICC in Nairobi (Association of Kenya Insurers, 2010).

Ogutu (2004) points out that, the role of marketing in the organisation is changing. Traditionally marketers have played the role of middlemen, charged with understanding customer needs. In a networked enterprise, every functional area can interact directly with customers and modern marketers of life insurance need to interact the entire customer – facing processes so that customers see a single face and hear a single voice when they interact with the firm.

2.3.1.3 Affordability of life insurance products

According to Kotler (2003), pricing is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service. An increasing number of companies are basing their prices on the product's perceived value. Price is considered along with other marketing mix variables before the marketing program is set.

2.3.1.4 Government regulation policies

Life insurance products selling are highly affected by developments in the political and legal environment. These factors include laws, government agencies and pressure groups that influence and limit various organisations and individuals (Kotler, 2003). Marketers of life insurance products need to understand their customers' purchasing power. The available purchasing power in an economy depends on current income, prices, savings, debt and credit availability (Muchire, 2003). Marketers must pay close attention to major trends in income and consumer spending patterns (Kotler, 2003).

The Insurance Regulatory Authority (IRA) issued new guidelines in the year 2009 barring a single insurance company from offering both life and general businesses, or what is known as composite insurance, as a way of enhancing management in the industry. Composite underwriters were given options to split their businesses in to two independent companies and sell one or to place the two under a holding company. The split according to IRA is hoped to reduce cases where composite insurers divert life insurance investments – which are long – term in nature – into plugging short – term cash flow gaps arising out of general business claims, adversely affecting the life insurance business. The separation is among reforms that include limiting individual shareholding to no more than 25 per cent. The reforms begun with the Insurance Amendment Act 2006, which established IRA as an autonomous regulator in place of

the Office of the Commissioner of Insurance, which was a department in the Treasury (Association of Kenya Insurers, 2010).

An insurer carrying on in Kenya long term insurance business but not general insurance business shall keep at all times total admitted assets of not less than his total admitted liabilities and ten million shillings or five per centum of the total admitted liabilities, whichever is higher. For the purposes of this section, in the case of long term insurance business, the amount of liabilities in respect of the policies of the business at any time shall be the amount of those liabilities at that time as determined by an actuary, which shall not be less than that calculated on the minimum bases prescribed (Insurance Act Cap. 487, Section 41 par. 1 and 4, 2010).

Where an insurer carrying on long term insurance business has not issued a new policy of that category of insurance for a period of twelve months from the appointed date, or from the date of issue of the last policy, whichever is later, the Commissioner may, with the approval of the Board, direct the insurer to frame proposals for transfer or amalgamation of its business to or with an insurer. Where an insurer fails to comply with a direction, or if the proposals framed by the insurer are in the opinion of the Commissioner unsatisfactory, the Commissioner may himself frame a scheme for the transfer of the business to another insurer specified by the first - mentioned insurer and approved by the Commissioner. Where an insurer fails to implement a scheme framed by the Commissioner and the Commissioner considers that the continuance in business of that insurer is likely to lead to insolvency, or is otherwise contrary to the interests of policy holders he may, with the prior approval of the Board – order an investigation of that insurer; or apply to the court for the winding up the business of the insurer (Insurance Act Cap. 487, Section 10 par. 1, 2 and 3 (a) and (b), 2010).

The government through the Commissioner of Insurance should ensure that policies and regulations aimed at shielding the life insurance business from harsh socio – economic, political and legal factors and environmental factors are formulated to ensure positive contribution towards the growth of life insurance business in Kenya (Ogutu, 2004).

According to the Minister for Finance 2007/08 Budget speech in June 2007, the government came up with a new regulation on raising the capital thresholds of the insurance companies and restricting individual shareholding to improve governance.

Mr. Kimunya, the then Trade minister, gave a three-year grace period that was to expire in June 2010, for insurance companies to raise their capital thresholds. By that time, general business insurers were expected to increase their capital from Sh. 100 million to Sh. 300 million, life insurance threshold was raised from Sh. 50 million to Sh. 150 million and composite insurers from Sh. 150 million to Sh. 450 million. The measures were meant to ensure that the industry achieves its rightful place in the country's economic development owing to low insurance penetration rates (Association of Kenya Insurers, 2010)

2.4 Empirical Literature

Association of Kenya Insurers SBO Research (2010) noted that there is need for life insurance companies in Kenya to explore alternative channels so as to increase the level of penetration within the market. Some of the alternative channels with high potential in the Kenyan insurance market are bancassurance, internet led channels, worksite marketing, telemarketing, partnering with community based organisations, invisible insurer and virtual marketing. AKI (2010) continues to note that the Kenyan insurance industry should develop simple stand alone products that can be sold easily through other channels. This is because the existing products are complex and thus need human led channels such as brokers and agents.

2.4.1 Global Life insurance Premiums

According to Swiss Re (World Insurance Report in 2009), world insurance premium volume fell by 1.1% in 2009 on an inflation adjusted basis. In most countries, insurance premiums grew faster than GDP in 2009.

Global life insurance premiums fell by 2% to USD 2,332 billion. Premiums were hardest hit in the United States and United Kingdom as the financial crisis severely impacted the sale of unit linked products (Swiss Re, 2009). In the emerging markets, life insurance premiums rose by 3.4%. Growth was highest in South East Asia at 10%, led by China and India. Life insurance premium growth in Latin America and the Caribbean was solid at 7.8% (AKI, Insurance Industry Annual Report, 2009).

2.4.2 Insurance Performance in Africa

According to AKI, Insurance Industry Annual Report (2009), Africa produced only 1.94% of the global premium volume in 2009. Life insurance premiums fell by 15% to USD 33 billion.

South Africa is the dominant market accounting for 90% of the total volume. In South Africa, life insurance premium fell by 16%. Premium growth in Morocco remained flat at 0.1%, while in Egypt, the third largest market; premiums shrank by 5%.

Table 1.2: Summary of life insurance performance in selected countries in Africa

	Life Premium	Penetration
Country	(USD Millions)	% of GDP
Kenya	334	1.05
Algeria	87	0.1
Egypt	647	0.3
Morocco	827	0.9
Nigeria	188	0.1
Tunisia	102	0.2
Namibia	610	5.0
South Africa	43,186	12.0

Source: AKI 2010 Annual Report

2.4.3 Kenyan Insurance Sector

There were 45 licensed insurance companies at the beginning of 2012. 24 companies write non-life insurance business, 14 write life insurance business only while 7 are composite (both life and non-life insurance business). There were also 4,205 insurance agents, 154 licensed insurance brokers and 23 medical insurance providers (MIPs). Other licensed players included 126 investigators, 78 motor assessors, and 20 loss adjusters, 2 claims settling agents, 10 risk managers and 26 insurance surveyors (AKI 2010 Annual Report 2010).

2.4.3.1 Insurance industry performance relative to economy

As per AKI (2009), the penetration of insurance in the year 2009 was 2.84% compared to 2.63% in 2008. Life insurance recorded a penetration ratio of 0.94% (2008:0.87%) and 1.05% in 2010 while that of non-life insurance was 1.90% (2008:1.76%) and 2.05% in 2010.

Table 1.3: Insurance performance relative to economy

	2005	2006	2007	2008	2009	2010
GDP at market prices	1,415	1,642	1,814	2,100	2,274	2,551
Life Insurance Premium	11.03	12.48	15.14	18.3	21.36	26.71
Life Insurance Penetration	0.78%	0.76%	0.83%	0.87%	0.94%	1.05%
Non - Life Insurance Premium	25.39	29.2	32.95	36.89	43.11	52.35
Non - Life Insurance Penetration	1.79%	1.78%	1.82%	1.76%	1.90%	2.05%
Total Premium	36.42	41.68	48.09	55.19	64.47	79.06
Overall Penetration	2.57%	2.54%	2.65%	2.63%	2.84%	3.10%

Figures in billions Kenya shillings

Insurance Penetration = (Gross Premium / GDP)*100

Source: AKI 2010 Annual Report

The gross premium per company and market share over the last five years is illustrated under appendix 6.

Insurance products for a very long time have been considered to be expensive especially to those in the lower income bracket. As a result of this, the penetration to the lower market end by insurance companies has been very slow. However, with the advent of micro – insurance concept, this is beginning to thaw down as micro – insurance gains momentum day by day (Kenya Insurer, 2009). Micro-insurance is insurance that is accessed by low income population, provided by a variety of different entities, but run in accordance with generally accepted principles.

In Churchill (2006) study (as cited in Kenya Insurer, 2009), low income persons live in risky environments, vulnerable to numerous perils, including illness, accidental death and disability, loss of property due to theft or fire, agricultural losses, and calamities of both natural and manmade. These poor persons are ignored by mainstream commercial and social insurance schemes and have not had access to appropriate products. According to the United Nations Development Programme – any person who earns less than \$2 is considered as a person of low-income. Although poor households often have informal means to manage risks, informal strategies generally provide insufficient protection against a series of perils (Churchill, 2006). According to Geron (2006) study (as cited in Kenya Insurer, 2009), the only alternative is to

purchase a type of insurance that can mitigate these risks. These risks should be mitigated in ways that are affordable and appropriate to low-income. Probably, this is one way of increasing the penetration of life insurance (Kenya Insurer, 2009).

Although Kenya's financial institutions are way ahead in the region, in micro-insurance the country might have to learn from Uganda, which has been ranked by a recent study as a forerunner and a success story in Africa (Kenya Insurer, 2009). According to Roth et al (2007) study (as cited in Kenya Insurer, 2009) which studied 100 poorest countries, Uganda was found to have almost half of micro-insurance covers in Africa. "Uganda represents a good case study as it is often cited as one of the pioneers and success stories in micro-insurance. Roth et al (2007) opine that almost half of all micro-insurance covers in Africa (excluding South Africa) are in Uganda." What makes Uganda's case an eye opener is the fast paced growth in micro-insurance, with insurance companies in Kenya just waking up to their potential, and the possibility to accelerate penetration of the insurance industry, which remains dismally low.

In a survey by AKI (2010) before the launch of their strategic plan 2011 – 2015, the respondents who comprised primarily of AKI staff, its board of directors and some insurance industry CEOs, were asked where they thought the most new growth will come from. The respondents were in consensus that life insurance had the highest growth potential (AKI Strategic Plan 2011 – 2015, 2010).

2.5 Research gaps to be filled by the Study

There have been a number of valuable studies on the insurance industry all of which present evidence on a number of factors affecting performance of the general insurance industry and characteristics on the sector. Muchire (2003) on assessing the service quality in the Kenya's Insurance Industry noted that the customer is a lot more informed and thus the delivery of the service to the customer must be done professionally. Kabui (2002) argued that marketing and communication strategies in the general insurance industry are vital in informing the consumers about the benefits of insurance. In most of these studies, the focus was more on the general insurance business and the insurance industry as a whole. Etemesi (2004) analysed the effects of process operations on service delivery in selected insurance firms in Kenya.

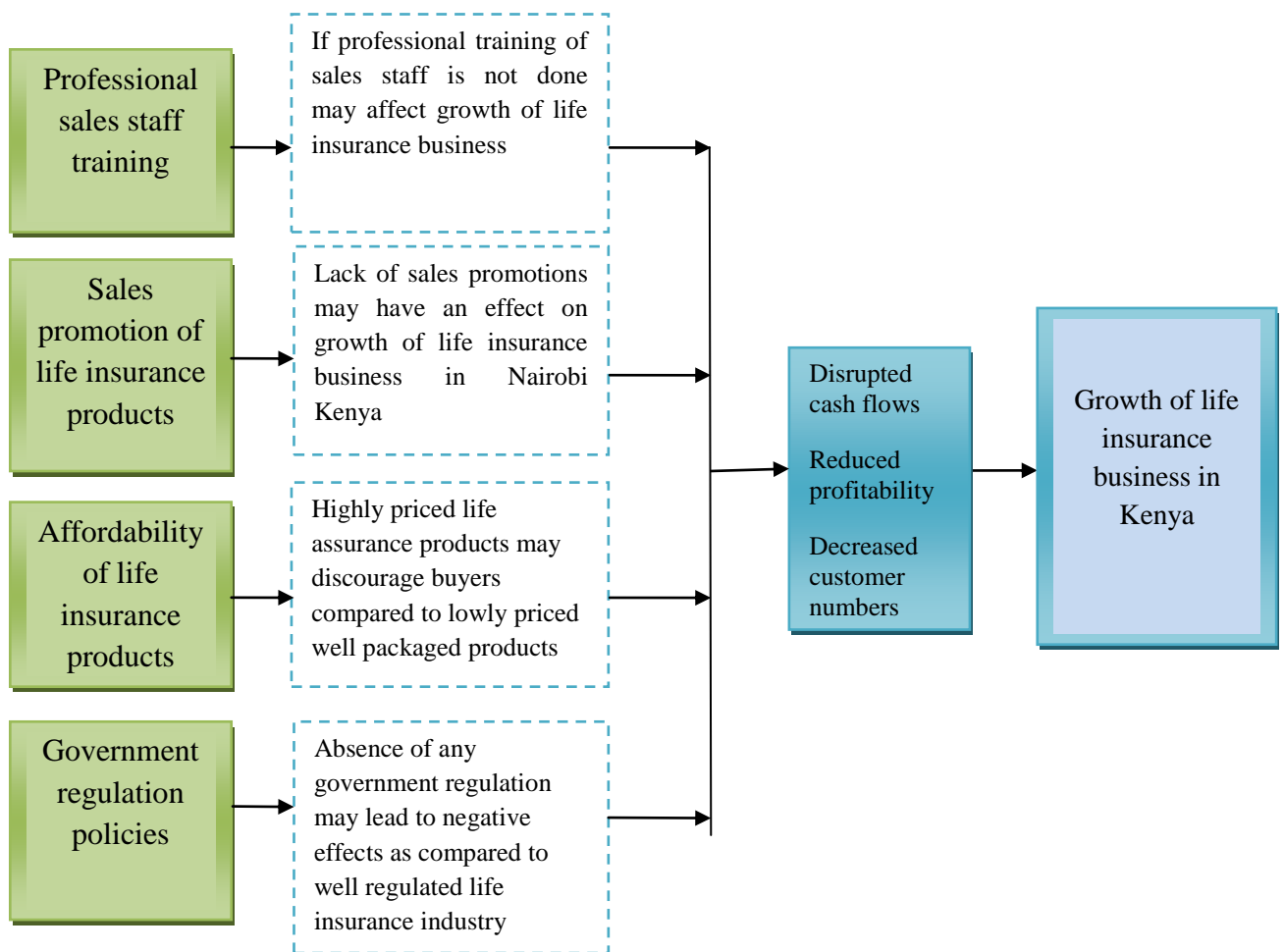
However, little has been written particularly about the factors affecting the growth of life insurance business in Nairobi Kenya. Life insurance sector has been contributing very little to

the GDP of this country due to low intake of life insurance products which is affected by the various factors as were explored under this study.

2.6 Conceptual framework

The study focused on four independent variables. These were the various factors affecting the growth of life insurance business in Kenya. These include:

Figure 2.1: Conceptual framework



Source: Researcher (2012)

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter shows how the data was collected to address the objectives in chapter one and fill the research gaps in chapter two. The chapter dwells on the methodology of carrying out the study. Specifically, the chapter explains research design, the target population, sample design and sampling technique, research instruments, data collection, data analysis and presentation methods. The researcher used a sample survey questionnaire to collect data from respondents and accumulated their opinions and belief about life insurance business.

3.2 Research Design

The study used descriptive research design to summarise and organize data in an effective and meaningful way. Mugenda and Mugenda (2003) notes that a descriptive survey research attempts to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. This study was a descriptive survey as it set out to describe and interpret a situation (Etemesi 2004).

According to Best and Kahn (1993) study (as cited in Muchire, 2003), descriptive research is also concerned with: conditions or relationships that exist, practices that prevail, beliefs, point of view, or attitudes that are held by people, processes that are going on, effects that are being felt, or trends that are developing. It is concerned with what exists and related to preceding event that has influenced or affected a present condition or event.

3.3 Target Population

According to Cooper and Schindler (2000) study (as cited in Ogutu (2004), a population is the total collection of elements about which the researcher wish to make inference. The target population is the larger group to which one hopes to generalise or apply his findings (Fraenkel and Wallen, 1993). The target population of the study consisted of approximately 1,500 life insurance sales staff of the 14 registered and licensed life insurance companies and 7 registered and licensed composite insurance companies, located within Nairobi, for the year 2012 (Commissioner of Insurance, 2012).

3.4 Sample Design and Sampling Technique

The study adopted census and purposive sampling technique; census because there were only 21 registered and licensed life insurance companies in Nairobi (14 life insurance companies and 7 composite insurance companies) for the year 2012 (Insurance Regulatory Authority, 2012). It was therefore possible for the researcher to sample all of them and used purposive sampling to identify the respondents.

The study focused on all the 21 registered and licensed insurance firms in Kenya offering life insurance business as indicated in appendix 5.

Through purposive sampling, 5 sales staff were identified from each of the life insurance firms. Thus the sample was $5 \times 21 = 105$ respondents.

3.5 Research Instruments

The study utilised self administered questionnaires to collect responses from the sampled respondents.

3.6 Validity and Reliability

The research instruments were tested for validity and reliability through pilot testing of 30 questionnaires to the target population.

3.7 Data Collection

A structured survey questionnaire was administered by the researcher to the respondents who were required to complete them. A sample of the questionnaire is attached as appendix 2 of this research project. The questionnaire contains two sections. The first section contained general data of the respondent, which was useful in the analysis. The second section contained some differential belief statements, which the respondent were to tick or complete as per their level of agreement.

Mugenda and Mugenda (2003) says that the questionnaire tool is the most appropriate where detailed information is required. The researcher visited the selected insurance firms, sought consent from the respondents and gave careful instructions to the respondents on how to fill the questionnaire. The questionnaire was self administered to the sample sales staff. Record of

respondents was also kept to establish the rate of response. The administration of the questionnaire was through drop and pick-later method.

3.8 Data Analysis and Presentation Methods

Data was checked for accuracy and completeness of recording of the responses. It was then analysed using descriptive statistics. For the above purpose frequencies and percentages were used. Tables and graphs were used in the presentation of the data.

CHAPTER FOUR

4.0 DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter deals with data analysis, findings and discussions on research findings. The purpose of this study was to find out the factors affecting the growth of life insurance business in Nairobi, Kenya. Among the variables investigated were professional training of sales staff, sales promotion of life insurance products, affordability of life insurance products and government regulation policies on life insurance. The study targeted life insurance sales staff of the 21 registered and licensed life insurance companies in Nairobi (14 life insurance companies and 7 composite insurance companies) for the year 2012, who were selected based on the sampling strategy in the previous chapter. The data that was collected from the respondents was analyzed and has been presented using tables, charts, frequencies and percentages.

4.2 Socio – Demographic Characteristics

These were analysed as regards response rate, organisational responsibility, length of time worked in the organisation and religious affiliation.

4.2.1 Response rate

The researcher distributed questionnaires to 105 respondents which were computed as shown in chapter three section four (3.4); sampling design and sampling technique. A response rate of 100% was achieved which was favourable for the study. This formed the basis for the analysis presented in this chapter.

4.2.2 Gender

From the findings of the research, 76.2% of the respondents were male while 23.8% were female. This shows that the majority of the respondents were male (Figure 4.1).

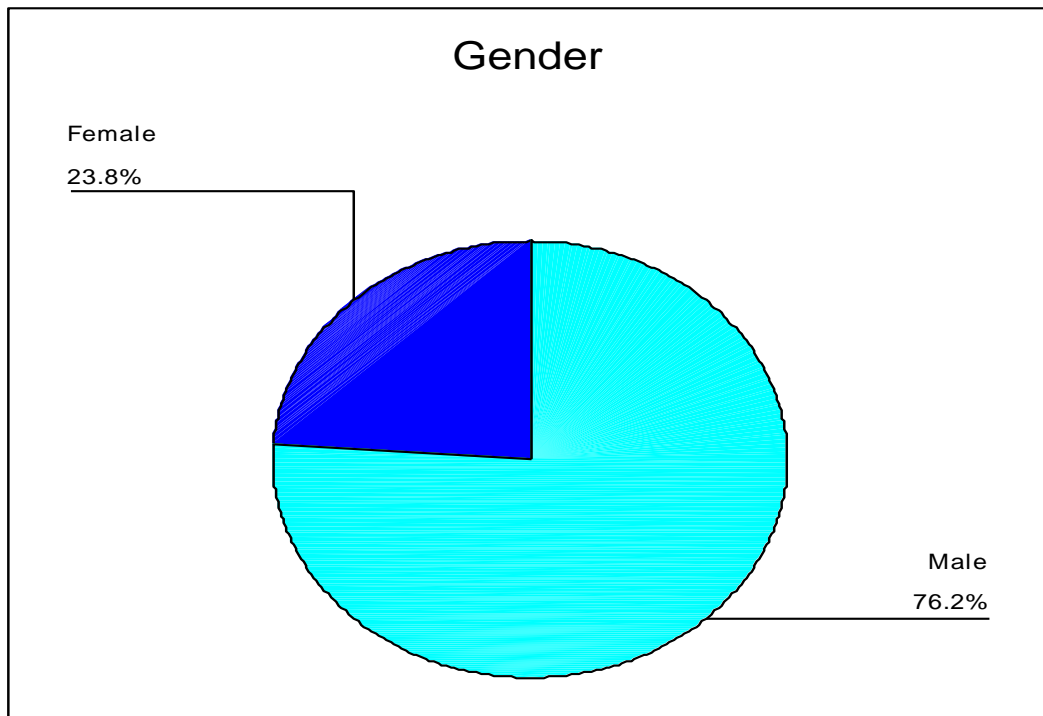


Figure 4.1: Gender

Source: Survey data (2012)

4.2.3 Respondent organisational responsibility

From the study findings regarding the respondent organisational responsibility, 37.1% of the respondents were in management while 62.9% were not in management. This shows that most of the views that were given were from the perspective of those who are not in the management. This depicts that over 60% of the sales staffs were not in management and were knowledgeable about life insurance (Figure 4.2).

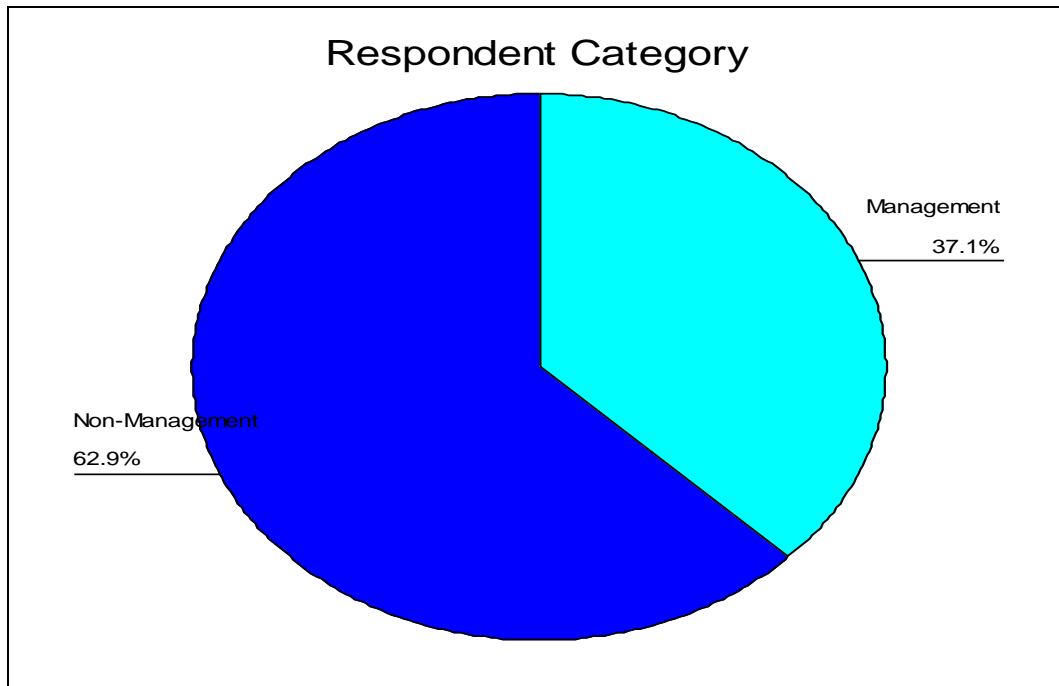


Figure 4.2: Respondent organisational responsibility

Source: Survey data (2012)

4.2.4 Length of time worked in the organization

The study findings indicated that 25% of the respondents had worked in the organization for less than one year, 50% had worked for between 1-5 years, 16% had worked for between 5-10 years, 6% had worked for between 10-15 years while 3% had worked for 15 years and above. This suggests that half of the life insurance sales staff had worked in the companies for between 1-5 years (Figure 4.3).

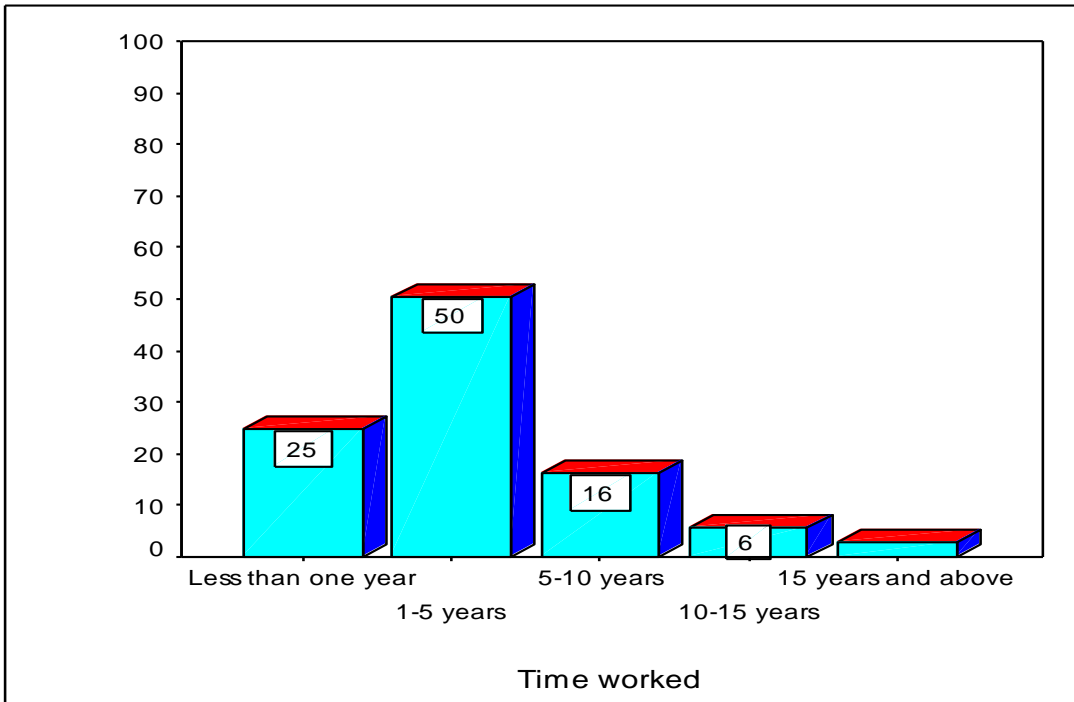


Figure 4.3: Length of time worked in the organization

Source: Survey data (2012)

4.2.5 Religious affiliation

On the issue of religious affiliation, the study findings showed that majority (83%) of the respondents were protestants, 3% each were either Muslims or categorized themselves as atheists while 11% of the respondents did not identify their religious affiliation. This depicts that over 86% of the respondents who were insurance sales staff belonged to a certain religion and were knowledgeable about life insurance regardless of their religious affiliation (Figure 4.4).

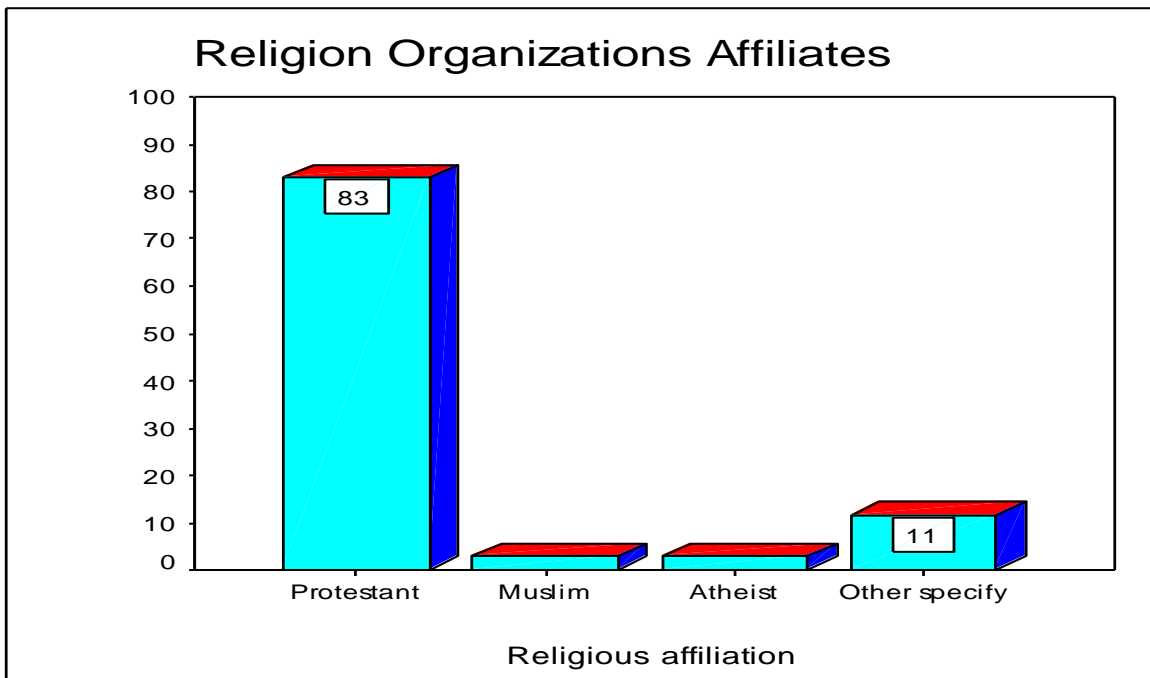


Figure 4.4: Religious affiliation

Source: Survey data (2012)

4.3 Factors affecting the growth of life insurance business

From the study findings, these factors can be analysed as below:

4.3.1 Comprehensive Sales and Marketing Department

Majority (95%) of the respondents accepted that the company has a comprehensive sales and marketing department with 5% indicating that the insurance company did not have a comprehensive sales and marketing department. This is shown from Table 4.1. The study findings suggest that respondents had a common agreement that comprehensive sales and marketing department in these companies affects the growth of life insurance business.

4.3.2 Professional sales staff training

Majority (80%) of the respondents responded that the company does not undertake professional sales staff training, 6% were undecided, 10% were of the opinion that the training is satisfactory, and 4% indicated their affirmation that it was very satisfactory. This is shown from Table 4.1. This suggests that respondents had a common agreement that the lack of undertaking of professional sales staff training affects the growth of life insurance business. According to Kotler (2003), “customers are value – maximisers.” They form an expectation of value and act

on it. Buyers will buy life insurance from a firm that they perceive to offer the highest customer – delivered value, which is the difference between total customer value and total customer cost. A buyer’s satisfaction is a function of the insurance product’s perceived value and the buyer’s expectations. Customer satisfaction should be a goal and a marketing tool.

Diacon and Carter (1992) study (as cited in Kamau, 2003) notes that the insurance company’s marketing staff especially the sales representatives need to be motivated always. Some will put their best effort without any special coaching from management. The study findings are in agreement with the above previous studies by Kotler (2003) and Diacon et al., (1992).

4.3.3 Sales force training and development a major factor

From the study findings, majority (60%) of the respondents from these insurance companies responded that sales staff training and development is ‘very much’ a major factor determining growth of life insurance business, 25% were in agreement that its ‘much’ of a factor, 10% indicated that it was ‘not much’ while 6% indicated that growth of life insurance business was not affected at all. This is shown from Table 4.1. This 85% of the respondents had a common agreement that the company sales staff training and development is a major factor and it affects the growth of life insurance business.

According to Wells, Stafford and Friedman study (as cited in Etemesi, 2004), lack of professionalism is a source of customer dissatisfaction in the insurance industry. Lack of technical and experienced staff can lead to improper interpretation of the policy provisions and consequently payment of a claim that was not otherwise payable under the policy. The study findings are in agreement with the above previous studies.

Attribute	Response	Frequency	Percentage
Comprehensive sales and marketing department	Yes	100	95%
	No	5	5%
Professional training of sales staff	Very satisfactory	5	4%
	Satisfactory	10	10%
	Undecided	6	6%
	Not satisfactory	84	80%
	Highly not satisfactory	0	0%
Sales staff training a factor in growth and marketing of life insurance	Very much	63	60%
	Much	26	25%
	Not much	10	10%
	Not affected at all	6	6%

Attribute	Response	Frequency	Percentage
	Do not know	0	0%

Table 4.1: Statements on sales and marketing department

Source: Survey data (2012)

4.4 Sales staff appraisal and ethics

The study findings have been analysed as follows:

4.4.1 Sales staff appraisal

When asked on whether their company carried out sales staff appraisals on their dealings with the life insurance customers, majority (71.3%) of them said that their companies did not appraise them on how they handle life insurance customers while 28.7% said their companies did. This shows that the management of life insurance companies need to come up with various mechanisms to ensure that life insurance clients are being handled professionally to enhance growth of life insurance business (Figure 4.5).

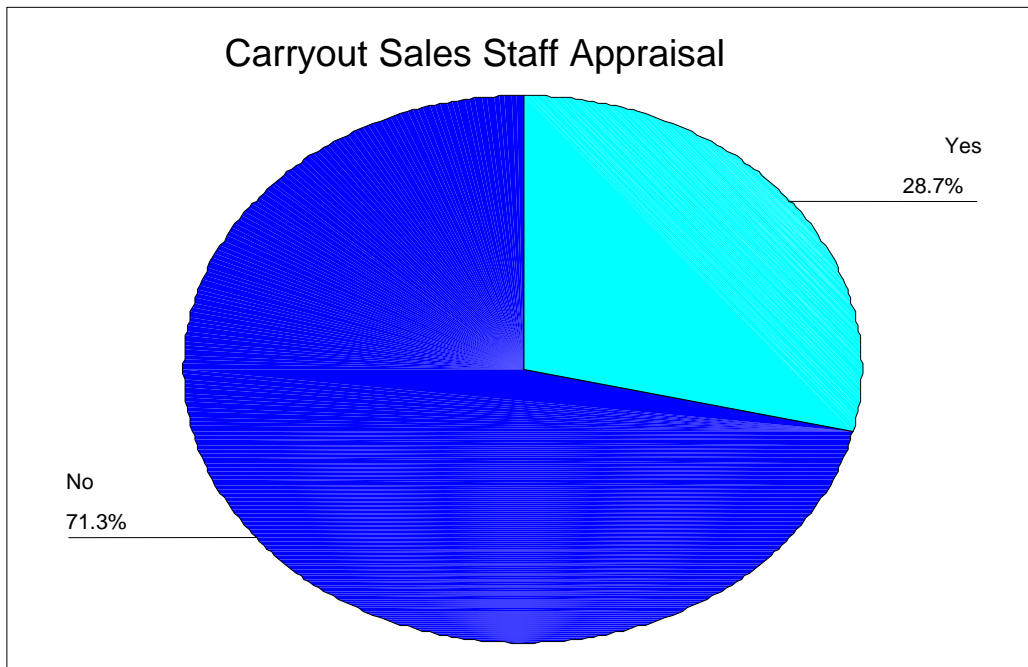


Figure 4.5: Sales staff appraisal

Source: Survey data (2012)

4.4.2 Practice of good ethics

The majority (88.0%) of the respondents indicated that the company practiced good ethics in their dealings with life insurance customers while 12.0% said they did not. This overwhelming response shows that the companies practiced good ethics which is commendable for the growth of life insurance business (Figure 4.6).

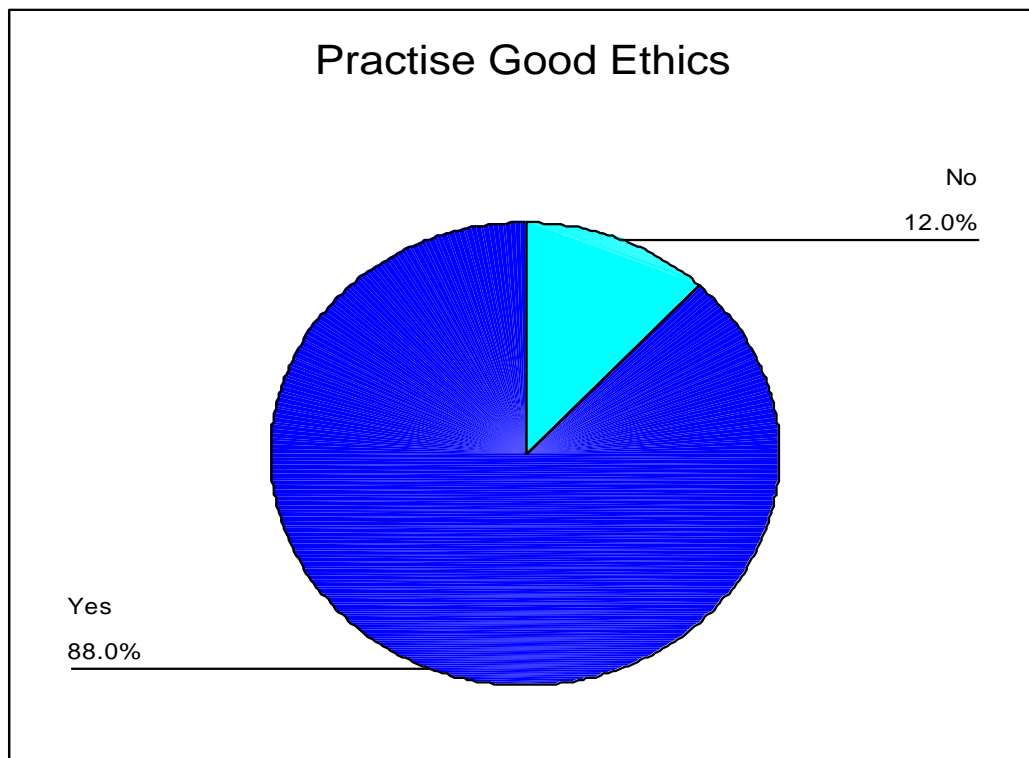


Figure 4.6: Practice of good ethics

Source: Survey data (2012)

4.4.3 Exposing of unethical sales staff

From the findings, 70% of the respondents said that the members of staff that did sales and that were involved in unethical practices were not exposed while 30.0% said they were exposed. This brings out a bad picture since there is an indication of cover up of the unethical practices and this is not good for growth of life insurance business (Figure 4.7).

Munguti (2006) notes that the widespread customer dissatisfaction in the insurance industry has been of great concern to various stakeholders in the industry. This is due to various impediments to efficient provision of services to customers.

Marwa (2007) study that professional malpractices engaged by some insurers have tarnished the industry's reputation. Unless these undesirable practices are overcome, they will continue to dent an already battered image of the industry, leading to further losses of business opportunities for the industry is confirmed by these study findings.

Kotler (2003), states that, "customers are value – maximisers." They form an expectation of value and act on it. Buyers will buy life insurance from a firm that they perceive to offer the highest customer – delivered value, which is the difference between total customer value and total customer cost. It is clear from the study findings that the industry needs to get rid of unethical sales practices that may be an impediment to growth of life insurance business.

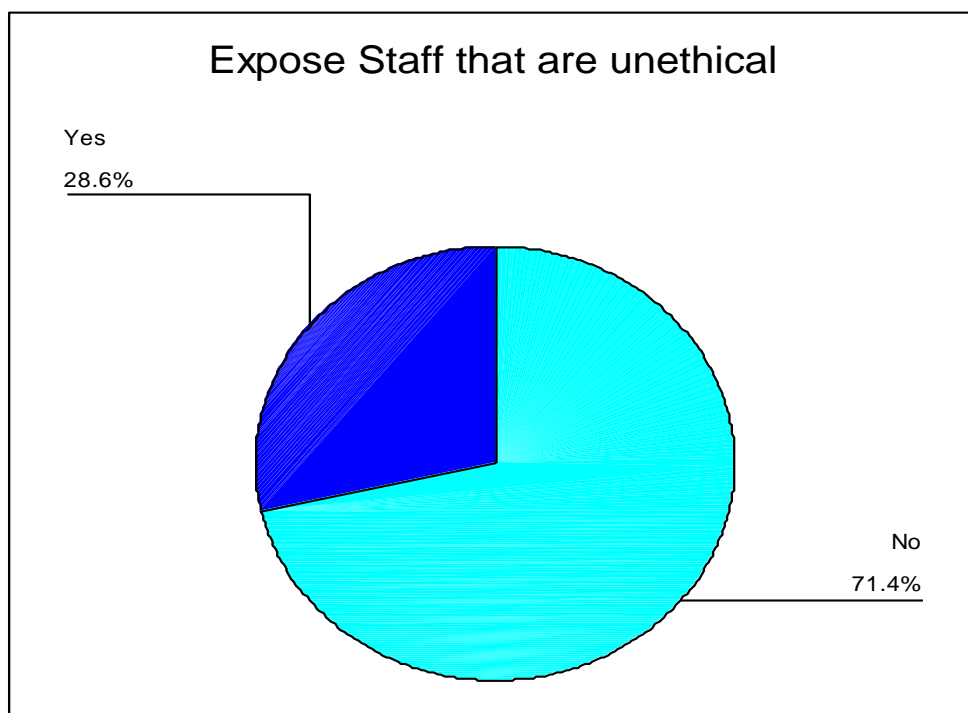


Figure 4.7: Exposing of unethical sales staff

Source: Survey data (2012)

4.5 Statements on customer satisfaction, product packaging and promotion

The study findings have been analysed as below:

4.5.1 Customer Satisfaction

The results indicated that the insurance companies were satisfied in ensuring that the customers are contented with their services. This suggests that respondents had a common agreement that the company was offering services to customers in a more satisfactory way which contribute to the growth of life insurance businesses (Table 4.2).

4.5.2 Customer Surveys

When asked about if their companies carried out adequate customer surveys, the results indicated that most of the life insurance companies carried out some form of customer surveys to find out the satisfaction levels with their customers. The study findings indicated that respondents had a common agreement that the companies carry out adequate customer surveys and this positively contributes to the growth of life insurance businesses in Kenya (Table 4.2).

4.5.3 Life Insurance Products Packaging

From the findings majority of the respondents from the insurance companies gave a rate of most likely on proper life insurance products' packaging. This is shown from Table 4.2 with a mean of 1.72 which is most likely from likert scale and has a small standard deviation of 0.752 and this suggests that respondents had a common agreement that proper life insurance products and this would most likely contribute to the growth of life insurance businesses in Kenya.

4.5.4 Sales Promotion

On sales promotion of life insurance products, the study findings indicated that it would lead to enhanced business for the life insurers. This is shown from table 4.2; showing that the respondents had a common agreement that sales promotion of life insurance products can contribute to growth of life insurance business in Kenya.

4.5.5 How companies promote services

When asked about how companies promoted their services, the study findings indicate that the companies use a combination of various methods to promote their services. The study identified advertising, public relations and publicity, through agency, personal selling and sales promotion as the methods used (Table 4.2).

This confirms the assertion by Berkowitz, Kery, Hartley and Rudelius (1997) study (as cited in Kamau, 2003), that promotion includes all activities the company undertakes to communicate and promote its products and services to the target market

Statement on customer satisfaction, surveys, product packaging and promotion	N	Mean	Std. Deviation
Rate on customer satisfaction	105	1.01	0.579
Carrying out of customer surveys	105	1.55	0.832
Views on proper packaging life insurance products	105	1.72	0.752
Sales promotion of life insurance products	105	1.65	0.480

Table 4.2: Statements on customer satisfaction, product packaging and promotion

Source: Survey data (2012)

4.6 Marketing and growth of life insurance business

4.6.1 Affordability of life insurance products

The study findings indicated that majority (66%) viewed pricing and how affordable life insurance products are as a factor that may affect marketing and growth of life insurance business, 17% indicating it is likely, and only 17% that indicated that affordability may not be such an important factor (Figure 4.8). According to Kotler (2003), an increasing number of companies are basing their prices on the product’s perceived value. Price is considered along with other marketing mix variables before the marketing program is set.

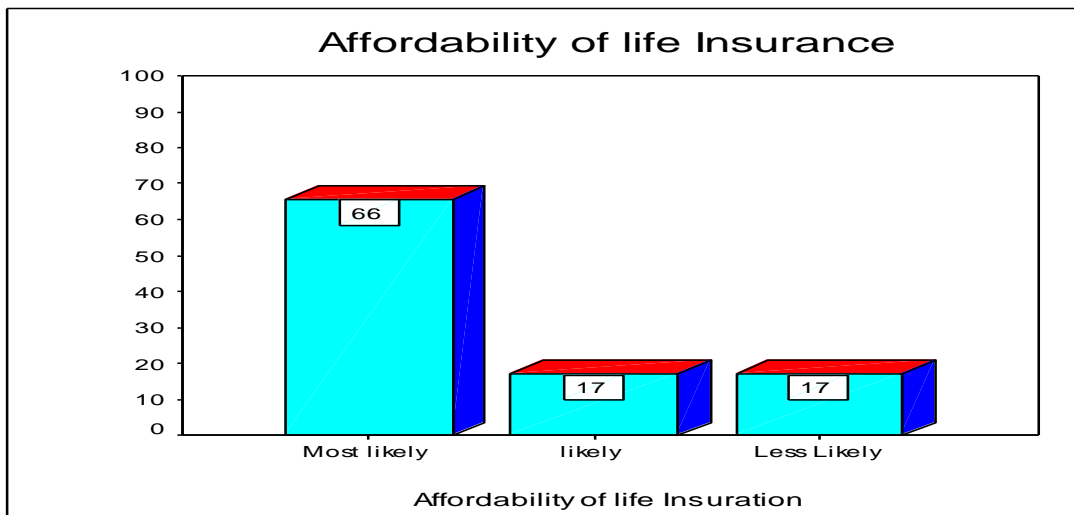


Figure 4.8: Affordability of life insurance products

Source: Survey data (2012)

4.6.2 Government regulation policies

From the study findings, 18% of the respondents strongly agreed the government regulation policies in Kenya affected the marketing and growth of life insurance business in the company, the majority at 59% agreed, 12% were neutral while 11% disagreed (Figure 4.9).

The findings agrees with Ogutu (2004) that the government through the Commissioner of Insurance should ensure that policies and regulations aimed at shielding the life insurance business from harsh socio – economic, political and legal factors and environmental factors are formulated to ensure positive contribution towards the growth of life insurance business in Kenya

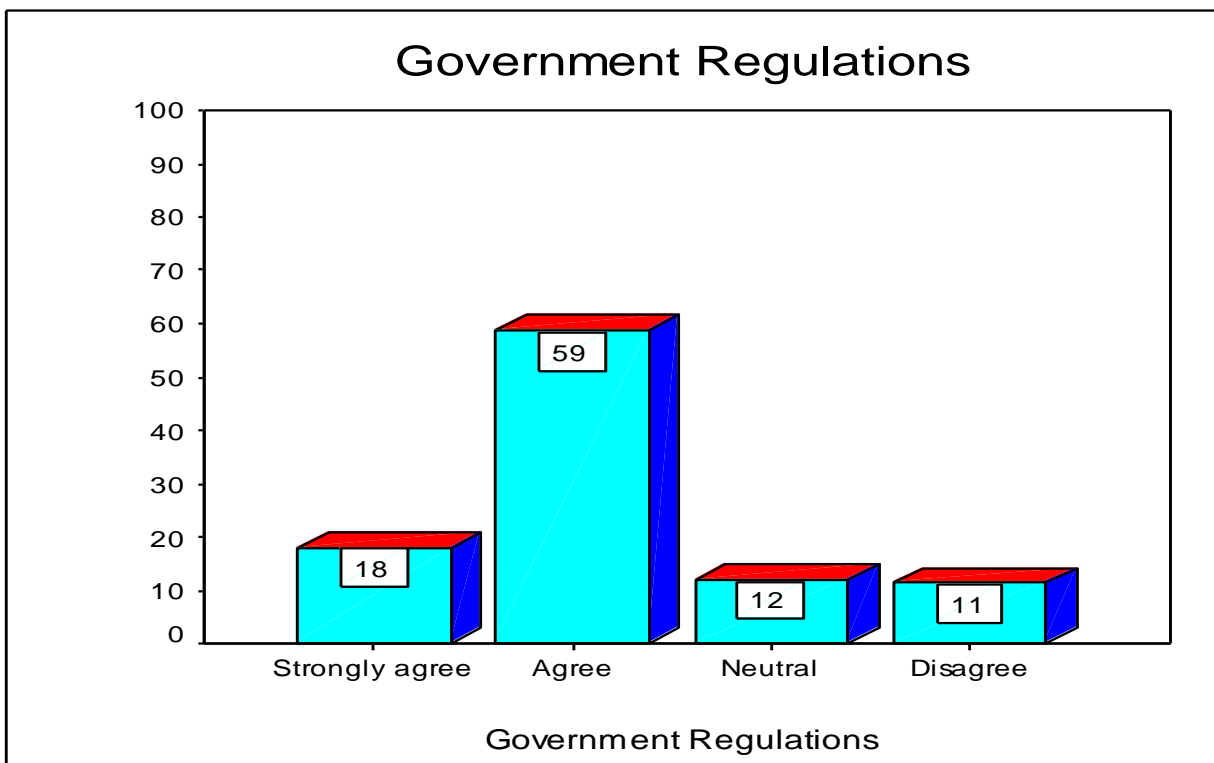


Figure 4.9: Government regulation policies

Source: Survey data (2012)

4.6.3 Low penetration of life insurance in Kenya

Out of the 105 respondents that took part in the study, 80.0% (84 respondents) said the relatively inexperienced employees or management was the single most important reason for the current state of low penetration of life insurance in the country while 20.0% (21 respondents) said lack of timely intervention by the regulator was the single most important reason for the current state of low penetration of life insurance in the country (Table 4.3).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	84	80.0	80.0	80.0
	No	21	20.0	20.0	20.0
	Total	105	100.0	100.0	100

Table 4.3: Single most reason for low life insurance penetration

Source: Survey data (2012)

4.6.4 Increase of life insurance penetration through low income population

The study findings indicated that 17% strongly disagreed that the life insurance companies should increase the penetration of life insurance by targeting the low – end market (low income population), 23% disagreed, 6% were neutral, 25% agreed while 30% strongly agreed. This shows that a slight majority of the respondents saw a need that the life insurance companies should increase the penetration of life insurance by targeting the low – end market (low income population) to increase business growth (Figure 4.10).

This is in agreement with Kenya Insurer (2009) that, although Kenya’s financial institutions are way ahead in the region, in micro-insurance the country might have to learn from Uganda, which has been ranked by a recent study as a forerunner and a success story in Africa. According to Roth et al (2007) study (as cited in Kenya Insurer, 2009) which studied 100 poorest countries, Uganda was found to have almost half of micro-insurance covers in Africa and that this should be an eye opener for Kenya on the possibility to accelerate penetration of the life insurance industry, which remains dismally low, through micro-insurance.

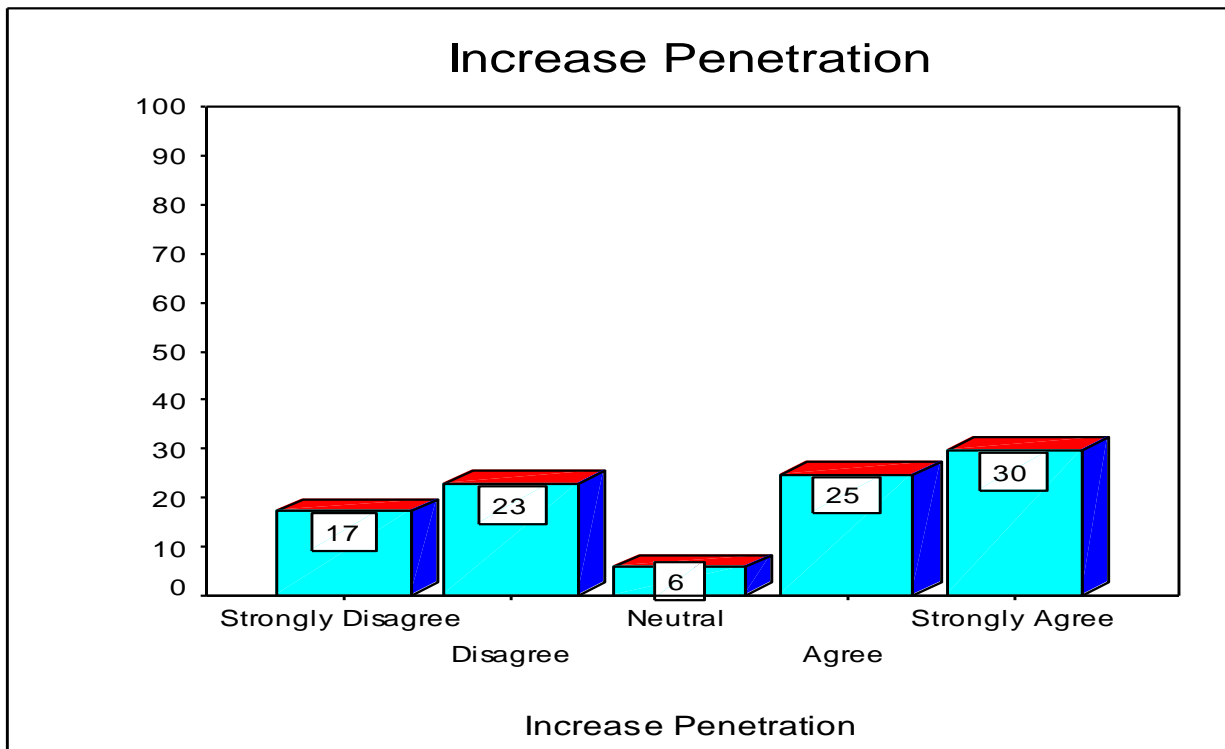


Figure 4.10: Increase of insurance penetration through low income population

Source: Survey data (2012)

4.6.5 Traditional life insurance products

From the study findings, 74.3% indicated that they thought most of the life insurance products are traditional and do not address the modern needs of the public leading to low penetration of life insurance while 25.7% said they did not think so (Figure 4.11). This also agrees with the study findings on chapter four section five three; Life Insurance Products Packaging, where the respondents indicated that life insurance products should be packaged with various benefits.

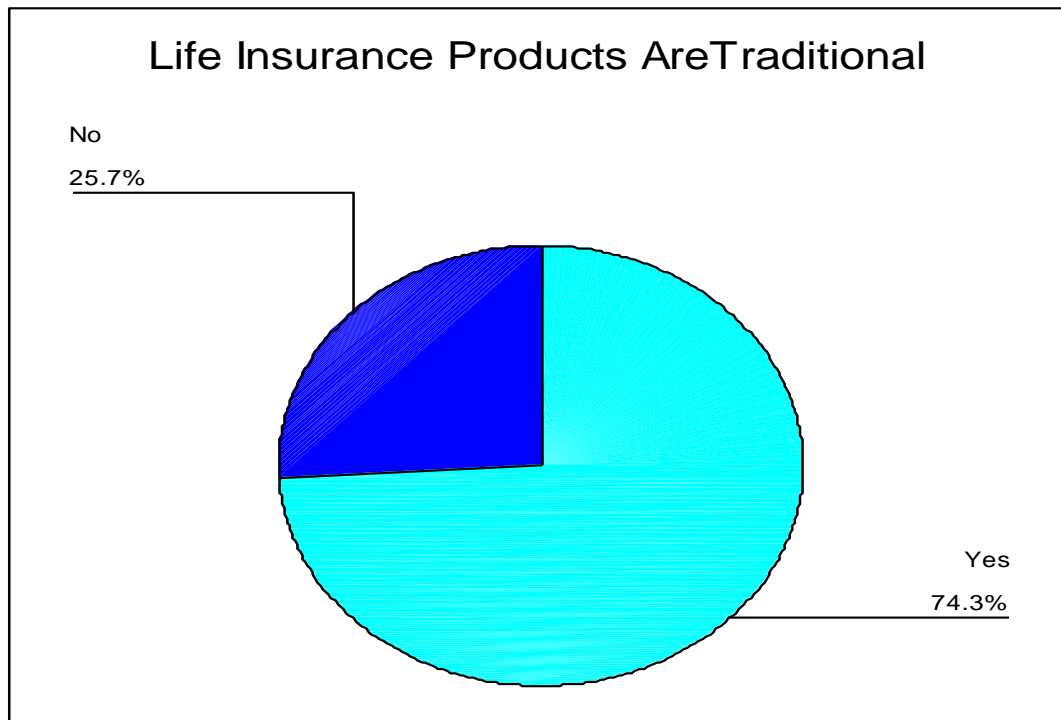


Figure 4.11: Traditional versus modern life insurance products

Source: Survey data (2012)

4.6.6 Repackaging of life insurance products

The study findings indicated that 11% of the respondents strongly disagreed with the fact that life insurance products should be repackaged to include various benefits and address the modern needs of the public, 23% of them were neutral, 36% agreed while 30% of the respondents strongly agreed (Figure 4.12).

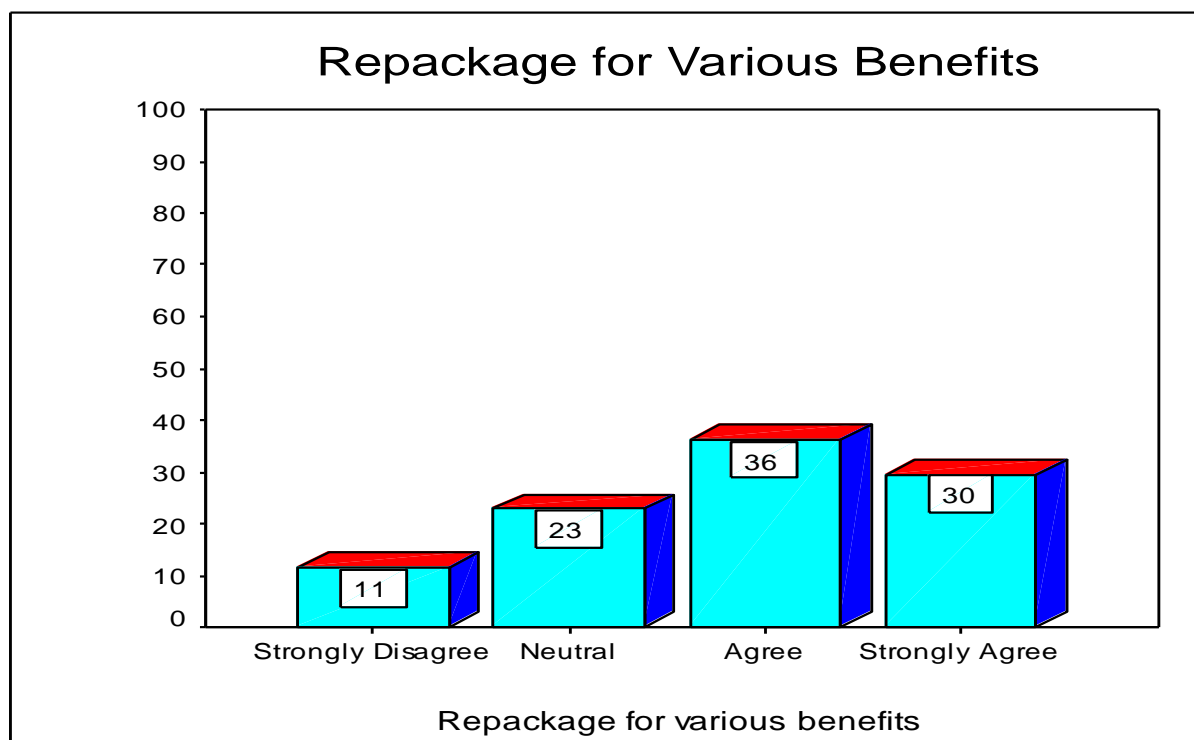


Figure 4.12: Repackaging of life insurance products

Source: Survey data (2012)

4.6.7 Factors to shape life insurance business

From Table 4.4, since t – computed are all greater than the t – tabulated from appendix 7 i.e. all values of t -tests >1.660 with 100 degree of freedom at 95% confident level, we accept that all the sources of growth in Table 4.4 are best to adopt in monitoring growth of life insurance business in Nairobi Kenya. These sources are also significant factors in the growth of life insurance business since their p -values are less than 0.05. They are all equal to 0.000.

Source of growth	t	Df	Sig. (2-tailed)
Innovation	49.714	100	.000
Product packaging	72.455	100	.000
Professionalism in the company	46.410	100	.000
Image and reputation	38.900	100	.000
Customer service	71.183	100	.000
Technology	44.942	100	.000

Source of growth	t	Df	Sig. (2-tailed)
Change of distribution channels	37.669	100	.000
Government regulatory change	45.640	100	.000
Expanding coverage	29.628	100	.000
Consolidation and mergers	21.127	100	.000
Affordable pricing	37.088	100	.000

Table 4.4: Sources of growth of life insurance business

CHAPTER FIVE

5.0 SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of a summary of the findings of the research, conclusions relating to the research objectives, suggestions or recommendations on the factors affecting the growth of life insurance business in Kenya and finally areas that need further research. The research was aimed at determining the factors affecting the growth of life insurance business in Kenya. A population sample of 105 respondents was taken from the 21 life insurance companies registered in Kenya as at June 2012. Data relating to the objectives of study was collected and analysed and the findings are presented in chapter four.

5.2 Summary of the findings

The study aimed at finding out the factors that affect the growth of life insurance business in Kenya. The study targeted 105 respondents and there was 100% response rate. The study established that over 62.9% of the sales staff in life insurance companies were not in management levels, with only 23.8% being in management levels. The study also established that 50% of the respondents had worked with the organisation for between 1-5 years, 25% for less than one year, 16% for between 5-10 years with only 6% and 3% having worked for 10-15 years, and over 15 years respectively. This indicates that majority of the respondents were knowledgeable about the operations of their companies regarding life insurance.

In regards to sales and marketing department the study findings indicated that over 95% of the respondents confirmed that their organisation had a comprehensive sales and marketing department. However among the sales staff there were those who don't actually agree that their organisations have a comprehensive sales and marketing department. This clearly indicates that the low penetration is as a result of under staffing of sales departments in some of the organisation.

The study findings clearly indicated that 80% of the respondents believed that professional training of sales staff was lacking in the life insurance industry. Only few respondents at 4% indicated that the training of sales staff was very satisfactory. This clearly establishes a

knowledge gap that needs to be filled through proper professional training of life insurance sales staff to better the growth of this important sector in Kenya. Over 85% of the respondents in the study agreed that professional training of sales staff is an important factor in the marketing and growth of life insurance business.

In regard to sales staff appraisal, the study established that 71.3% of the respondents indicated that this was not being undertaken as regards their dealings with life insurance customers. Although majority (88%) agreed that their companies practiced good ethics in dealings with life insurance customers, a notable 12% disagreed, which is a negative aspect that leads the low penetration. The study also established that 70% disagreed by indicating that sales staff that practiced unethical practices in their dealings with life insurance customers were not exposed, only 28.6% agreed that those that are involved in unethical practices are exposed. This clearly indicates that the management of life insurance companies needs to do more in ensuring that high standards of ethics by the company and by sales staff dealing with life insurance customers are practiced. This will contribute to enhanced customer value, satisfaction ultimately translating to enhanced growth of the life insurance sector.

In regards to customer satisfaction the study established that companies are confident that their customers were satisfied with the services that they offer. The study also established that many companies carried out customer surveys to find out the expectation from the customers and establish their satisfaction with their services.

The study established that sales promotion of life insurance business would lead to enhanced business for the life insurers. The methods that were established as being in use by life insurers included advertising, PR and publicity, through agency, personal selling and sales promotion.

As to the affordability and pricing of life insurance products, the study established over 83% of the sales staff agrees that this is an important factor in enhancing growth of life insurance business while 17% are of a different believe. The study established that 74.3% believed that most of life insurance products are traditional in nature with 25.7% having a different believe. Over 66% agreed that life insurance products need to be repackaged with various benefits to enhance their uptake hence enhancing growth of life insurance business. Only 11% disagreed with this view with another 23% being decisive less.

In regards to government regulation policies over 77% in the study agreed that this is an area that needs to be enhanced to increase the customer base and business for the life insurers in Kenya.

Also the study pointed out that 80% of the sales staff indicated relatively inexperienced employees or management was the single most important reason for low penetration of life insurance in the country, with only 20% having a different opinion. In addition the study established 55% of the sales staff believed that insurance sector growth can be enhanced through targeting of low income population (micro- insurance), 23% disagreed, 6% were neutral, and 17% strongly disagreed.

Lastly the study established that life insurance sales staff believes that innovation, proper product packaging, professionalism, good image and reputation, good customer service, technology, change of distribution channels are all factors that can help in shaping the life insurance sector and business. Other factors identified by the study are proper government regulatory framework, expansion of coverage, consolidation and mergers and affordable or competitive pricing.

5.3 Conclusion

The purpose of this study was to determine the factors affecting the growth of life insurance business in Kenya. The first objective was to determine the effect of professional sales staff training on the growth of life insurance business. The findings revealed that professional training of life insurance sales staff was lacking in the industry. This implies that a lot needs to be done by the management of life insurance firms in ensuring proper training of sales staff. Lack of professionalism has also been indicated by the study as a contributor to unethical dealings with life insurance customers.

The second objective was to examine how sales promotion of life insurance products affects growth of life insurance business. The study revealed that sales promotion is one of the major factors that can lead to growth of life insurance business if done through a combination of different methods.

The third objective was to examine the effect of affordability of life insurance products on the growth of life insurance business. The study findings revealed that life insurance sales staff, at 83%, indicated that life insurance products should be fairly and competitively priced to ensure

that the customers achieve the highest value. Proper packaging and pricing of life insurance products are likely to lead to growth of life insurance business.

The fourth objective was to find out the effects of government regulation policies on the growth of life insurance business. The study revealed that proper government regulation policies are lacking and from the findings a lot needs to be done in this area.

5.4 Recommendations

On the basis of the findings of the study the following recommendations can be made:

The Association of Kenya Insurers (AKI) must sensitise its members on the best training opportunities to ensure that the services offered to the life insurance clients by the sales staff are value adding and in the best possible way.

The life insurance companies should ensure proper sales promotion and pricing of life insurance products for value maximization to its clients. The insurance companies should work hard and competitively to ensure penetration of their services and to organize education to members of the public to demystify their life insurance services. Micro insurance is one of the methods the insurance companies can enhance growth of life insurance business.

The Insurance Regulatory Authority (IRA) should come up with mechanisms on how the life insurance sector can best be monitored to attain maximum growth. Proper regulation of the sector would ensure a level playing field and rid the industry of unethical practices.

5.5 Suggestions for further research

Studies need to be conducted using more variables that seem to be pertinent to the study. The studies should be conducted to investigate the interaction of other variables that influence the growth of life insurance business.

A replication of the study needs to be done using a larger sample so as to give more insight on life insurance business.

Other factors that affect the whole insurance industry may also be given an in depth analysis through a similar study.

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APPENDICES

Appendix 1 – Letter to the Respondent

Kenyatta University,
School of Business,
Department of Accounting and Finance,
P.O. Box 43844,
Nairobi.

Dear Sir/Madam,

RE: Involvement of your institution in Research

I am a post graduate student at Kenyatta University. I am currently undertaking a Master of Business Administration research on “*Factors affecting the growth of life insurance business in Nairobi Kenya.*” Your institution has been identified for this study.

Your assistance will enable this study to come up with accurate findings. The responses given will be treated with utmost confidentiality and for academic purposes only.

Thank you in advance.

Yours faithfully,

Makau Robert Nzenga

Appendix 2 – Questionnaire

Questionnaire Serial No.....

Dear respondent,

This research is meant for academic purpose. You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential. Please tick where appropriate or fill in the required information on the spaces provided.

SECTION A: SOCIO – DEMOGRAPHIC CHARACTERISTICS

Please put a tick {√} in the box where the question requires you to do so.

Respondent's Name (optional)

Name of your organization

Date of interview ----- / ----- / -----

No.	Questionnaire	Response	
1	Gender	1 = Male	<input type="checkbox"/>
		2 = Female	<input type="checkbox"/>
2	Respondent organisational responsibility category	1 = Management	<input type="checkbox"/>
		2 = Non - Management	<input type="checkbox"/>
3	How long have you worked in this organization	1 = Less than 1 year	<input type="checkbox"/>
		2 = 1 - 5 years	<input type="checkbox"/>
		3 = 5 - 10 years	<input type="checkbox"/>
		4 = 10 – 15 years	<input type="checkbox"/>
		5 = 15 years and above	<input type="checkbox"/>
4	Religious affiliation	1 = Protestant	<input type="checkbox"/>
		2 = Muslim	<input type="checkbox"/>
		3 = Hindu	<input type="checkbox"/>
		4 = Atheist	<input type="checkbox"/>
		5 = Other specify	<input type="checkbox"/>

SECTION B: FACTORS AFFECTING THE GROWTH OF LIFE INSURANCE

BUSINESS

No.	Questionnaire	Response	
1	In your opinion does the company have a comprehensive sales and marketing department?	1 = Yes	
		2 = No	
		3 = No Idea	
2	How do you rate your company in undertaking professional sales staff training?	1 = Very Satisfactory	
		2 = Satisfactory	
		3 = Undecided	
		4 = Not Satisfactory	
		5 = Highly Not Satisfactory	
3	To what extent is sales force training and development a major factor in the growth and marketing of life insurance policies?	1 = Very much	
		2 = Much	
		3 = Not much	
		4 = Not affected at all	
		5 = Do not know	

4) In the table below, put a tick {√} in the appropriate box.

Does your company:		YES	NO
i)	Carry out sales staff appraisals on their dealings with the life insurance customers?		
ii)	Practice good ethics in their dealings with life insurance customers?		
iii)	Expose sales staffs that are unethical?		

No.	Questionnaire	Response	
5	How do you rate your company in getting the customers satisfied with your services?	1 = Very Satisfactory	
		2 = Satisfactory	
		3 = Undecided	
		4 = Not Satisfactory	
		5 = Highly Not Satisfactory	
6	Does your company carry out adequate customer surveys?	1 = Yes	
		2 = No	
		3 = No Idea	

No.	Questionnaire	Response	
7	Do you view proper life insurance products packaging as a factor that affects growth of life insurance business?	1 = Most Likely	
		2 = Likely	
		3 = Less Likely	
		4 = Not Likely at all	
		5 = No Idea	
8	Do you view sales promotion of life insurance products as a factor that affects growth of life insurance business?	1 = Most Likely	
		2 = Likely	
		3 = Less Likely	
		4 = Not Likely at all	
		5 = No Idea	
9	How does your company promote its services?	1 = Advertising	
		2 = PR and Publicity	
		3 = Through Agency	
		4 = Personal Selling	
		5 = Sales Promotion	
		6 = No idea	

10) How do you view affordability of life insurance products as a factor affecting the marketing and growth of life insurance business?

1 = Most Likely

2 = Likely

3 = Less Likely

4 = Not likely at all

5 = No Idea

11) To what extent do you think government regulation policies in Kenya affects the marketing and growth of life insurance business in your company?

1 = Strongly Agree

2 = Agree

3 = Neutral

4 = Disagree

5 = Strongly Disagree

Please explain

12) What do you think is the single most important reason for the current state of low penetration of life insurance in the country?

Description	Response
Relatively inexperienced employees / management	
Lack of timely intervention by the regulator	
Lack of focus by companies ('lets do everything', 'lets do what the competitor does')	
Too much focus on top - line customers for growth / monthly new business volumes	
None of the above ('it is not all that bad')	
Other (Please specify)	

13) To what extent do you think the life insurance companies should increase the penetration of life insurance by targeting the low – end market (low income population)?

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

14) Do you think most of the life insurance products are traditional and do not address the Modern needs of the public leading to low penetration of life insurance?

1 = Yes

2 = No

15) In your opinion do you think life insurance products should be repackaged to include various benefits and address the modern needs of the public?

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

16) In scales of 1 – 5 with 1 representing the lowest priority and 5 representing the highest priority, which two or three factors will in your opinion be “game changers” and can shape the life insurance business in Kenya over the next five years?

Key

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Sources of growth	1	2	3	4	5
Awareness to the public on life insurance products and benefits					
Innovation					
Product packaging with various benefits					
Professionalism in companies and by sales persons					
Image and Reputation of the public towards the insurance industry, insurance companies and life insurance products					
Customer Service					
Technology					
Change of distribution channels					
Government Regulatory changes i.e. increase tax relief as an incentive					
Expanding coverage (decentralisation of offices)					
Consolidation and Merger by insurance companies					
Affordable Pricing					
Other (Please specify)					

17) Any other comment?

THANK YOU VERY MUCH FOR YOUR PARTICIPATION.

Appendix 3 – Research work plan

		WEEK						
		1	2	3	4	5	6	7
ACTIVITY	Pilot testing							
	Actual data collection							
	Data processing							
	Data analysis & interpretation							
	Report writing							
	Report submission							
	Week 1 start after Proposal defence							

Appendix 4 – Budget Plan

Activity	Description	Unit Price - KES	Total - KES
Typing of Proposal	1 (50 pages)	2,000	2,000
Proposal copies	6 (300 pages)	750	4,500
Binding	7 copies	100	700
Flash Disks	2	750	1,500
Questionnaire	105 copies	12	1,260
Report	1	800	800
Internet Access - Research		2,000	2,000
Data Analysis		4,000	4,000
Report duplicate	5	800	4,000
Miscellaneous Expenses			1,500
Total			22,260

Appendix 5 – List of Life insurance Companies

Life insurance Companies in Kenya

- 1) Apollo Life insurance Limited
- 2) CFC Life insurance Limited
- 3) CIC Life insurance Limited
- 4) First Assurance Company Limited
- 5) ICEA LION Life insurance Company Limited
- 6) Intra Africa Assurance Company Limited
- 7) Invesco Assurance Company Limited
- 8) Kenindia Assurance Company Limited
- 9) Metropolitan Life insurance Kenya Limited
- 10) Old Mutual Life insurance Company Limited
- 11) Pan Africa Life insurance Limited
- 12) Pioneer Assurance Company Limited
- 13) Shield Assurance Company Limited
- 14) Tausi Assurance Company Limited

Composite Insurance Companies in Kenya

- 1) British American Insurance Company (K) Limited
- 2) Cannon Assurance Limited
- 3) Corporate Insurance Company Limited
- 4) Geminia Insurance Company Limited
- 5) The Heritage Insurance Company Limited

6) The Jubilee Insurance Company of Kenya Limited

7) The Kenyan Alliance Insurance Company Limited

Source: Researcher (2011)

Appendix 6 – Gross premium and market share per company (2005 – 2009)

Company	2009				2008		2007		2006		2005	
	Ordinary Life Premium	Group Life Premium	Total	Market Share	Gross Premiums	Market Share	Gross Premiums	Market Share	Gross Premiums	Market Share	Gross Premiums	Market Share
Apollo	35,715	148,067	183,782	1.39%	168,890	1.45%	161,526	1.78%	205,140	2.55%	167,917	2.35%
British American	1,912,873	588,977	2,501,850	18.96%	2,347,974	20.10%	1,861,719	20.55%	1,537,546	19.08%	1,275,383	17.83%
Cannon	73,935	4,750	78,685	0.60%	74,518	0.64%	69,944	0.77%	74,131	0.92%	73,705	1.03%
CFC Life	926,379	121,144	1,047,523	7.94%	1,009,245	8.64%	894,347	9.87%	797,790	9.90%	748,505	10.46%
Co – operative Insurance	102,565	1,119,055	1,221,620	9.26%	1,089,386	9.33%	918,401	10.14%	612,623	7.60%	553,033	7.73%
Corporate Insurance	99,079	1,564	100,643	0.76%	78,811	0.67%	65,901	0.73%	51,348	0.64%	38,689	0.54%
Geminia	13,049	1,397	14,446	0.11%	12,545	0.11%	12,651	0.14%	11,972	0.15%	10,613	0.15%
Heritage	-	143,116	143,116	1.08%	164,450	1.41%	151,193	1.67%	101,057	1.25%	99,304	1.39%
ICEA	584,004	687,686	1,271,690	9.64%	1,028,216	8.80%	689,132	7.61%	886,641	11.00%	667,239	9.33%
Jubilee	482,833	604,998	1,087,831	8.24%	981,285	8.40%	735,336	8.12%	459,487	5.70%	479,639	6.71%
Kenya Alliance	167	34,683	34,850	0.26%	34,293	0.29%	46,283	0.51%	48,235	0.60%	41,339	0.58%
Metropolitan	59,964	52,314	112,278	0.85%	116,924	1.00%	16,813	0.19%	16,435	0.20%	-	0.00%
Old Mutual	378,056	78,116	456,172	3.46%	455,508	3.90%	478,047	5.28%	453,795	5.63%	517,213	7.23%
Pan Africa	1,512,171	1,512,980	3,025,151	22.92%	2,510,032	21.49%	1,470,433	16.23%	1,396,908	17.33%	1,169,212	16.34%
Pioneer	289,971	40,569	330,540	2.50%	236,974	2.03%	187,608	2.07%	165,696	2.06%	145,842	2.04%
Shield Assurance	131,119	17,124	148,243	1.12%	144,949	1.24%	152,934	1.69%	113,352	1.41%	115,678	1.62%
UAP Life insurance	207,944	168,581	376,525	2.85%	229,173	1.96%	163,367	1.80%	154,447	1.92%	160,595	2.25%
Total	6,809,824	5,325,121	12,134,945		10,683,173		8,075,635		7,086,603		6,263,906	

Appendix 7: T – Test Table

t Table

cum. prob one-tail two-tails	t _{.50} 0.50	t _{.75} 0.25	t _{.80} 0.20	t _{.85} 0.15	t _{.90} 0.10	t _{.95} 0.05	t _{.975} 0.025	t _{.99} 0.01	t _{.995} 0.005	t _{.999} 0.001	t _{.9995} 0.0005
df											
1	0.000	1.000	1.376	1.963	3.078	6.314	12.71	31.82	63.66	318.31	636.62
2	0.000	0.816	1.061	1.386	1.886	2.920	4.303	6.965	9.925	22.327	31.599
3	0.000	0.765	0.978	1.250	1.638	2.353	3.182	4.541	5.841	10.215	12.924
4	0.000	0.741	0.941	1.190	1.533	2.132	2.776	3.747	4.604	7.173	8.610
5	0.000	0.727	0.920	1.156	1.476	2.015	2.571	3.365	4.032	5.893	6.869
6	0.000	0.718	0.906	1.134	1.440	1.943	2.447	3.143	3.707	5.208	5.959
7	0.000	0.711	0.896	1.119	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	0.000	0.706	0.889	1.108	1.397	1.860	2.306	2.896	3.355	4.501	5.041
9	0.000	0.703	0.883	1.100	1.383	1.833	2.262	2.821	3.250	4.297	4.781
10	0.000	0.700	0.879	1.093	1.372	1.812	2.228	2.764	3.169	4.144	4.587
11	0.000	0.697	0.876	1.088	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	0.000	0.695	0.873	1.083	1.356	1.782	2.179	2.681	3.055	3.930	4.318
13	0.000	0.694	0.870	1.079	1.350	1.771	2.160	2.650	3.012	3.852	4.221
14	0.000	0.692	0.868	1.076	1.345	1.761	2.145	2.624	2.977	3.787	4.140
15	0.000	0.691	0.866	1.074	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	0.000	0.690	0.865	1.071	1.337	1.746	2.120	2.583	2.921	3.686	4.015
17	0.000	0.689	0.863	1.069	1.333	1.740	2.110	2.567	2.898	3.646	3.965
18	0.000	0.688	0.862	1.067	1.330	1.734	2.101	2.552	2.878	3.610	3.922
19	0.000	0.688	0.861	1.066	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	0.000	0.687	0.860	1.064	1.325	1.725	2.086	2.528	2.845	3.552	3.850
21	0.000	0.686	0.859	1.063	1.323	1.721	2.080	2.518	2.831	3.527	3.819
22	0.000	0.686	0.858	1.061	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	0.000	0.685	0.858	1.060	1.319	1.714	2.069	2.500	2.807	3.485	3.768
24	0.000	0.685	0.857	1.059	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	0.000	0.684	0.856	1.058	1.316	1.708	2.060	2.485	2.787	3.450	3.725
26	0.000	0.684	0.856	1.058	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	0.000	0.684	0.855	1.057	1.314	1.703	2.052	2.473	2.771	3.421	3.690
28	0.000	0.683	0.855	1.056	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	0.000	0.683	0.854	1.055	1.311	1.699	2.045	2.462	2.756	3.396	3.659
30	0.000	0.683	0.854	1.055	1.310	1.697	2.042	2.457	2.750	3.385	3.646
40	0.000	0.681	0.851	1.050	1.303	1.684	2.021	2.423	2.704	3.307	3.551
60	0.000	0.679	0.848	1.045	1.296	1.671	2.000	2.390	2.660	3.232	3.460
80	0.000	0.678	0.846	1.043	1.292	1.664	1.990	2.374	2.639	3.195	3.416
100	0.000	0.677	0.845	1.042	1.290	1.660	1.984	2.364	2.626	3.174	3.390
1000	0.000	0.675	0.842	1.037	1.282	1.646	1.962	2.330	2.581	3.098	3.300
Z	0.000	0.674	0.842	1.036	1.282	1.645	1.960	2.326	2.576	3.090	3.291
	0%	50%	60%	70%	80%	90%	95%	98%	99%	99.8%	99.9%
	Confidence Level										