IMPLICATION OF FRAUD ON THE COMPETITIVENESS OF INSURANCE COMPANIES IN KENYA

BY

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DECLARATION

I, the undersigned, declare that this Research Project is my original work and has not been presented for examination for the award of degree, diploma or certificate in any university whatsoever.

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Date……

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D61/77951/2015

This research Project has been submitted for examination with my approval as the University as supervisor

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I'm indebted to all my colleagues and friends in the Insurance industry who took time off their busy schedule to give their contributions believing that constant research on the topic will help address the inherent and reduce fraud in the Kenya insurance

DEDICATION

This research work is dedicated to my family particularly for the support and peace of mind during the course of the study.

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ABBREVIATION AND ACRONYMS

IIA - Institute of Internal Auditors

IFIU - Insurance fraud investigation unit

FMU - Fraud Management Unit

IRA - Insurance Regulatory Authority

IAIS - International Association of Insurance Supervisors

RBS - Risk Based Supervision

MIP - Medical insurance providers

RBA - Retirement Benefits Authority

AKI - Association of Kenyan insurers

CID - Criminal Investigation Department

AIBK - Association of Insurance Brokers of Kenya

ABSTRACT

This study sought to assess the implications of fraud on the competitiveness of insurance companies in Kenya: a census study of insurance companies in Kenya. This is for the reason that for decades now, the insurance industry in Kenya has been grappling the threat of fraud which greatly eats into the revenue income and to the extreme, into their profit margin. According to IRA about 40% of total claims paid in the year 2015 equivalent of Kshs. 324 Million were fraudulent claims. For instance, in the Past years the country witnessed the collapse of well established insurance companies as a result of fraud. This study sought to investigate the Implication of fraud on competitiveness of insurance companies in Kenya. The study adopted a census survey study across the 55 Insurance Companies registered by the Insurance Regulatory Authority as at February 2017.The study obtained primary data from interviews from all the 55 registered insurance companies in Kenya as at 2017. Primary data was collected with the aid of a questionnaire sent to respondent by drop and pick method. The study findings established that fraud has various implications on Kenyan insurance companies including: Increased cost of doing business, direct impact on premium rates, staff turnover due to summary dismissal, closure, huge claim reserve ratios. The study recommends several measures in the fight against insurance fraud as a threat competitiveness as follow: companies to regularly review the laid down policies on fraud as fraud advances in forms and thus there is need for continuous training and research. Also, the government through IRA to ensure that public awareness programmes on the implication of fraud are rolled out in the whole country.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Insurance is defined as an agreement where one party (Insured) shifts risk of possible loss to the other party (insurer) who gives an assurance to compensate the insured upon and eventuality Swiss Re, (2014). The former in turns commits upfront with an agreed value called a premium in consideration for this promise. The underwriter is called the Insurer and the client is called the Insured, (Lowe, 2009).

The insurance sector plays an important role in economic development since it is an infrastructure/back borne to the national economy as in general Makaa, (2013). The economic weight of this engagement has been recording a tremendous growth in most countries Lartey, (2013). Not only plays an important role as aforementioned but also to the overall resources market segment internationally Gordon, (2013) adds that insurance reduces the economic waste occasioned by destruction of property by works such as fire, floods, storms and other natural calamities.

Insurance is a tool for mobilizing savings for the financial and investment sectors of the economy. Though many citizens may not understand the cost of insurance fraud but it has far reaching implications that hinders companies' competitiveness. Insurance fraud comes in second most professional costly crimes and every consumer needs to understand that this form or crime affects everyone. Makove, (2012)

This study focused on two risks based theories. The first theory adopted was the Prospect Theory; this theory explains how individuals decide between options probabilistic involving various risks where the probabilities of outcomes are known Tversky (1977).

Secondly, this study adopted the Competitive Advantage Theory; this Theory describes the attribute of allowing an organization to outperform its rivals Porter, (1985). More and more, competitive business operations in the insurance market have given rise to minimize costs, build up alternative delivery channels and develop mixed strategies of operations Pearson, (2007). The success of a business is anchored on the ability of an organization to strike a balance between the existing business environment and its adopted strategy, its processes to reduce cost while maximizing returns on shareholder's wealth, Grant, (2000).

The Kenyan insurance companies are now confronted with these great challenges as they strive to remain competitiveness as a result of fraud. In a wider contextual framework, fraud can be categorized by the judicial systems in various forms i.e. Soft and hard fraud. The desire to explore and study on this area was occasioned by the need to explore the effect of fraud on insurance companies in Kenya which currently stands at 55 insurance companies as per IRA website 2017.

This study therefore aimed at getting the understanding of the insurance company's current fraud management systems, various fraud cases handled by the fraud management unit of the IRA, challenges the (FMU) faces and how they can be improved to militate against the trend which is at an alarming rate AKI Journal 2016.

1.1.1 Concept of Insurance Fraud

The Institute of Internal Auditor's (IPPF) explains fraud as: Any illegal act that is characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force Cutler and Richard, (2011). Fraud is perpetrated by parties and organizations to obtain money, property, or services to secure personal or business advantage.

Alternatively, insurance fraud is an action intended to gain unlawfully from an insurance contract Lartey, (2013) This may be a two way process where the insured manipulates and fakes claims to gain or on the other hand the insurer refuses to honour genuine claim or deliberately denies due compensation to the insured Meck, (2010). Misrepresentation of a material information by implied, conduct, or action with intend to mislead or to mask the true position of a situation to the disadvantage of the other party to the contract of which they rely upon to make a sound judgment. Maka, (2013)

1.1.2 Competitiveness Concept

The concept of competitiveness is not a new phenomenon as it describes the aspect of being operationally sound in terms of operations, profit margins, improvement in efficiency and so on. A continuous benefit period provides a company with sufficient time to receive earnings that are above normal returns and recover on initial investments made to create the advantages and wearing down period where the competitive advantage held by the firm is washed away due to the effects of fraud, lack of innovation, old technology and unfair business practices.

Kramer and Mark, (2006) suggested a paradigm shift in analyzing the state of a company by realizing four major determinants of economic importance. These determinants factors includes the following: demand factors, Market conditions factors, the presence and absence of supporting industries, and the firm's strategy and nature of rivalry effects.

Competitive advantage describes the way in which an organization structures its core strategies best from its competitors in the same industry and how the process of implementation of the same will impact in its competitiveness and adopts with current market changes.

To succeed in building sustainable measures in the fight against fraud, Insurance Companies must create industrial linkages through proper documentation of claims, reporting of fraudulent claims to the Insurance Regulatory Authority as a reference centre to all insurance Companies and establishment of a common database for past and current claim handled and their final settlement decision.

1.1.3 Kenyan Insurance industry

The insurance industry in Kenya currently comprises of insurance companies, insurance Brokers, Insurance agents, service providers including claim adjusters and assessors, loss adjusters, and independent agents.

The industry has recorded a significant growth since the establishment of the Insurance regulatory authority (IRA 2017) currently; the industry through the regulator has registered a total of 55 insurance companies which will guide this study. The industry through the regulator has facilitated both intermediaries and the insurers to form their associations which provide guidance and other vital support to the positive contribution of the industrial success. Insurance companies are under the Association of Kenya insurers (AKI) while the brokers have registered the Association of Insurance Brokers of Kenya (AIBK)

1.1.4 Kenyan Insurance Companies

Based on the Industrial report (IRA 2017), there are 55 total number of insurers, 16 composite insurers, 3 re-insurance companies 21 general business insurers, 21 loss adjusters, intermediaries were: 24 Medical Insurance Providers (MIPs), 2 claims settling agents 3931 insurance agents, 161 licensed insurance brokers 193 service providers i.e. adjusters and assessors, and 26 loss investigators. Insurance companies in Kenya has faced unprecedented rise in fraud over the past few years.

According to the Insurance Regulatory Authority (IRA 2016), fraud is one of the major bottleneck insurers are facing. It's threatening the survival of firms as it increases cost of doing business. If fraud is not detected early, it eventually has a huge financial implication and because of its white-collar nature, eliminating it becomes a difficult and an expensive affair Makove, (2015).

Companies are really threatened by this risk since it affects their liquidity position and eventually drives them out of business and at the same time. The greatest effect is loss of customer goodwill and customer loyalty.

1.2. Research Problem

The implications of fraud has placed insurance companies at a disadvantaged position from the ballooning claims settlement ratios, uninterrupted financial planning, in stability of the industry and even risks of closure of some insurance resulting into loss of insured's trust in the insurance products (Makove 2013). Also the competitive of insurance industry has greatly been affected as a result of fraud in comparison to other financial and service sectors of the economy in general. Chyzhov (2009)

Previous studies that have examined fraud in the insurance sectors are mostly qualitative in nature and focus on the details of types and causes of fraud, and strategies of responding to fraud, without providing compelling empirical support. This is the gap in literature that this study is attempting to fill by empirically investigating the implications of fraud on the competitiveness of Kenyan insurance companies.

Locally Maaka (2013) carried out a research on how frauds risk relates to performance in Kenyan banks. The findings were that profits of banks in Kenya are negatively affected by increase in frauds. The study recommended that further research on other financial sectors, for example, insurance companies. Also, a local study done by Kiragu (2014) focused on the contributing factors leading to lack of competitiveness of Kenyan insurance companies.

This research focused on the development of alternative delivery channels in the distribution of insurance products which recommended that alternative charnels will enhance penetration levels and competitiveness of insurance companies. Finally on local studies, (Gitau 2013) in her work on ways in which insurance companies have adapted in enhancing insurance uptake in Kenya, the findings were that insurance companies to increase innovativeness and creativity in products development to address consumer needs.

Internationally, Orthmayr, (2017) on the study of the negative impacts of risks associated with cyber on the growing insurance industry in the USA markets, its findings recommended technological innovation and awareness. (Price water House coopers (PWC 2014) this study emphasized recommendations and findings were majorly on the regulatory changes and economical stagnation among others.

Naduma (2013) the diminishing uptake and penetration of insurance products in developing economies and way forward (African context), the global economic challenges and the resurgence of the African economy being the biggest contributor to the challenges at play. The above studies both locally and internationally put more emphasis on the aspects related to penetration levels of insurance.

The above therefore necessitated the desire to study and find out on the implication of fraud on insurance companies in gaining economical advantages in Kenya and other contributing factors to the causes of low insurance penetration levels. The research question therefore was:-What is the implication of fraud on the competitiveness of Kenyan insurance companies?

1.3. Objective of the Study

This study was guided by the objective of identifying the implication of fraud on the competitiveness of insurance companies in Kenya.

1.4. Value of the Study

The findings of this study to a great extend are of great importance to insurance companies especially managers in understanding the implications of fraud on insurance companies in developing competitiveness and be able to strategize ways to counter the challenges.

This study will provide useful insight on how they can build sustainable strategies in order to gain a competitive edge. Insurance managers will benefit from the guidelines provided in this study to monitor performance of their firms and account fully on their laid down procedures on claim and underwriting management.

The findings of this study will be useful to the Insurance Regulatory Authority IRA (2013) in assessing this particular challenge that the insurance companies in Kenya are confronted with in ensuring competitiveness. This would help the Authority (IRA) in formulating effective policies for supervision on the insurance sector and understand the broad ways in which the perpetrators of insurance fraud and their wide networks use to defraud insurance companies thus leaving the policy holders vulnerable in the event of poor financial performance.

This study was also designed to the benefit of financial and other service sectors in general because in building a strong and formidable economy insurance industry. Stake holders like government through KRA will in turn benefits of high revenue turnover thus translating to reduced rate of unemployment and increase taxation.

Finally, these research findings on the implication of fraud on insurance companies in gaining of competitive advantage in Kenya will also be used as a reference point and a secondary source of data in developing and advancing other similar studies with the interest to contribute to the body of knowledge and on what has already been done on the subject.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter expounds on critical issues associated with the implication of fraud on the competitiveness of Kenyan insurance companies in the current competitive times. It also explored related literatures previously done that contribute to the general knowledge for future studies, to improve the industrial general performance.

To get a quick glimpse of what is expected, this chapter will discuss the competitive advantage theory by Porter (1985), the prospect theory by Tversky and Kahneman (1992), the general perspective of the industrial advancement on fraud, Empirical review and finally, bring evident the knowledge gaps that exist on the previous studies.

2.2 Theoretical Foundation

According to Reynolds (1971) Theories are structured ideas founded on general fundamental truths and principles that are aimed at clarifying and explaining something through experimentation, observation or perhaps through creative thinking. Theories are therefore a very critical part of academic research in providing guidance and in justifying relationships and certain phenomenon.

It is through theories that ideas and more research are based upon in the development and contribution to the body of knowledge. Littlejohn, (1989) a Theory can also be described as any attempt to explain or create a representation of an aspect of reality. This chapter will explore various literatures done on various theories majorly the theory of competitive advantage by porter, (1985) and the prospect theory by Tversky and Kahnman, (1992)

2.2.1 Competitive Advantage Theory

Porter (1985), in his publications, developed and expounded on two major determinants of firm's competitiveness over their rivals as being; cost advantage and differentiation. The competitive advantage theory helps firm's to define its market niche and strategically compete under the same environment but with a different operational strategy in a tightly competitive environment.

By cost advantage, he explains that a firm's tends to gain millage over competitor in the same industry with provision of similar goods and services only at a pocket friendly price while differentiation will see a firm's competitiveness through provision of differentiated services from those offered by competitors operating in the same line of business. Porter, (1985, pg 12)

2.2.2 Prospect Theory

Tversky and Kahneman (1992) Explained that this theory describes the way people view and select among possible alternatives that are risk based and that the possibilities of its end results are predetermined.

This Theory states that "people make decisions based on the potential value of losses and gains rather than the final outcome, and that people evaluate these losses and gains using certain Heuristics"(Tversky & Kahneman), 1992.

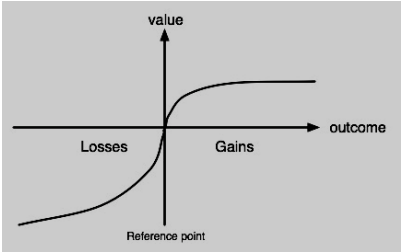

Figure 2.1: Graphical representation of the prospect theory

Source: (Trersky & Kahnman), 1986

2.3 Industrial Advancement on Fraud Detection

B.N Gitau (2013) a study on the strategies adopted by insurance companies to increase penetration levels. In her findings, she revealed that lack of awareness is a major challenge to penetration levels and thus recommended for sensitization at all levels by all industrial players and the insurance regulator at large.

According to the KPMG East Africa Insurance Risk Survey, (2015) the Kenyan insurance industry is making tremendous advancements towards detection and reduction of fraud since the establishment of the insurance regulatory authority. Since its establishment in the year 2011, the Insurance Fraud Investigation Unit (IFIU), has been able to detect and investigate more than 1000 fraud cases among insurance companies.

This is a promising trend that with the current advancement in technology and continuous in-house and external training the unit is likely to bring the historical fraud cases to a manageable level KPMG (2015). As seen in figure 2.2

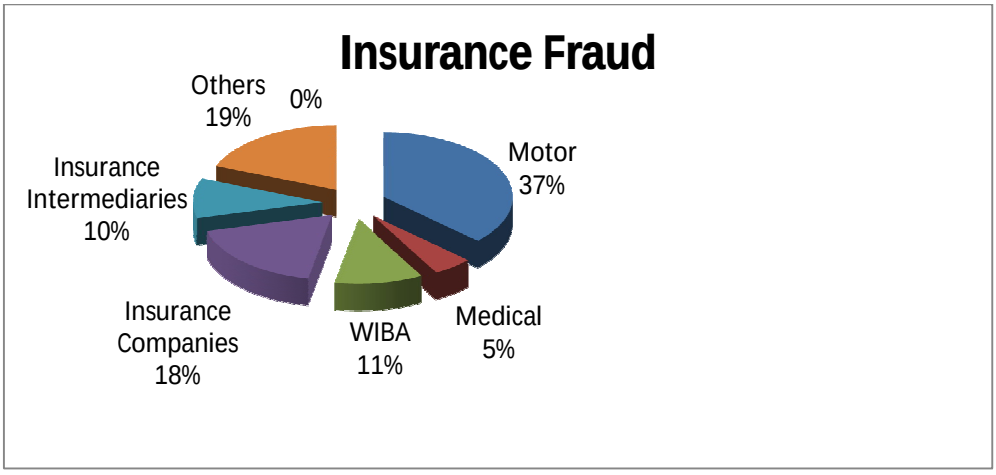

Figure 2.2: Insurance Fraud portfolio ratio

Source: IRA Annual report 2013

2.3.1 The Threat of Fraud from Within

Nzenga (2013) in his study on the contributing factors affecting growth of life products in Kenya, the study findings among them was that 80.0% of respondents cited the professional knowledge gap that exists among relatively experienced employees or management was the single most important reason for the current state of diminished levels of penetration of life insurance products in the country.

This points out that internal stuff and management plays an important role in either promoting or curbing/detection and prevention of fraud. Citing local examples, companies like CiC insurance, Fidelity, Blue shield insurance companies have in the past grappled with some of their employees were involved in fraud colluding with service providers like garages, adjusters and the like to defraud clients to their advantage.

At the receiving end are the unsuspecting clients whose vehicles are written off without proper explanation as to the extent of damage sustained so as to be sold to cartels in the industry who in turn give kick backs to the claims staff who facilitates the process. Claims processing employees also colludes with service providers to raise service and repair cost especially for motor claims so as to receive huge commissions promised at the expense of the company at large. The effects of inside fraud goes far much deep in hurting the company's reputation and thus leading to loss of client's confidence and market share in the long run Makove, (2014)

2.3.2 Implications of Insurance Fraud on Competitiveness

Fraud has got far reaching effects on the general operations of claims planning and reservation that destabilizes companies sound planning. Nzenga (2013) in his study findings indicated that the element of affordability and pricing greatly affects the uptake of insurance which is one of the implications of fraud practices. He further recommends the AKI should sensitize its members on proper training opportunities available.

2.3.3 Premium Ratings

For instance, going by the overall loss ration with a particular class of insurance say motor insurance exaggerated claims in which insured's attempt to get pre-accident damaged motor vehicle repaired under a new accident is one among many ways in which is perpetrated. According to IRA (2016), there is need to implement the Risk Based Supervision, (RBS) as most insurance companies were getting to the verge of closing doors due to the effect of fraud.

According to the international association of insurance Supervisors (IAIS 2015) Risk based supervision is defined as the systematic and continuous process of identifying specific risks critical to an entity. The Insurance Regulatory Authority is keen on ensuring that the rates applicable to various risks are adequate to cover insurance companies against the rising number of fraudulent claims registered so as to guarantee sustainability. Rated classes e.g. industrial fire must obtain approved rates from the insurance regulator.

The above is a clear indication that insurance fraud not only hurts the company but also consumers at large as it translate to higher premium rates thus high premiums chargeable. In the year 2015, it is estimated that insurers lost an estimate of 324 Million shillings through insurance fraud, the easy target being Motor Third Party claims involving fake injuries and medical health insurance (Makove, 2015).

A similar survey conducted by KPMG, (2015) further revealed that 25% of the total medical claims were fraudulent. According to the survey, in 2014, insurance paid out 1.9 Billion on health insurance which indicates that insurers might have lost a whole 500Millions going by the survey figures.

2.3.4 Detection and Handling Internal Fraud

The Insurance Regulatory Authority IRA, (2014) establishment of the Insurance Fraud investigation Unit was for the reasons that continued insurance fraud escalates the overall business costs and eventually leading to closure of insurance companies Makove, (2012). The IRA through the unit continuously trains stake holders on matters relating to fraud detection and handling. These trainings involve sensitization of private and public sectors on the implications of insurance fraud.

The regulator educates members of the public of the importance of disclosure of information and encourages policy holders to always obtain and read through the provided policy documents for the purpose of acquaintance on the scope of coverage and expectations of each party to the insurance contract at the adverse time of a loss. Insurance companies on the other hand have a responsibility of prudence underwriting in ensuring that all risks are vetted prior commencement of cover. For instance, fraudsters used to place cover for un-existing subject matter then claim after a short period of cover

2.3.5 Organization's Internal Systems Controls and Claim Settlement Process

Nthenge (2012) conducted a study on factors affecting the success of insurance service provision. The study recommended that government through the insurance regulator should stop unnecessary interference and encourage self internal regulation.

Claim settlement must not be a reserve of a single individual making unilateral decision rather than a team affair where various individuals can counter check the procedures up to the final approval of payment stages. Proper documentation of claims is also important in ensuring that loopholes are completely sealed in order to ensure that fraudulent activities are detected in the due process.

2.4 Empirical Review

Kiragu, (2014) in his study on investigation of challenges for the competitiveness of Kenyan insurance companies, the study revealed that employees who are not well trained and equipped with proper skills in the detection of fraud disadvantages their organization against the vice. The study recommended for continuous monitoring and continuously evaluated based on the level of risk.

According to the global risk survey KPMG, (2016) it is estimated that fraud to a lager extent originates from internal employees through either prior knowledge or collision with insured's or service providers and intermediaries. This however does not negate the existence of fraud originating from external sources.

The ACFE Annual review journal, (2012) classifies all the above ways of fraud into the various classifications but not limited to the following as follows: Alteration and doctoring of the ultimate financial reports in that owners and directors do not depict the true financial position of an insurance company. This is in the fear of director's

reaction and general market perception about the entity. Also Misuse of organizations tangible and intangible assets through corruption and poor governance. This is where managers pass decisions that are more favourable to their self interest and not of the company's benefits.

2.5 Knowledge Gaps Identified

It is ascertained that both the competitive advantage and the prospect theories all work towards decision making in the event of uncertainty. Gaining competitiveness is more or less described as a continuous evaluation and review process over and over again as the market forces and conditions remains unpredictable.

This literature is used as a link between the two models and as a key point in evaluating the interrelation that exists. As discussed in the previous chapter, there exists gaps in the previous studies; the conceptual gap is evident where competitive advantage is determined by dependent variables rather than continuous improvement in the various risk exposures and strategic decision making process. (Naduma 2013) had a similar conceptual framework to this study however, a contextual gap existed as the study was based on the entire African continent.

In his edition, Porter, (1985) developed and expounded on two major determinants of firms competitiveness over their rivals as being; cost advantage and differentiation. By cost advantage, he explains that a firm's tends to gain millage over competition in the same industry with provision of similar goods and services only at a pocket friendly price while differentiation will see a firm's competitiveness through provision of differentiated services from those offered by competitor operating in the same line of business.

This theory tends to focus more on the attainability of profitability income rather than sustainability to the long run of the firm as a going concern. Related studies on the Kenyan insurance companies are limited majorly to the effect on penetration levels that has remained low.

Table 2.1: Summary of existing knowledge gaps

NO.	AUTHOR	AREA OF STUDY/RESEARCH	KNOWLEDGE GAP	CONTRIBUTION IN DEALING WITH THE GAP
1	Albert Naduma 2013	Insurance companies and competitiveness in emerging economies and way forward- the African experience	Contextual gap existed as the study was based on the entire African continent.	This study seeks to look beyond the obvious factors that contributes stagnation and lack of competitiveness of insurance companies by exploring the most pertinent factor of fraud that has led to collapse of many Kenyan insurance companies in the past by: Exploring its effects and suggesting measures on how proper management of fraud can aid insurance companies in gaining a competitive edge to productivity and stability.
2	Sammy M. Kiragu 2014	Assessment of challenges facing insurance companies in building competitive advantage in Kenya: a survey of insurance firms.	The study explored other areas of ensuring competitiveness e. products, marketing strategies etc with no or less discussion on the implications of fraud on the aspect of gaining a competitive age	

Source: Author

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the methodology adopted in identifying the implication of fraud on insurance companies in their quest to attain competitiveness. These includes the type of research design adopted, targeted population, Data collection method and finally, the analysis of collected data.

3.2 Research Design

According to Creswell, (2003) research design describes a blue print on which the whole study is to be based. The study design gives guidance on the particular style on which a study is carried on in terms of type of data, population, sampling, data collection aspect and finally the analysis of collected data.

This study adopted a census study design/approach as it aimed to providing a detailed understanding of the implication of fraud; a very sensitive area to openly discuss with any organizational manager due to confidentiality of the information to be provided.

3.3 Target Population

According to Singh DK, (2007) a sample is any part of the fully distinct population. This study will sample views from the entire target group of selected Respondents from various companies.

According to Sekaran and Bougie, (2011) Population can be described as the overall of the unit of which a study concentrates, it's affected by the factors being investigated and that are better placed to provide required data on the problem for the purpose of the study. A total population of all the Fifty Five (55) insurance companies as per appendix iii were targeted to provide adequate data that helped to investigate the implication of fraud.

3.4 Data Collection Method

This study targeted supervisory, middle level and top management staff from the 55 insurance companies with their headquarters based in Nairobi. The research focused and adopted to collect primary data from the field by way of short designed questionnaire with open ended questions.

This research tool was administered by way of drop and pick from all insurance companies due to the interest of the limited time at the disposal of the researcher. According to Schindler & Cooper, (2003) the target respondents comprised of the middle level managers who include the underwriting/Claims Managers, top level managers including the general managers and managing directors, and finally the technical level managers of all Insurance companies.

3.5 Data Analysis

According to Terry college of Business- University of Georgia, (2012) Data analysis is a study method adopted to obtain and realize replicable but valid conclusions by interpretation and presenting textual information. This can be by way of graphical representation, documents, communication converted into quantitative data.

For the purpose of this research, the study adopted the content data analysis approach as primary data was collected from respondents which were quite appropriate for the study. This was important in order to highlight and concentrate on important findings from the collected data.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides a comprehensive and detailed finding of the collected data in a systematic manner. Data was collected by way of structured questionnaires presented to the target respondents in all the fifty five insurance companies with their headquarters in Nairobi.

For purposes of understanding in summary, this chapter expounds on various sub topics including but not limited to; response rate, insurance companies' policies on fraud, ways of fraud identification, fraud reporting, and fraud prevention measure, roles played by IR, stakeholders and staff training, the perception that exists between fraud and competitive advantage and lastly, the Indicators of competitive advantage for insurance companies in Kenya.

4.2 Response Rate

This study aimed at obtaining data from 55 registered insurance companies in Kenya by the IRA (2017). All the targeted companies have their headquarters in Nairobi Kenya. From the full list of the targeted 55 insurance companies, 45 insurers responded by executing the questionnaires and submitting back giving a response rate of 81.8%.

For generalization purposes of the whole population, a response rate of 50% is good and acceptable while that above 70% is excellent Mugenda and Mugenda (2003). Based on the achieved response rate, this was a clear indicator of an objective study in justifying its ultimate findings. Response rate of this study was tabulated and presented in table 4.1:

Table 4.1: Response rate tabulation

Targeted respondents	Achieved	Percentage (%)
55	45	81.8%

Source: Research Data

4.3 Position levels of Respondents

The study sought to determine from which level of management were the responses obtained. The finding revealed that 84% (38) respondents were from the middle level managers comprising of underwriting and claims managers, 11 % (5) respondents were from Technical level management while 5% (2) respondents were top level managers. This is to indicate that the study obtained data from relevant managers who encounter fraud cases in their line of duty. Table 4.2 gives a summary of the data on same

Table 4.2: Position levels of respondents

NO. OF YEARS	**FREQUENCY**	**PERCENTAGE**
Top Level Managers	2	5%
Middle level managers	38	84%
Technical Managers	5	11%

Source: Research Data

4.4 Number of Years in Operation for insurance companies

The study sought to determine the number of years the company has been in operation. This was to help in analyzing the response from various respondents based on their year in operation. 33%(15) respondents indicated that they have been in operation for more than 15 years while 55% (25) respondents companies indicated that they have been in operation for between 5-15 years. Lastly, 11% (5) respondents indicated to have been in operation for less than (5) five years. For purposes of this study, the findings indicated that a good number of insurers have been in operation for quite some time. These findings were presented in Table 4.3:

Table 4.3: Years in operation of insurance companies

NO. OF YEARS	FREQUENCY	PERCENTAGE
Less than 5 Years	5	11%
Between 5-15Years	25	55%
Between 15- Above	15	33%
	45	**100**

Source: Research Data

4.5 Implications of Fraud on Competitiveness of Insurance Companies

The study in line to its objective sought to establish the implications of fraud on insurance companies in Kenya on their effectiveness. 60% (27) of the respondents indicated that fraud has an implication on premium rating where by increased in claims ratio of a particular class necessitates an increased premium rates to be able to remain afloat. 24% (11) of the respondents indicated that fraud has an implication on the cost of doing business being high in that huge reserve is made to caution against cost of claims settlement and associated costs including claim adjustments, investigations with independent service providers. 6 % (3).

The remaining respondents 8% (4) indicated that insurance fraud lease to low insurance uptake that has remained always below 4%, diminished return on share holder's wealth, poor public perception of insurance and to the extreme the closure of insurance companies due to liquidation. This is as seen in the literature review by Porter, (1985) that one of the determiners of competitiveness is cost advantage. A summary of the this data is represented in table 4.4

Table 4.4: Summary on the Implication of fraud on insurance companies

No.	Implication of Fraud	Frequency	Percentage
1	High Premium Rating	27	60%
2	Increased cost of doing business	11	24%
3	Low uptake of insurance products	3	6%
4	Other reasons	4	8%
		45	**100**

Source: Research data

4.6 Role of Insurance Companies in the Fight against Fraud

This section discusses the efforts put in place for the insurance companies in the war against insurance fraud. This will review the relevant company policies employed by different companies in ensuring that employees are fully aware of the implications of involvement in fraud activities.

Insurance companies have a role to play in their individual capacities in ensuring reduction/ elimination of insurance fraud so as to enhance competitiveness of the industry. In many instances, fraud finds its easy way into the company through various loopholes that may easily be sealed with proper and timely review of all procedures and processes on regular basis. This coincides with the literature review KPMG, (2015) that 25% of fraud eminent from within and relates to medical claims.

4.6.1 Company Policies on Fraud

This study sought to identify the number of Insurance Companies with practical and applicable policies, procedural and laid down guidelines in handling fraud. From the findings, 43 insurance companies out of 45 who returned back their questionnaires which represent 95.5% provide new employees with a copy of policies and that the same are also contained in the employment letter after probation period. 37 insurance companies out of 45 who responded representing 82.2% confirmed to have policies on fraud and the respondents were fully aware of the policies in place.

The remaining 8 Insurance companies 17.7% reported that the policies place requires review and staff sensitization as most of staff are not aware of the same and are not being reminded quite often. This is a replica of the literature review by Nthenge (2012) that self internal regulation is required and government should only supervise. the findings were presented in the table 4.5;-

Table 4.5: Company policies on fraud

COMPANY POLICIES ON FRAUD	FREQUENCY	PERCENTAGE
Insurers with company policies	37	82%
Provide new employees with copies of the policies	43	95%
Don't provide employees with the policies	8	17%

Source: Research Data

4.6.2 Fraud Identification and Detection

This study sought to find out on measures put in place by insurance companies on identification, detection and reporting, of potential avenues of fraud.84% (38) respondents reported that the most commonly used way was through encouragement of completion of a proposal form before commencement of cover. This was quite appealing but though it could not give a clear picture on why fraud is still a big hindrance to competitive advantage even after all insurance companies adhered to this entry check.

To obtain further information, the study further sought to find out on whether the executed proposal forms by their potential clients are further vetted at a different stage on the consistency of the provided information. 15% (7) respondents noted that they occasionally vet the proposal forms. Still on the same, the study sought to find out on other methods used by companies to detect fraud at an earlier stage by posing a question on whether valuation or risk survey is conducted after cover placement. Respondents noted that in most cases motor vehicles and commercial properties are usually valued and a risk survey conducted where applicable. A literature review on Makove (2012) that proper internal controls structures reduces fraud exposure levels

4.6.3 Internal System Controls

The study sought to find out on whether the company has internal system controls. From the findings 100 % (45) of respondents indicated to have control systems in place before any claim is paid out. This involves approval stages a claim has to go through in order for funds to be released to the claimant.

This is important in ensuring that if the person who is processing the claim overlooks some material information that could otherwise influenced the decision/action to be taken during the process, then the same is able to be captured by the head of department who then approves the same. Kiragu, (2014) literature find out that with proper internal controls, detection of inefficiencies in are identified.

4.6.3.1 Insurance Fraud Reporting

The study sought to find out on how insurance companies encourage its employees with information relating to fraud to report the same in a manner that will guarantee confidentiality of the person (s) giving out this sensitive information for security purposes. The study findings revealed that 66% (30) of the total respondents indicated that employees are encouraged to report such information through their respective departmental heads/ management. 20% (9) respondents suggested that they encourage reporting of such information through anonymous emails or letters and the remaining 13% (6) respondents indicated that the same is reported through suggestion boxes. The findings of this data were presented in the table 4.6 below;

Table: 4.6: Fraud reporting methods

No.	FRAUD REPORTING	FREQUENCY	PERCENTAGE
1	Suggestion Boxes	6	13%
2	Departmental Heads/Mgt	30	66%
3	Antonymous Email/Letters	9	20%
		45	**100%**

Source: Research data

4.6.3.2 Fraud Prevention Measure

The study sought to identify measures put in place by insurance companies to prevention fraud. The findings revealed three stages in the prevention of fraud as; Summary dismissal and possible criminal investigation/proceedings on employees who are believed beyond reasonable doubt to have engaged in fraud activities in the organization.

At least 88% (40) respondents confirmed to have encountered/dealt with fraud cases of which they can remember. In most cases insurance companies have a higher probability of dishonouring client's claims found to be fraudulent and further, such are reported to IRA for further investigation and action.

Lastly, service providers found to be guilty of fraud are removed from the approved panel of providers with immediate effect. These findings are in line with the literature review Makove (2002) highlighting on the mandate of the fraud investigation unit in combating insurance fraud. Prevention measures is shown in table 4.7;-

INTERNAL FRAUD	TYPE	ACTION TAKEN
Internal Employees	Internal Fraud	Summery dismissal and instigation of criminal investigation
Customers & intermediaries	External fraud	Decline to honour claims, report to IRA
Service providers, Valuers, garage, investigators etc	External Fraud	Removal from the panel, report to IRA, instigate criminal investigations.

Table 4.7: Fraud Classification and action taken
Source: Research Data

4.6.3.3 Fraud Levels of Exposure

The finding of these study revealed that 46% (21) respondents indicated that External service providers are the most common exposure of insurance fraud followed by intermediaries of which 35% (16) respondents believes that fraud originates from

customers and other intermediaries including brokers, agents and sales personnel while 20% (9) respondents believed that fraud is contributed by employees of the company. A summary of the findings are as per figure 4.1below;-

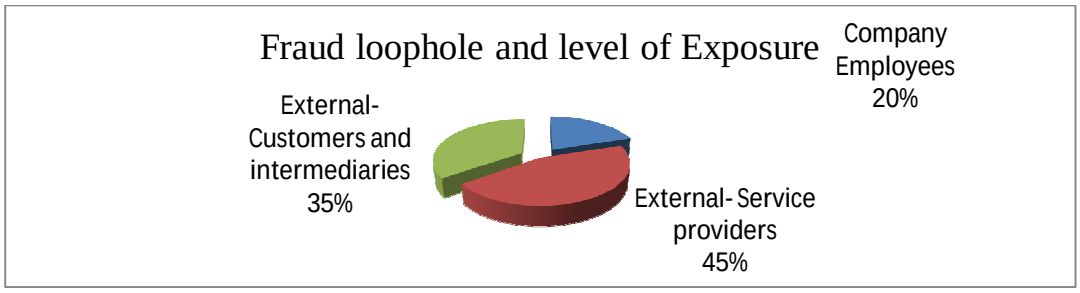

Figure 4.1: Fraud exposure levels

Source: Research Data

4.7 The role of IRA on War against Fraud

The study sought to find out whether the interviewers perceived the insurance regulatory authority as the sole body mandated by the government to regulate the insurance industry is has and is doing enough in the fight against fraud.

Evidently, 77% (35) of the Respondents confirmed that there have been positive developments from the regulator. Lately, 22% (10) of the respondents indicated that they feel that there is still more to be done by IRA on fraud as more cases are still pending to be handled. This is in line with KPMG E.A Risk survey, 2015 literature review that the Insurance fraud unit has been able to detect and investigate more than 1000 fraud related cases. This findings were presented in figure 4.1 below;-

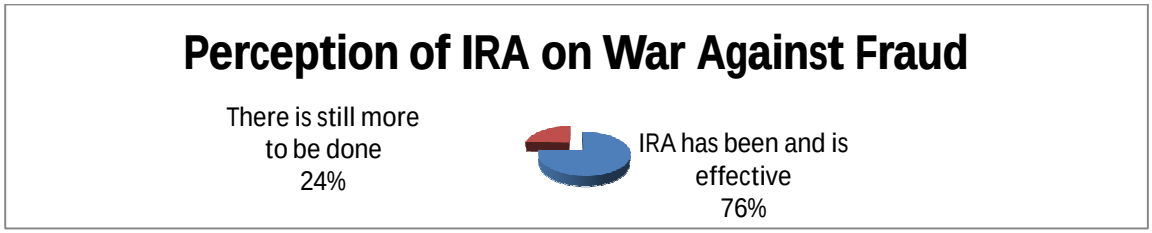

Figure 4.2: Effectiveness of IRA in the fight against fraud

Source: Research data

4.8 The Role of Staff Training and Development

The study sought to find out whether there were any effects of staff training and related professional development on matters of fraud detection and prevention. Upon investigation, the study revealed that 80% (36) of staff believed that trainings and development programs helps staff to know possible fraud loopholes and how to detect and report the matter to the relevant department.

Also of Respondents indicated that in addition to equipping staff with knowledge on fraud, it also helps to create good industrial relationship and increased productivity. This findings are relates to the literature review Kiragu (2014) whereby the study revealed that employees who are not well trained and equipped with proper skills in the detection of fraud disadvantaged their companies in the fight against fraud. This findings were analysed and presented in table 4.8 below;-

Table 4.8: Role of staff training on fraud detection

ROLE OF STAFF TRAINING ON	Frequency	Percentage
Equips employees on skills to detect fraud	36	80%
Promotes Industrial Relation	9	20%
	45	**100%**

Source: Research data

4.9 Indicators of Competitiveness

The study sought to identify various indicators of completive development of insurance companies in order to understand and relate the two variables. In a consistent trend, the study showed that competitive advantage of insurance companies can easily be identified by; Profitability and net turn over, low claims reserve ratios, customer satisfaction levels through measured feedback, less turnover rate as a result of summary dismissal. From the findings of this study, 48% (22) Respondents

attributed advantage to all the above factors. Growth and expansion of insurance products in terms of penetration levels currently stands at below 4%, strong insurance companies with solid assets base among others.

These findings are in line with the literature review by (Porter 1985) that competitive advantage is anchored on factors that place a company ahead of the competitors by cost advantage and differentiation. These therefore indicate that competitiveness is a function of a combination of factors. The data was represented in table 4.9

Table 4.9: Identified Level of profitability indicators

No.	INDICATORS OF COMPETITIVENESS	Frequency	PERCENTAGE
1	All the below factors	22	48%
1	Profitability	8	17%
2	Low claim reserve ratio	2	4%
3	Customer satisfaction	5	10%
5	Growth and expansion	6	13%
5	Reduced turn over as a result of summary dismissal	4	8%
		45	**100%**

Source: Research Data

4.10 Management's view of Fraud on Competitiveness

In line with the set objective, the study sought to find out on the Respondents belief on whether fraud had a negative effect on the company's competitive advantage. This was found to be on affirmative indicating that fraud negatively affects insurance company's competitiveness both in the short and long term. 91% (41) of the respondent agreed that fraud affects competitive advantage of insurance companies that contributes to the dwindling of uptake of insurance products and general penetration.

All the respondents who returned back the questionnaire confirmed that there has been an observable effect of fraud on the general profitability of insurance companies which is one of the indicators of competitiveness. These findings are in line with the literature review where Nzenga, (2013) postulates that affordability and pricing greatly affects uptake of insurance. Since fraud balloons the loss ratios, ratings and prices of insurance products will automatically shoot to make insurance companies remain a float.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summarized version of the immediate chapter and on the findings therein. It also provides conclusions and recommendations based on the set research objectives. The study had one objective of finding out on the implication of fraud on Kenyan insurance companies for their competitiveness. This was a census survey study of all the Kenyan insurance companies.

5.2 Summary of Findings

This section summarizes the identified direct effect of fraud on competitive advantage of insurance companies' general performance and summarizes on the findings of the study in relation to the set objective that guided the study.

5.2.1 Implications of Fraud on Competitiveness

From the study findings, it was evident that fraud has far reaching implications on Kenyan insurance companies in several ways including; - Increases cost of doing business as a result of those costs associated with investigation of fraud, time aspect, huge claims ratio, insolvency of insurance companies as witnessed in the recent past, creation of bad public image about insurance, huge claims reserve ratio that could have otherwise been allocated to other useful and investments options.

The Role of Employee Training and Development

From the study, it was found out that majority of the respondents indicated that seminars and other short term trainings organized by the IRA, IIK, insurance companies in liaison with the College of insurance have been of great importance since most of the service officers can now identify fraudulence insurance proposals/claims and escalate the matter.

According to the finding, Respondents explained that trained employees are 45% likely to determine/identify suspicious and fraudulent intention by a going through the submitted proposal/claim forms.

5.2.2 The Role of IRA and other Stakeholders

The research sought to find out the role of the insurance regulatory authority (IRA) and other stakeholders like the Aki, Public and consumers of insurance products on insurance fraud.

The study revealed that the regulator has of late been actively involved in public sensitization programs through public open forums countrywide to ensure that the public are made aware of the implication of launching fraudulent claims. Respondents noted that they have seen either a Television/Radio or Billboards advert of IRA or AKI. It was also evident that the regulator has set a customer complaint department on the insurance related matters.

5.3 Conclusion

The study concludes that with regular employee training on fraud detection, prevention and reporting, this will help reduce the number of fraud related claims and maintain a competitive edge of insurance companies.

Secondly, this study also concludes that proper organizational policies made available to employees will help in the prevention of internal fraud cases. The study found out that when employees are made aware of the consequences of involvement in any form of individual or collusion fraud, they tend to be more cautious of the behaviour.

The study further concludes that the government through (IRA) plays an important role in combating fraud through public participation and sensitization programs.

This program helps to instil confidence in the negatively tainted insurance sector and insurance consumers are made aware of their expectations and obligations in the contract of insurance.

From the findings of this study, it is concluded that fraud leads to an increase in the prices of insurance products. The study revealed that high claims ratio to premium compels the reinsurers and actuaries to review existing premium rates upwards in the long run so as to remain afloat in the long run for the affected classes of insurance.

Finally, the study concludes that insurance fraud has led to the diminished trust by the public; this has further led to the stagnation of insurance percentage growth and the overall uptake of insurance products in Kenya as compared to developed economies in the world.

5.4 Recommendations

Basing on findings, the study recommends continuous employee trainings to sharpen skill and create awareness on avenues of insurance related fraud. This will reduce payments of fraud related claims that would have otherwise been detected by due diligence.

IRA should commit to prosecute to finality all reported fraud cases with evidence to set precedence on the fight against fraud and instil confidence in the sector. Finally, from the findings the study recommends adherence to company policies on fraud and continuous review of progress on the whole cycle of fraud detection, prevention, reporting, and reinforcement mechanisms.

5.4.1 Recommendation of Further Studies

This study was guided by the study objective of identifying the implications of fraud on Kenyan insurance companies for competitiveness. The study recommends continuous studies on other area including but not limited to; product innovation, distribution channels among others.

This is appreciating that competitiveness of insurance companies is not solely affected by fraud rather a combination of factors. This study sought to find out one of the many implication of fraud on competitiveness thus, may provide constrained findings to the area of study only. Lastly, further studies should also aim to cross examine insurance companies against other financial service sectors like banks for better analysis.

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APPENDICES

Appendix I: Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 4th October 2017

TO WHOM IT MAY CONCERN

The bearer of this letter MACKNON MWASHI

Registration No D61/77951/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
04 OCT 2017
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix II: Questionnaire

A. : BACKGROUND INFORMATION

1. Name the company?.....

2. Size of your company in terms of No. of employees

- Between 1-20 ☐
- Between 20-50 ☐
- Between 50-1000 ☐
- Between 1000-above ☐

3. No. of years in operation ……

- Between 1-5 Years ☐
- Between 6-15 Years ☐
- Between 15-30 Years ☐
- Between 30-above ☐

4. No of years with the company…….

B. RESPONDENT PERSONAL INFORMATION

1. Name of the respondent (Optional).....
2. Years with the company……

- Less than 5 Years ☐
- Between 5-15Years ☐
- Between 15-20 Years ☐
- Between 20-above ☐

3. Your position level in the company…….

- Top level ☐
- Middle level ☐
- Technical level ☐

C. : FRAUD DETECTION, PREVENTION, REPORTING AND PROSECUTION MECHANISM

1. Are there any policies in matters relating to fraud
    - Yes…….. ☐
    - No……. ☐

    If your answer is no, what guides employees on fraud mater? Briefly explain.....
    .....
2. Does your organization encourage reporting of fraud information?

- Yes ☐
- No. ☐

3. If your answer is yes, what are the relevant charnels of reporting fraudulence suspicion dealings?
    - Departmental heads ☐
    - Anonymous Email/Letters l to management ☐
    - Suggestion boxes ☐
4. Do you believe that IRA through its fraud investigation Unit is doing a good job in fight against fraud……
5. Yes..... ☐
6. No..... ☐

If your answer is No, briefly explain.....

7. In your honest opinion, is IRA doing its part of public sensitization to enhance competitiveness and increases insurance uptake.....
   - Yes..... ☐
   - No..... ☐
8. Are you aware of any Television/Radio or Billboard on public sensitization by either IRA, AKI on matters of insurance?

- Yes..... ☐
- No..... ☐

If yes, was the information educative on fraud, implication or competitive advantage in your own opinion?

9. How does the company handle employees found involved in fraud activities?

If yes, what action did the company take?

- Summary dismissal…… ☐
- Prosecution……. ☐
- Decline the claim…… ☐
- Any other way…….. ☐

10. Do you have internal systems control on fraud?

- Yes..... ☐
- No..... ☐

If Yes, briefly explain these controls.....

.....

11. Do you believe staff training on fraud related topics will help fight fraud?

- Yes..... ☐
- No..... ☐

12. Does Training improve staff industrial relationship that improves competitiveness of the company?

- Yes..... ☐
- No..... ☐
- Not Sure ☐

D. : EXTERNAL FRAUD CONTRIBUTING AVENUES

1. Do customers execute proposal forms before inception of cover?

- Yes ☐
- No ☐

2. If your answer above is yes, do the completed proposal forms vetted before acceptance?
3. If accepted, does the company conduct a risk survey? Valuations? Briefly explain.....

.....

.

4. How many such external claims have been identified through:

    - Risk survey ☐
    - Valuation ☐
    - Physical Confirmation of existence of the subject mater
    - Others..... ☐

5. Which among the following are the biggest loopholes of claims exposures from your past claims experience?

- Service providers ☐
- Customer and intermediaries ☐
- Employees ☐

6. What mechanisms have you put in place in sealing fraud practices through external service providers……..

7. What ultimate actions do the company take for the external service providers colluding or involved in fraud activities?

    - Warning ☐
    - Removal from service provider list ☐

E. IMPLICATIONS OF INSURANCE FRAUD ON INSURANCE COMPANIES THEIR COMPETITIVENESS IN KENYA

1. From your experience as an Underwriting/Claims Manager, Kindly state some of the implications of fraud on insurance companies on gaining competitiveness in Kenya?,.....
.....
.....
.....

2. What are insurance company's measures/ indicators of competitiveness

- Profitability ☐
- Low claim reserve ratio ☐

- Customer satisfaction ☐
- Growth and expansion ☐
- Reduced turn over as a result of summary dismissal ☐
- All the Above ☐

Any other Please specify.....

3. Does fraud affects competitiveness of insurance companies?
4. Yes ☐
5. No ☐
6. If your answer is no, what do you think should be done? Briefly explain in which way.....

7. Do you believe Insurance fraud cases are easily detected?

- Yes ☐
- No ☐

If your answer is no, what do you think should be done? Briefly explain.....

8. Do you think that the regulator had done much effort in the fight against fraud?

- Yes ☐
- No. ☐

If your answer is no, what do you think should be done? Briefly explain

.....

.....

9. In your honest opinion, does fraud affect productivity?

- Yes ☐
- No. ☐

Briefly explain your answer.....

10. Do you agree with the statement that fraud affects insurance company's competitiveness?

- Yes ☐
- No. ☐

Briefly explain your answer.....

Thank you for taking time off your busy schedule to attend to my research questionnaire. May God bless you!

THE END

Appendix III: List of Licensed Insurance Companies in Kenya 2017

IN PURSUANCE of Section 184 of the Insurance Act, the Commissioner of Insurance gives notice that the following are authorized to transact insurance business as Insurers for the year 2017

(21st February, 2017)

	INSURANCE COMPANIES (INSURERS)
1.	AAR Insurance Company Limited
2.	Africa Merchant Assurance Company Limited
3.	AIG Kenya Insurance Company Limited
4.	Allianz Insurance Company of Kenya Limited
5.	APA Insurance Limited
6.	APA Life Assurance Company Limited
7.	Barclays Life Assurance Kenya Limited
8.	Britam General Insurance Company (K) Limited
9.	Britam Life Assurance Company (K) Limited
10.	Cannon Assurance Company Limited
11.	Capex Life Asssurance Company Limited

IN PURSUANCE of Section 184 of the Insurance Act, the Commissioner of Insurance gives notice that the following are authorized to transact insurance business as Insurers for the year 2017

(21st February, 2017)

12.	CIC General Insurance Company Limited
13.	CIC Life Assurance Company Limited
14.	Continental Reinsurance Limited (Kenya)
15.	Corporate Insurance Company Limited
16.	Directline Assurance Company Limited
17.	East Africa Reinsurance Company Limited
18.	Fidelity Shield Insurance Company Limited
19.	First Assurance Company Limited
20.	GA Insurance Limited
21.	GA Life Assurance Limited
22.	Geminia Insurance Co. Limited
23.	ICEA Lion General Insurance Company Limited

IN PURSUANCE of Section 184 of the Insurance Act, the Commissioner of Insurance gives notice that the following are authorized to transact insurance business as Insurers for the year 2017

(21st February, 2017)

24.	ICEA LION Life Assurance Company Limited
25.	Intra Africa Assurance Company Limited
26.	Invesco Assurance Company Limited
27.	Kenindia Assurance Company Limited
28.	Kenya Orient Insurance Limited
29.	Kenya Orient Life Assurance Limited
30.	Kenya Reinsurance Corporation Limited
31.	Liberty Life Assurance Kenya Limited
32.	Madison Insurance Company Kenya Limited
33.	Mayfair Insurance Company Limited
34.	Metropolitan Cannon Life Assurance Limited
35.	Occidental Insurance Company Limited

IN PURSUANCE of Section 184 of the Insurance Act, the Commissioner of Insurance gives notice that the following are authorized to transact insurance business as Insurers for the year 2017

(21st February, 2017)

36.	Old Mutual Assurance Company Limited
37.	Pacis Insurance Company Limited
38.	Phoenix of East Africa Assurance Co. Limited
39.	Pioneer General Insurance Company Limited
40.	Pioneer Assurance Company Limited
41.	Prudential Life Assurance Company Limited
42.	Resolution Insurance Company Limited
43.	Saham Assurance Company Kenya Limited
44.	Sanlam General Insurance Company Limited
45.	Sanlam Life Assurance Company Limited
46.	Takaful Insurance of Africa Limited
47.	Tausi Assurance Company Limited

IN PURSUANCE of Section 184 of the Insurance Act, the Commissioner of Insurance gives notice that the following are authorized to transact insurance business as Insurers for the year 2017

(21st February, 2017)

48.	The Heritage Insurance Company Limited
49.	The Jubilee Insurance Company of Kenya Limited
50.	The Kenyan Alliance Insurance Company Limited
51.	The Monarch Insurance Company Limited
52.	Trident Insurance Company Limited
53.	UAP Insurance Company Limited
54.	UAP Life Assurance Company Limited
55.	Xplico Insurance Company Limited

Source: IRA– licensed insurance companies as at 21st February 2017(Confirmed by Head of Corporate communications Noella Mutanda IRA Head offices Nairobi)