STRATEGIC RESPONSES TO CHALLENGES OF INSURANCE REGULATION IN KENYA BY THE INSURANCE REGULATORY AUTHORITY

BY

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DECLARATION

CANDIDATE

I declare that this project is my original work and that it has not been submitted to any other university or Institution for academic credit.

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This MBA has been a dream come true for me. No man is an island unto himself and without support from a wide spectrum of individuals, probably I would not have realized my dream.

My immeasurable thanks go to the Almighty God , for granting me the grace and favour to undergo the entire MBA program successfully. To you Father , be all the glory, honour and the adoration .

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ABSTRACT

The Insurance sector in Kenya has stagnated over the years and is characterized by closure of insurance companies especially those underwriting public service vehicle business This is due to their inability to meet financial obligations to the policyholders and other insurance beneficiaries. Lack of awareness by the public about the benefits of insurance and the negative perception of the industry has contributed to the low level of insurance penetration.

The study was conducted using a case study research design based on Insurance Regulatory Authority (IRA) . The study aimed at establishing the strategic responses undertaken by the Authority in responding to the challenges of insurance regulation. A sample size of seven (7) respondents was targeted consisting of Managers , Assistant Managers and senior officers of the Authority.

The main findings of the study showed that IRA has put in place strategies to address the challenges and position itself to the regulatory regime. The challenges include high risk associated with insuring Public Service Vehicles (PSV), poor corporate governance, inadequate legal and regulatory framework, inadequate institutional capacity , inadequate ICT infrastructure and insufficient capital base . The strategic responses adopted include review of the Insurance Act Cap 487 of Laws of Kenya, divestment on shareholding of insurance companies limiting ownership to 25%, enforcing the capital base requirement, training on good corporate governance as well as conducting frequent onsite inspections to ensure compliance with the Insurance Act.

In view of these findings , recommendations for management would be to build capacity by recruiting qualified staff , conduct a Training Need Assessment to align staff training with the quality objectives identified , increase public awareness campaigns on benefits of insurance as well as existence and role of IRA.

TABLE OF CONTENTS

LIST OF TABLE

ABBREVIATIONS

IRA	Insurance Regulatory Authority
AKI	Association of Kenya Insurers
AIBK	Association of Insurance Brokers of Kenya
IMIDS	Integrated Motor Insurance Data base System
RAF	Road Accident Fund
PSV	Public Service Vehicle
IRASP	Insurance Regulatory Authority Strategic Plan
IRAAP	Insurance Regulatory Authority Annual Report
PSVR	Public Service Vehicle Report
BPR	Business Process Reengineering

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

In an industry as complicated as that of insurance, no simple formula can be used to regulate and shield insurers from the challenges that hinder development of the sector. The Government developed vision 2030 to guide the country's development strategy . The vision seeks to transform Kenya into a globally competitive and prosperous nation by 2030. It is envisaged that with increased growth in gross domestic product, the contribution from the Insurance sector will increase from the current 2.5% to 5% (I R A S P 2008-2012). To achieve this growth, the challenges encountered by the insurance industry and the Regulator need identification and strategic responses formulated and implemented in order to realise the anticipated growth.

Today's insurance industry is characterised by intensified competition with forty four (44) insurance companies competing for insurance business worth Ksh: 47.39 billion (IRAAR,2008). In spite of underwriting such business, the industry suffered an underwriting loss of Ksh 1.218 billion during the same period. The 2007 Kenya Insurance Survey revealed that the insurance business is facing the challenge of meeting policy holders claims when they fall due. As a result, the public has perceived the industry negatively. The other challenge is on generation of growth for an industry that has significant potential for growing yet has been stagnant. Management of HIV/AIDS has been a challenge too and has impacted negatively on the life insurance business. Other challenges facing the insurance industry in Kenya include: lack of liquidity leading to collapse of some firms , poor governance and industry saturation (Makove,2003).

The insurance industry has also been challenged following the disputed General Election of 2007 and post election violence that led to destruction of property of policy holders. Most of the insurance contracts entered into between insurance companies and policy holders excluded loss or damage arising from riots or strike . Repudiation of the post election violence related claims did not auger well with the policyholders and their perception of the insurance industry was not enhanced. Against this background, the Insurance Regulatory Authority (IRA) was created in May 2007 through the Insurance (Amendment) Act of 2006 to supervise, regulate and develop the insurance industry. The study aimed at investigating the strategies adopted by IRA in responding to challenges of insurance regulation in Kenya.

1.1.1 Strategic Responses

Organizations exist in complex and volatile commercial, economic, political, technological, cultural and social environments. The environmental changes occasioned by these factors are more complex to some organisations than for others due to their unique positions in their areas of operations (Ngige, 2006). A mismatch between the environment and the organization creates a strategic problem (Aosa, 1992). A strategic problem requires a strategic response (Ansoff and McDonnell 1990). Burnes (2000) argued that change is an ever present feature of organizational life and its pace and magnitude has increased significantly over the recent years . According to Ansoff and McDonnell (1990), it is through strategic response that a firm is able to relate itself to the environment to ensure its success and also secure itself from surprises brought about by the changing environment.

Strategic response is for that reason defined as the set of decisions and actions that result into formulation and implementation of plans designed to achieve organization's objectives (Pearce and Robinson 2004). The uncertainties and risks associated with challenges will compel organizations to strategically respond by casting strategies needed to provide them with competitive advantages. When organizations face unfamiliar changes in the environment, there is need for them to revise their strategies to match the resultant turbulence level (Ansoff and McDonnell, 1990). Timely reaction and management of turbulences is essential for survival of businesses. Strategic responses can be used by firms in the management of their businesses to enable them remain competitive in the advent of environmental challenges . The application of strategic response to augment an organization's strategic position requires the firm to possess strategic capability. This is the vehicle through which an organization may respond strategically to a prevailing environmental condition.The strategic responses considered herein include, Benchmarking, Information Communication Technology, Total Quality Management, Organizational Structure, Risk Based Supervision, Leadership and Culture.

Benchmarking is defined as an organization's assessment of the performance and practices of other organizations and competitors in an effort to analyze and compare with its own performance. Benchmarking is essential for organizations that require to raise their standards (Huczynski and Buchanan, 2007). Information Communication Technology (ICT) is the world mover today. Technological changes may prompt strategic responses that seek to capture advantages of technological leadership. Early use of new information technologies leads to competitive benefits that may not accrue to those who follow.

Total Quality Management (TQM) is described as a continuous process of improvement for individuals, groups of people and the whole organization (Kanji and Asher, 1996). The simple objective of TQM is to do the right things, right the first time, every time . Organizational structure may also be used to achieve set objectives of a company. This is the grouping of the firm's logistics and managerial activities . The grouping of activities is stimulated by the growing turbulence of a firm's environment. Restructuring as a consequence of environmental changes is based on the notion that changes in environmental factors precipitate mismatches between the structure of an organization and its environment (Ansoff 1990). Consequently, it is inevitable to devise the appropriate strategy that would create a "fit" between the environment and the organization structure.

Risk Based Supervision is a supervisory framework which identifies risks to which an entity is exposed. It identifies and measures the existing risk control functions to ascertain their effectiveness in mitigating the existing risks (www.osfi-bsif.gc.ca). The framework then focuses on the net risk with the aim of saving on resources. The concept of culture and leadership is particularly important when attempting to manage organization-wide change. Mullins (2007) sees organization culture as a collection of traditional values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organization. Robinson (2003) observes that organizational leadership involves action in first guiding the organization to deal with constant change by embracing change, clarifying strategic intent and shaping the culture to fit with opportunities and challenges that change affords and second identifying and supplying the organization with operating managers prepared to provide leadership and vision.

1.1.2 The Remote Environment

All organizations are dependent on the environment for their inputs and outputs. Bateman and Zeithaml (1993) stated that all organizations are affected by the general components of the macro environment. One of the components of the external environment is the remote environment. It consists of social factors, political impacts, ecological considerations, technological uplifts and cultural changes. Organizations rarely have influence on the turbulence experienced in these factors and they therefore need to come up with strategies that will enable them survive in event of turbulence in the environment. According to Bartol and Martin (1991), an organization is likely to be more successful if it operates as an open system that continually interacts with and receives feedback from the external environment.

Political factors are given serious consideration by organizations in formulating business strategy (Pearce and Robinson, 1991). Political constraints are placed on firms through trade decisions, antitrust laws, tax programmes, minimum wage legislation, pollution and pricing policies all aimed at protecting the employees, customers, the general public and the environment. Pearce and Robinson further explain that these laws are most commonly restrictive and they tend to reduce the potential profits of firms. The economic environment is concerned with the nature and direction in which the firm operates. It is characterized by factors that affect supply, demand, growth, competition and profitability within the industry. Bateman and Ziethaml (1993) noted that the economic environment dramatically affects companies' ability to function effectively and influences their strategic choices. The social culture, according to Bartol and Martin (1991), is the element of the environment that includes attitudes, values, norms and beliefs. Ansoff and

McDonnell (1990) describe technology as a driving force which frequently determines the strategic future of a firm. They say, failure to recognize in time impeding technology substitution can result in a major loss of market share or cause a firm to leave an industry in which it enjoyed a profitable existence.

1.1.3 Insurance Industry in Kenya

The insurance industry in Kenya is classified as a service sector. It is comprised of insurance companies, reinsurance companies, insurance brokers, reinsurance brokers, loss adjusters, loss assessors, insurance investigators, insurance agents , medical insurance providers, claims settling agents and risk managers. These are registered and licensed by the Commissioner of Insurance at IRA and in accordance with the Insurance Act , CAP 487. According to IRA's annual report for 2008, the licensed insurers are forty four (44) , two (2) reinsurance companies, one hundred and ninety (190) insurance brokers, twenty four (24) medical insurance providers, and three thousand and eighty five (3085) agents. In addition, there are two hundred and twenty (220) loss assessor , twenty two (22) loss adjusters and seven (7) risk managers.

The Insurance industry's contribution to the Gross Domestic Product (GDP) stood at 2.7 % in 2008. The interests of the insurance companies are represented by the Association of Kenya Insurers (AKI), a lobby group that promotes adherence to prudent business practices by the members. In addition, AKI creates awareness about insurance and insurance products to the general public with a view to accelerating growth of the insurance sector in Kenya (AKI Bulletin , 2008). The insurance brokers are on the other hand represented by Association of Insurance Brokers of Kenya (AIBK) which is a self regulatory body upholding the interests of the members (AIBK, 2009).

Insurers are registered to transact long term insurance business, general business or both classes of insurance business. The long-term business insurers transact any or all the four classes of long term insurance business namely: bond investment, industrial life, ordinary life, and superannuation. The general business insurers transact any or all the twelve classes of insurance business namely: aviation, engineering, fire-domestic, fire industrial, liability, marine, motor-private, motor commercial, personal accident, theft, workmen's compensation and miscellaneous classes such as plate glass. Currently , there are forty four (44) insurance companies operating in Kenya. This represents growth in the players from 15 in 1978 to 44 in 2008 resulting to intensified competition in the industry. Further, indications of severe threats to insurers existence are rife. The industry suffered a big blow in 1996 when Kenya National Assurance Company collapsed. In 2005, another key player, United Insurance with a Passenger Service Vehicle (PSV) stake of 45% collapsed. Other firms that have since gone under include Stallion Assurance, Lakestar Insurance, Liberty Insurance and Standard Assurance (PSVR, 2009)

1.1.4 The Insurance Regulatory Authority

In recognition of the importance of the insurance sector, the Government of Kenya instituted a number of legal and institutional reforms. The Government saw the need to establish a body to regulate the insurance companies that hitherto operated as branch offices of international companies. This led to the enactment of the insurance Act CAP 487 of 1984 with an effective date of 1st January 1987. This saw the formation of the Department of Insurance under the Ministry of Finance. The functions of the department were to regulate and supervise the insurance industry. In 2006 the Act was amended to create the IRA.

The Insurance Regulatory Authority (IRA) was created by the Insurance (Amendment) Act of 2006 and came into operation on 1st of May 2007. The Authority was established with the mandate of regulating, supervising and developing the insurance industry in Kenya. The management of the Authority vests in the Board of Directors comprised of highly experienced professionals with most of them having a background in insurance and financial services sector. All the key financial services regulators namely Central Bank of Kenya, Retirement Benefit Authority and the Capital Markets Authority are represented in the IRA Board.

The core functions of the Authority include effective administration, supervision, regulation and control of insurance and reinsurance business in Kenya. The Authority formulates and enforces standards for the conduct of insurance and reinsurance business in Kenya, issues licenses to all persons involved in or connected with insurance business, including insurance and reinsurance companies, insurance and reinsurance intermediaries, loss adjusters, motor assessors and risk surveyors. In addition, IRA protects the interests of insurance policy holders and insurance beneficiaries in any insurance contract. It promotes the development of the insurance sector and advises the government on the national policy to be followed in order to ensure adequate insurance protection and security for national assets and national properties. In order to effectively supervise, develop and grow the insurance industry, IRA is obliged to address the challenges emerging from the external environment in a timely manner.

1.2 Statement of the Research Problem

The business environment within which the insurance industry operates has been very volatile. The political anxiety, competition from new entrants, social reforms, technological advancement and global changes are some of the challenges that have greatly affected the growth of the industry. During its inception, IRA was charged with the mandate to effectively supervise, regulate and develop the insurance industry. To be effective, IRA has to deal with various challenges that hamper development of the sector. Political challenges have had great impact on the insurance industry, being semi autonomous, IRA's decision making process is slowed down because of a lot of bureaucracy. The current legal framework is inadequate and does not accommodate new channels of distributing insurance such as Banc assurance and Micro insurance. In addition, it does not accommodate modern supervisory frameworks such as Risk Based Supervision that are currently in use and working well in other jurisdictions. The Public Service Vehicle (PSV) underwriting continues to pose major challenges to the sector. Collapsing of some of the PSV underwriters has worsened the already negative perception of the insurance industry. This is mainly attributed to poor corporate governance coupled with huge and unpredictable awards made by the courts.

The high rates of corruption and fraud on insurance claims has dwindled the profits for the Insurers. This is especially so because of ambulance chasing where lawyers collude with the police officers to put in claims for nonexistent accidents and where they are minor accidents, they are exaggerated. The low level of awareness on insurance matters has been blamed for the low penetration which stood at 2.6 % as at 2007(IRAAR, 2008). Some of the insurance companies have also undercapitalized and do not have sufficient funds to cushion against sudden occurrence of claims that are of a high magnitude. Section twenty three (23) of the Insurance Act requires insurance companies underwriting general and life business to maintain a capital base of Kenya shillings 300 million and 150 million respectively. A composite insurance company is required to maintain a minimum capital base of 400 million Kenya shillings.

The environmental turbulence in the insurance sector has not spared IRA as a regulator. The Authority has no control over challenges in the external environment and the best it can do is to strategically respond to these challenges to reduce their undesirable effects on the organization. It therefore has the onerous task of strategically responding to the challenges of regulating the insurance sector to ensure that it lives up to its mandate.

Whereas several studies have been carried out exploring response to challenges in external environment, such as Chelimo (2008) on the energy sector and Sheila (2008) on the banking sector, none has been carried out exclusively on IRA to determine responses to challenges of insurance regulation in Kenya. The studies undertaken have focused on different sectors of the economy which have different external environments and different turbulences to deal with. Strategies that the studies have come up with are specific to those firms. This study seeks to determine the challenges that IRA has faced in the course of regulating the insurance sector and the response strategies adopted to cope with the challenges. IRA becomes more critical for study because it plays a key role in the implementation of Economic, Social and Political pillars which aim at transforming Kenya into a globally competitive and prosperous nation.

1.3 Research Objectives

The objective of this study is to

i. determine the challenges faced by IRA in the regulation of the insurance sector.

ii. determine the strategic responses adopted by IRA to the challenges of regulating the insurance sector .

1.4 Importance of the Study

The study will

i. aid the Board of Directors and the consumers of insurance services to appreciate the challenges facing the insurance industry and the responses to the challenges.

ii. impart knowledge of the insurance sector dynamics to the policy makers. They will obtain guidance from this study in designing appropriate policies that will regulate the sector .

iii. contribute to existing academic literature in the field of Strategic Management and stimulate further research in the field of Change management, Formulation and Implementation of Strategies in organizations

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on strategic responses to challenges of regulating the insurance sector in Kenya. The facets of this chapter include the concepts of strategy and strategic management, challenges facing insurance industries in other jurisdictions, factors influencing the strategic responses and organizational responses to environmental turbulence.

2.2 The Concept of Strategy and Strategic Management

Strategic management is the decision process that aligns the organization's internal capability with the opportunities and threats it faces in its environment (Rowe et al. 1994). It is based on the belief that an organization should continuously monitor internal and external factors so that timely change can be made as needed. Strategy is the direction an organization chooses to take in the future, to fulfil its obligations to its stakeholders (Johnson and Scholes, 2002; Porter, 1995). It occupies a central position in the determination of a firm's current and future intentions. According to Mintzberg et al (1998), Strategy can be defined using five definitions. They defined strategy as a plan, ploy, pattern, position or perspective. Without strategy, decisions made today could have a negative impact on future results (Bruce and Langdon, 2000)

Strategy as a concept has been studied in depth by many scholars. Campbell et al (2002) defined strategy simply as a vehicle through which a business can review past performance and more importantly, determine future actions geared towards achieving and sustaining superior performance. They stated that strategy is undertaken in phases which are Strategy development, Strategy Evaluation, Strategic Change and Implementation and Strategy Learning. Strategic management is therefore a vital tool in all organizations today as it helps business managers in making strategic decisions that affect the long term objectives of the organizations.

2.3 Challenges facing Insurance Industries in other Jurisdictions.

According to T. Sinha (personal communication , September 15,2005), e- commerce has not been a major source of distribution for the Indian insurance industry. Services provided on websites are mainly confined to accessing product information and rate quotes. A key challenge to India's non -life insurance sector is to reform the existing tariff structure which is heavily regulated. Price liberalization is needed to improve underwriting efficiency and risk management. The largely underserved rural sector holds great promise for both life and non-life insurers. The challenge is to design products that are suitable for the rural population and utilize appropriate distribution mechanisms. Insurers will have to pay attention to the characteristic of rural labour force, like the prevalence of irregular income streams and preference for simple products before they can successfully penetrate this sector.

According to research done by Public Service Vehicle (PSV) Taskforce appointed by the Commissioner of Insurance in 2008, victims of road accidents in South Africa are compensated through a Road Accident Fund (RAF) , derived from fuel levy . This removes liability to settle road injury claims by insurance companies however, the funding mechanism is now considered inappropriate since, levies can only constitute so much of the overall fuel cost beyond which they tend to provoke a public outcry. Brazilian insurers cover personal injury claims arising from road accidents by way of structured compensation where amounts payable are predetermined. This removes the need for legal procedures to determine amounts payable as a result of road accidents.

2.4 Factors Influencing Strategic Responses

In the late 1950's, the Russian-American engineer, Igor Ansoff, a founder of strategic management, argued that strategic planning was essential for firms operating in a complex, turbulent environment. He provided a practical framework for selecting a firm's expansion route in a growing market by reasoning that long-range planning was necessary to drive managerial decision making when the speed of change exceeded the firm's ability to respond. Ansoff observed that, in developing strategy, it was essential to systematically anticipate future environmental challenges to an organization, and draw up appropriate strategic plans for responding to these challenges. Following up on the idea of environmental turbulence, Ansoff introduced his Strategic Success Hypothesis, which states that a firm's performance is optimum when three conditions are met. These are: the aggressiveness of the firm's strategic behaviour matches the turbulence of its environment, the responsiveness of the firm's capability matches the aggressiveness of its strategy, and the components of the firm's capability must be supportive of one another (Ansoff and McDonnell, 1990).

By understanding the importance of aligning the 'triplets' of Ansoff's equation (turbulence, aggressiveness, and responsiveness), any organization can quickly and easily evaluate where they are, where they are going, and what they need to do to get there. .Ansoff noted that for a firm to succeed, the three variables that form the hypothesis must be fulfilled. For starters the aggressiveness of the firm's strategic behaviour must match the turbulence of its environment. If the turbulence of the environment is high then the firm should have a strategic behaviour that is very aggressive, a disparity of the aggressiveness and the turbulence will lead to the firm lagging behind in dealing with the turbulence.

The responsiveness of the firm's capabilities must match the aggressiveness of its strategy. A firm may have a very aggressive strategy to deal with the turbulence in the environment but does not have the capabilities to support the strategy. This renders the strategy impractical. Lastly the components of the firm's capabilities must be supportive of one another. In order to succeed these capabilities cannot be in disparity, they must work together to achieve the common goal of the firm. In the Insurance industry, the government participates in formulating strategies to be adopted to deal with the aggressiveness of the environment. Government's involvement slows down the decision making process which impacts on the industry's ability to respond promptly to emerging challenges.

2.5 Organizational Responses to Environmental Turbulence

According to Grant , (2000), a successful strategy is consistent with the organization's goals and values, external environment, resources and capabilities and organizational systems. The external environment changes do impact on the operational dynamics of the organization's internal environment and creates a mismatch on the already existing strategies that link the two environments. The external environment can be described as all conditions that affect firms strategic options but which are beyond the firms control (Pearce and Robinson, 1991).

2.5.1 Strategic Responses

Strategic responses are the set of decisions and actions in the formulation and implementation of plans designed to achieve a firm's objective (Pearce and Robinson, 1991). Strategic responses are part of competitive strategies that organizations develop in defining goals and policies. They are reactions to what is happening in the environment of the organization. Ansoff and McDonnell (1990) note that strategic responses involve changes to the organizational behaviour. Such responses may take forms depending on the organizations capability and the environment in which it operates. Well developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. The results of strategic activity are new responses to social, political, economic, technological, ecological and legal challenges.

2.5.1.1 Corporate Responses

Benchmarking is defined as an organization's assessment of the performance and practices of other organizations and competitors in an effort to analyze and compare its own performance. Benchmarking is essential for organizations planning to raise their standards (Huczynski and Buchanan, 2007). The purpose of benchmarking according to Kanji and Asher (1996) is to identify and fill gaps in performance by putting in place the best practice, thereby establishing superior performance. Drucker (2007) explains that benchmarking is comparing one's performance with the best performance in the industry. He further states that benchmarking assumes that any business has to be competitive. Robins and Coulter (2005) stated that the basic idea behind benchmarking is that managers can improve performance by analyzing and copying the methods of the leaders in various fields. In addition, benchmarking helps organizations to move away from being introspective towards being externally focused and close to their markets.

Organizational structure may also be used to achieve set objectives of a company. This is the grouping of the firm's logistics and managerial activities. The grouping of activities is stimulated by the growing turbulence of a firm's environment. Successful organizations once required an internal focus, structured interaction, self sufficiency, a top down approach, Today, organizations reflect an external, interdependency and bottom up approach (Pearce and Robinson 2000). Restructuring as a consequence of environmental changes is based on the notion that changes in environmental factors precipitate mismatches between the structure of an organization and its environment (Ansoff 1990). Consequently, it is inevitable to devise the appropriate strategy that would create a "fit" between the environment and the organization structure.

Risk Based Supervision is another strategy of responding to emerging challenges within institutions. It is a supervisory framework which identifies risks to which an entity is exposed. It measures the existing risk control functions to ascertain their effectiveness in mitigating the existing risks (www.osfi-bsif.gc.ca). The framework then focuses on the net risk which is a function of the aggregate inherent risk offset by the aggregate quality of risk management. The aim is cost effective use of resources through sharper focus on risk. Risk Based Supervision is widely practiced in Canada, Australia and United Kingdom. The three jurisdictions have supervisory frameworks with common features that include:

regulatory objectives, supervisory processes, and supervisory tools that include risk assessment models, capital models and supervisory action plans.

2.5.1.2 Business Responses

Information Technology is the world mover today, IT hardware and systems keep evolving , new information technologies with enhanced connectivity capabilities can trigger the transformation of industry structures and change the sources of competitive advantage. Such technological changes may trigger strategic responses that seek to capture advantages of technological leadership. Information technology has radically changed the way organization members communicate. In addition, it has allowed employees to have more complete information and thus make faster decisions as well as provide them with opportunities to collaborate and share information. According to Robbins and Coulter (2005), IT has made it possible for people in organizations to be fully accessible, any time, regardless of where they are.

Total Quality Management (TQM) is a set of management practices throughout the organization, geared to ensure the organization consistently meets or exceeds customer requirements. TQM places strong focus on process measurement and controls as means of continuous improvement. TQM is described as a continuous process of improvement for individuals, groups of people and the whole organization (Kanji and Asher, 1996). This approach was inspired by the Japanese and was used to improve organizational performance and effectiveness. Mullins (2007) defined TQM as a way of life for an organization as a whole, committed to total customer satisfaction through a continuous process of improvement, and the contribution and involvement of people.

Research and Development is another key in dealing with the turbulence in the macro-environment. Continuous research brings new ideas to the organization that gives it a competitive edge and hence bringing success to the organization. New products or enhancements to the products or the change in production are all benefits that come with research and development. The organization will always be ahead of its competitors as well as being able to meet the customer needs satisfactorily.

2.5.1.3 Operational Responses

Organizational culture is the personality of the organization. Mullins (2007) sees organization culture as a collection of traditional values, policies, beliefs and attitudes that constitute a pervasive context for everything done in an organization. Though an organizational culture is one that is difficult to change, it is possible to change it with time. It is important for any organization to develop its culture as it influences the way people behave. Positive organization culture yield proper communication to each other and also to outsiders. It also impacts positively to other factors relevant for survival in a turbulent environment such as teamwork, innovation and risk taking, attention to detail and also people orientation.

According to Kotler (1990), leadership is about coping with change. Part of the reason leadership has become so important in recent years is that the business world has become more competitive and volatile. Major changes are necessary to survive and compete in the ever changing environment. More change always demands more leadership. Pearce and Robinson (2003) observe that organizational leadership involves action in first guiding the organization to deal with constant change by embracing change , clarifying strategic intent and shaping the culture to fit with opportunities and challenges that change affords . Secondly, identifying and supplying the organization with operating managers prepared to provide leadership and vision.

Ansoff and McDonnell (1990) characterize organization leadership as general management capability . They see general management's role as that of a developer of the firm's future. Successful performance of this role requires a climate within the firm which welcomes and seeks change, competence to anticipate , analyze and select attractive opportunities. They recognize that the general management's capability is determined by qualifications and mentality of key managers, social climate within the firm, power structure, systems , organizational structure and capacity of general management to do managerial work.

Business Process Reengineering (BPR) is the main way in which organizations become more efficient and modernize. BPR transforms an organization in ways that directly affect performance. Mullins (2007) defines BPR as the fundamental rethinking of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost quality, service and speed. He says that the approach can take a completely fresh start to organizational redesign ignoring past history and the present structures. BPR is a management approach aiming at improvements by means of elevating efficiency and effectiveness of the processes that exist within and across organizations. The key to BPR is for organizations to look at their business processes from a "clean slate" perspective and determine how they can best construct these processes to improve how they conduct business.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design that was used in this research was a case study which was ideal for a holistic, in-depth investigation .

3.2 Data Collection

Primary and secondary data was used in this research. The primary data was collected through interviews with the Manager, Technical Division, Manager , Corporation secretary and Legal affairs, Manager, Human Capital Development and Administration, Manager, Research and Development, Assistant Manager, Information Communication Technology, Corporate Communications Officer and Assistant Manager, Surveillance section. Purpose of the interview was to identify challenges of insurance regulation and determine response strategies applied in dealing with the challenges. Appointments with the respondents were sought to ensure their availability. The secondary sources comprised of strategic plans and documentations relating to IRA's strategic activities.

3.3 Data Analysis

Data analysis sought to establish the strategic responses of IRA to the challenges of regulating the insurance sector. This being a qualitative study, content analysis was used to determine the challenges faced by IRA and the strategies used to deal with the said challenges. Content analysis is a technique for making inferences by systemically and objectively identifying specified characteristics of messages and using the same to relate trends. This type of analysis does not restrict respondents on answers and has potential of generating more information with much detail.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine the challenges faced by IRA in the regulation of the insurance sector. In addition, it was to establish the strategic responses adopted in response to the challenges. Data was collected from the population of 7 respondents who included the Technical Manager, Corporation Secretary and Legal affairs Manager, Human Resource and Capital Development Manager, Head of ICT, Head of Corporate Communication, Policy, Research and Development, Manager and Assistant Manager, Surveillance section.

4.2 Strategic Responses to Challenges facing IRA

The respondents identified key challenges facing IRA and explained the strategies adopted in response to the challenges . The challenges and strategic responses are summarized in the table below.

Table 4.1 Strategic Responses to Challenges faced by IRA

	Challenge	Strategic Response
1	High risk of insuring PSV icles.	a) Regular inspection to PSV underwriting companies. b) Training on good corporate governance pending approval of proposed recommendations from the Minister of Finance.
2	Inadequate legal framework	A consultant has been appointed to overhaul and amend the Insurance Act .
3	Slow legislative process	Settlement of injury claims on the basis of structured compensation instead of using the court process to determine quantum.
4	Low penetration of insurance and negative perception of the Insurance Industry	a) Penalty of 5% for delay in claim settlement. b) Consumer Education on benefits of buying insurance. c) IRA set up a Research and Development Division to conduct research studies with a view to develop the Insurance Industry and encourage product innovation by Insurers.
5	Poor Corporate Governance	a) Provides training and guidance on good corporate governance. b) Amended the Insurance Act to limit ownership of an insurance company by any family to 25%.
6	Inadequate ICT infrastructure	a) Hired an ICT consultant to enhance the ICT infrastructure . b) Facilitating Development of an Integrated Motor Insurance Data base System to capture data from the Insurers.
7	Non Compliance on Share Capital requirements	a) Follow up for compliance . b) Seeking direction from the Finance Minister . c) Adoption of Risk Based Supervision.
8	Capacity building	Recruiting and training of staff .

4.2.1 Passenger Service Vehicle (PSV) Business

Respondents to this study indicated that there is a high risk of insuring PSV vehicles. They attributed this to the widespread indiscipline in the public transport business. The indiscipline was traced back to the 1970s when a presidential decree was issued. It permitted unregulated matatu operations that rapidly grew to give rise to negative matatu culture. As a result, several insurance companies underwriting PSV risks started facing serious liquidity problems due to mounting liabilities. They soon started collapsing in the following order; Access in 1992, Kenya National Assurance in 1996, Stallion in 2000, Lakestar in 2002, Liberty in 2003, United in 2005, Invesco in 2008 and Standard in 2009.

The respondents informed that other factors contributing to the collapse were noted to be as follows: Poor corporate governance, lack of a comprehensive national public road transport policy, poor road infrastructure, poor driving standards, weaknesses in enforcement of road traffic rules by law enforcement agencies, ambulance chasing, excessive court awards, disorganized matatu services (without timetables, passenger manifests, and control of their routes by cartels and other criminal gangs), parallelism in statutory initiatives: i.e. lack of harmonization of activities on road construction, vehicle inspection, vehicle licensing, road safety, and compliance with traffic rules etc.

IRA responded to the PSV challenge by setting up a task force comprising a team of professionals to undertake an in-depth analysis of the situation and come up with proposals to remedy the situation. Recommendations of the taskforce were forwarded to the Minister of Finance for consideration and approval for implementation. Some of the recommendations included formation of mutual insurance companies where matatu owners would buy shares by way of premiums and share in the profits of the company. Response to the proposals made is still awaited. In the meantime, the Authority continues to carry out regular inspections to the PSV underwriting companies and provides guidance on good corporate governance.

4.2.2 Inadequate legal frame work.

The Insurance Act establishes a framework for the regulation of the insurance sector in Kenya. It however does not address the emerging trends for example of regulating nontraditional distribution channels such as banc assurance. The respondents informed that the Act is inconsistent with CAP 405 which provides for compulsory insurance for third party liability risks. To ensure compensation for injured persons, section 8 of CAP 405 imposes strict liability, meaning that it bars an insurer from declining settlement of a claim even where the insured is in breach of policy terms and conditions. It renders all policy conditions null and void, thus giving room to insureds to get away with breaches of conditions under insurance policies.

The Insurance Act embraces rule based model of supervision as opposed to modern models like Risk Based that respond to specific risks that entities are exposed to. In order to keep up with the emerging trends, a consultant has been hired to overhaul the Insurance Act and give proposals on amendments. In the meantime as the overhaul exercise is bound to take considerable time, the Authority has adopted a quick win strategy of continuous review of the Insurance Act, making recommendations to the Minister of Finance for inclusion in the annual Budget.

4.2.3 Slow Legislative Process

Respondents stated that the Authority regulates an industry where liability matters are determined in court after a lengthy and slow judicial process. The court awards are also marred with inconsistencies even where injuries are of a similar nature. Both fraud and corruption in the judicial system has increased the burden on the underwriters to settle unauthentic claims. This trend is escalated by ambulance chasers who collude with medical practitioners, police stations and other officials to lodge fictitious claims to the Insurers. The challenge is that of differentiating the genuine claims from the fictitious and especially where the court is quick to pass judgment before full investigations are carried out by the insurers. Plans to set up an Insurance Antifraud Unit similar to that of the

Central Bank of Kenya are underway. This will see insurers refer all suspicious claims to the Antifraud unit for investigation and prosecution.

To counter the challenge of the slow legislative process, the Authority sought approval for structured compensation under CAP 405. The implication is that compensation for injury claims will be predetermined and this will result to major reduction in litigation matters as common law suits will be outlawed. In addition, there will be consistency in the amounts payable as compensation for similar injuries.

4.2.4 Low Insurance Penetration and Negative Perception

The respondents noted that penetration of insurance was low and attributed this to the low level of awareness on insurance products and the negative perception by the consumers. According to IRA's annual report for 2008, insurance penetration stands at 2.7%. Respondents advised that the negative perception emanates from the observation that insurers do not keep their promise to settle claims and where they pay, it is after long delays. To boost the protection and perception of policy holders and spur growth in the insurance sector, various amendments were effected under the Insurance Act. Among the key amendments is the imposition of 5% penalty on companies which do not settle claims within 90 days after such claims have been determined by a court of law. This will compel insurers to hasten the claims settlement process which will reduce the negative perception that, insurers do not pay claims when they fall due.

The Authority has committed substantial resources to educate the public on the benefits of buying insurance to protect lives and properties against unforeseeable perils. The Authority has also set minimum premiums to encourage the industry players to compete on quality customer service and not price. Insurers are encouraged to respond to the consumer needs by innovating products that meet their needs. In this regard, a Policy , Research and Development division was created to carry out the function of planning, designing, coordinating and conducting research studies and surveys with a view to enhancing development of the Insurance industry.

4.2.5 Poor Corporate Governance

The respondents informed that poor corporate governance has led to the folding up of several insurance companies and this has impacted negatively on the insurance sector. Some insurance companies are family owned and decisions made are not in the best interest of the policy holders. From the audits carried out, it is evident that members of the Board do not have the expertise in Insurance , Finance, Actuarial science and Banking as required by section twenty (20) of the Insurance Act. The role of the Board is in some cases not clear and overlaps with that of the management. The size of the Board is also not big enough to have enough committees. Meetings held by the board do not focus on the right issues such as strategy, risk, ethics, reputation and succession just to mention a few.

The Authority has responded to this by providing guidance to insurance companies. This is mainly through training on good corporate governance. In addition, it carries out comprehensive evaluation of companies' overall corporate governance policies. Compliance checks are regular to ensure observance of Section twenty (20) of the Insurance Act on suitability and qualification of directors, adequacy of size to cater for Board committees, mix of skills and competencies and appointment of principal and other key officers. To eliminate possibility of having family owned entities, the Authority sought to have the Insurance Act amended to limit ownership by any family to 25% by 2011. This was introduced through the Finance Act, 2009 in respect of definition of share capital, indirect control and beneficial ownership.

4.2.6 Inadequate ICT Infrastructure

Respondents to the study stated that the Authority has invested in an ICT infrastructure where all staff have access to the internet and e-mail. Training of staff on IT skills is ongoing however, the current infrastructure is however not adequate to address the current and future needs of IRA. The Insurance Industry has not fully embraced the benefits of Information Technology and therefore has limited ability to improve efficiency and cut costs. Most of the data submitted to the Authority is manually generated and its accuracy cannot be guaranteed.

In order to encourage the insurers to embrace modern technology , IRA through legal notice number 83 of 2010 obtained exemption from paying income tax on funds contributed by members of AKI to develop an Integrated Motor Insurance Data base System (IMIDS). Once developed and implemented, the industry will benefit by sharing data and therefore minimize losses through fraudsters who collude to defraud the industry. The Authority hired a consultant to assist in ICT Strategy formulation. This will see automation of the business functions and also inter link with the industry for real time access of data. This will minimize data manipulation by the insurers and guarantee accurate reporting of performance. By amendment of Section 61 of the Insurance Act , a new subsection (4A) was inserted allowing the Authority to prescribe the manner of submission of the annual accounts which may be submitted through the use of Information Technology.

4.2.7 Inadequate Capital Base

The respondents informed that some insurers are struggling to raise the capital base to the required levels. Section twenty three (23) of the Insurance Act requires insurance companies underwriting general and life business to maintain a capital base of Kenya shillings 300 million and 150 million respectively. A composite insurance company is required to maintain a minimum capital base of 450million Kenya shillings. Some companies are considering mergers but getting a suitable partner has remained a challenge. Previously, the capital requirements had been Kenya shillings 100 million for general business and 50 million for life business.

The respondents informed that while IRA is following up the insurers for compliance, adoption of Risk Based Supervision as opposed to Rule Based Supervision will see each company maintain capital base commensurate with the risks it is exposed to. According to the respondents, one of the risks affecting operations of insurance companies has been noted to be the liquidity risk. It arises from a firm's inability to meet its financial obligations as and when they fall due without incurring unacceptable losses or at the risk of damaging the firm's reputation. It is reflected in the extent to which potential cash outflows may exceed potential cash inflows over a given time period. Respondents advised that some insurers invested heavily in assets that were not easily convertible to cash, a scenario that resulted to their collapse.

4.2.8 Insufficient Human Resource

The respondents to this study informed that IRA staffing stands at sixty seven (67) which is not adequate for effectively carrying out its mandate of supervising, regulating and developing the insurance industry. With the anticipated growth of 5% by year 2012, there has been an obvious need to match the new developmental demands with capacity in human resource. In this regard, the Authority has been recruiting highly qualified staff to meet the emerging capacity needs. The selected staff undergo training to equip them and ensure they acquire all the skills required to perform their tasks.

4.3 Benchmarking

In order to bring international outlook in its role of supervising and developing the insurance industry, IRA cooperates with other Financial regulators at all levels, both local and international. The respondents explained that relations established with other regulatory bodies provide forums for sharing information and networking to tackle global challenges in insurance regulation. Further, study tours are organized to facilitate sharing of ideas and information with other regulatory agencies.

4.4 Impact of Challenges on IRA

The challenges identified in this study have impacted negatively on IRA. Collapse of insurance companies underwriting PSV business has contributed to the poor perception of the insurance industry. This is mainly due to inability to meet financial obligations to policy holders and other insurance beneficiaries. As a regulator, IRA is perceived to have done little to alleviate the negative perception. The study carried out however shows that the problem of managing PSV business is beyond the Authority. Ambulance chasers, medical practitioners and police officers collude to defraud the insurers and the court awards when given appear exaggerated and inconsistent with injuries suffered. Government intervention has been sought in order to come up with a lasting solution. The slow legislative process implies that consumers of insurance services have to wait for long before their claim disputes are resolved in the court of law. In addition, the consumers have had to contend with high costs of filing suits. This has contributed to the negative perception of the industry and IRA. The newly introduced structured compensation for victims of road traffic accident will ensure that claims are settled within reasonable time without using the lengthy court procedures. This will improve the image of the Authority and the industry .

The legal framework defined by the Insurance Act has resulted to inflexibility in the way registered members are supervised and regulated. Currently , the Authority relies on rule based supervision meaning for example, all insurance companies have to meet the same capital requirements, irrespective of their size and their exposure to risks. It is hoped that transition to Risk Based Supervision will transform the way the Authority is perceived by the insurance industry players and impact positively on the consumers.

CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Summary

The objectives of this study were to determine the challenges faced by IRA in the insurance regulation and to establish the strategic responses employed in dealing with the challenges. The following were the findings from the data that was collected and analyzed.

5.2 Challenges faced by IRA and responses to them

The study found out that the high risk of insuring Public Service Vehicles was attributed to the indiscipline of the drivers, increased fraud and ambulance chasing, poor corporate governance and high court awards. Plans to set up an Insurance Antifraud Unit similar to that of the Central Bank of Kenya are underway. This will see insurers refer all suspicious claims to the Antifraud unit for investigation and prosecution.

The legal framework governing insurance regulation in Kenya does not sufficiently equip IRA to regulate, supervise and develop the insurance industry. There is need to harmonize it with other legislations as well as expand it in order to incorporate new channels of insurance distribution, adopt Risk Based Supervision as well as respond to other emerging challenges. The inadequacy in the legal framework has resulted to the appointment of a consultant to oversee the overhaul of the Insurance Act.

The slow legislative process has contributed to the negative perception of the industry as courts take unduly long to determine liability on legal matters. In the 2009/2010 budget, CAP 405 was amended to allow for structured compensation which outlaws litigation process. The amounts payable by Insurers for injuries suffered by claimants are predetermined thus speeding the settlement of injury claims and nullifying the need for lengthy court procedures to determine liability and quantum.

Low level of insurance penetration and awareness posed a major challenge to its role of regulating and developing the insurance industry. In response, the Authority has initiated Consumer Education campaigns nationally and is collaborating with the other Financial regulators through memorandums of understanding in order to increase the capacity to spread its roots to the public.

Poor corporate governance has largely contributed to collapse of insurance companies in the past. The Authority has embarked on training of Board members on good corporate governance and has also intensified supervision of the insurers to ensure compliance with section 20 of the Act on suitability and qualification of directors, adequacy of size to cater for Board committees, mix of skills and competencies and appointment of principal and other key officers. To eliminate possibility of having family owned entities, the Authority sought to have the Insurance Act amended to limit ownership by any family to 25% by 2011. This was introduced through the Finance Act, 2009 in respect of definition of share capital, indirect control and beneficial ownership.

Insurance industry has not fully embraced the benefits of Information Technology and therefore has limited ability to improve efficiency and cut costs. Most of the data submitted to the Authority is manually generated and its accuracy cannot be guaranteed. IRA through legal notice number 83 of 2010 obtained exemption from paying income tax on funds contributed by members of AKI to develop an Integrated Motor Insurance Data base System (IMIDS). Once developed and implemented, the industry will benefit by sharing data and therefore minimize losses through fraudsters who collude to defraud the industry.

Maintenance of the required capital base, Kenya shillings:300 million for general insurance companies and Kenya shillings 150 million for life insurance companies has not been without challenges for the insurers. Undercapitalizing has implications on the insurers ability to meet its financial obligations.. IRA is encouraging insurers to merge in order to meet the requirements. It is also introducing Risk Based Supervision that will see insurers maintain a capital base commensurate with the risks they are exposed to.

Due to the increased need to intensify supervision to ensure compliance with the Insurance Act, the Authority has been recruiting highly qualified staff to meet the emerging capacity needs. The selected staff undergo training to equip them and ensure they acquire all the skills required to perform their tasks. International benchmarking has also provided forums for assessing performance and practices of other regulatory bodies and the Authority has adopted practices that have worked well in those jurisdictions.

5.3 Conclusions

Challenges faced by IRA in its role of insurance regulation are diverse, they include inadequacy of the legal framework, high risk of insuring public service vehicles, poor perception of the insurance industry, poor corporate governance and slow legislative process. The strategic responses adapted include review of the Insurance Act to allow for emerging trends, alternative means of compensating victims of road traffic accidents, public campaigns to educate the public on the importance of insurance, training on good corporate governance through workshops, research to come up with innovative products and bench marking to borrow good practices from other jurisdictions.

5.4 Recommendations

IRA has invested heavily on staff training to ensure that they acquire the right skills to enable effective regulation, supervision and development of the insurance industry. Training Needs Assessment should be carried out in order to align training to the objectives of the Authority. There is need to carry out frequent inspections on regulated entities and especially those that show signs of weakness. Building capacity to promptly respond and offer guidance to frail entities will build confidence in the public and change the perception of the industry. Despite being in existence for the last three years, the level of awareness about IRA and its role is quite low. Campaigns for creating awareness need to be intensified and coordinated for maximum output.

5.5 Limitation of the study

The respondents to this study were senior managers in the Authority. Getting suitable time to interview them proved difficult as some had to attend to official duties away from the office. Once back, their schedules were very tight necessitating rescheduling of appointments for interviews.

5.6 Suggestions for further studies

From the study carried out, it was observed that the senior management interviewed was relatively new in the Authority whereas the middle level management comprised of old staff. The new staff must have brought new styles of working and also faced the possibility of resistance to change by older staff. In addition, having been a department under the Ministry of Finance prior to its formation in 2007, IRA must have faced challenges in its transition to an Authority with the extra mandate of developing the insurance industry. In view of the change in staffing and role, a study to establish the change management styles adopted at the Authority may be considered in the future.

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APPENDIX I LETTER OF INTRODUCTION

06 SEP 2010

6th September 2010

8/9.

The Chief Executive Officer
Insurance Regulatory Authority
P . O. Box 43505
NAIROBI.

Dear Sir,

RE: PERMISSION TO COLLECT DATA

I am a postgraduate student currently undertaking a Master of Business Administration degree at the University of Nairobi. My area of specialization is Strategic Management .

As part of my course work, I am required to submit a research project report on a management problem . My topic of research is " **Strategic Responses to challenges of Insurance regulation by the Insurance Regulatory Authority"** In order to commence the research , I seek your authority to interview key members of staff on the responses undertaken in responding to the challenges of Insurance regulation. My target respondents are as highlighted on the attached interview guide and include your office, Corporation Secretary and Legal affairs manager, Technical manager, Human Capital Development and Administration manager, Policy Research and Development manager, Heads of ICT and Corporation Communication .

The information gathered will be for academic research purpose and copy of the final report will be availed to your office upon request.

I look forward to your favourable response .

Your faithfully

Monicah Thirima

APPENDIX II :INTERVIEW GUIDE

This guide is designed to collect views on challenges and strategic responses of IRA to insurance regulation in Kenya .

SECTION A

Please answer the questions in this section in as far as they relate to your area of responsibility.

1. Technical Manager

a) Do you experience any challenges in carrying out your mandate of supervising, regulating and developing the insurance industry? If yes, which ones ?

b) Explain how the challenges have been experienced.

c) Can you please explain how you have responded to the challenges of meeting IRA's mandate?

d) How has the government assisted IRA to meet its mandate ?

e) To what extent has IRA realized its mandate?

f) Are there some challenges that you have not responded to ? why?

g) What are you intending to do about the challenges that you have not responded to ?

h) What is the role of the strategic planning at IRA?

i) Has IRA undergone major reorganizations? If yes, what are they?

j) Do you feel the strategic responses adopted have been adequate? Explain?

2. **Head , Information Communication & Technology(ICT)**

a) What challenges does IRA face with the rapid change in information technology ?

b) How does IRA respond to changes in Information technology?

c) In terms of adopting to new information technology, does IRA lag or lead its stakeholders?

d) Has technology changed the way insurance is sold in Kenya?

e) Has IRA encouraged use of ICT ? if yes, how?

f) What internal ICT challenges has IRA faced ?

3. **Corporation Secretary & Legal Affairs Manager**

a) How has the Insurance (Amendment) Act of 2006 enabled IRA to meet its mandate of supervising , regulating and developing the insurance industry ?

b) Are legislative frameworks adequate to meet IRA mandate?

c) If not, which areas need further legislative reforms to fill in the gaps or strengthen the regulatory function?

d) What are the challenges faced in the regulatory framework for resolving disputes and

complaints ?

e) What strategic responses has IRA adopted to deal with challenges in the legal framework?

4. Assistant Manager, Surveillance section

a) What challenges has IRA encountered in enforcing standards by the industry players?

b) What strategies has IRA adopted to deal with the challenges?

c) How has IRA encouraged and managed competition in the market?

d) How has technology impacted the way insurance is sold in Kenya?

e) How does IRA regulate premium rates ?

f) Are there mechanisms for preventing undercutting of insurance rates?

g) How has global economic meltdown affected regulation of insurance in Kenya ?

h) What strategies has IRA adopted to minimize effects of economic meltdown?

5. Manager, Human Capital Development & Administration

a) What human resource challenges has IRA encountered in its mandate of supervising , regulating and developing the insurance industry?

b) What measures has IRA put in place to develop good corporate culture.?

c) Are there any Human Capital Development needs ? If yes, which ones?

d) Have you reviewed organizational structure and skills mix to meet the requirements of IRA ?

e) Do you have quality management systems? If yes, are they adequate? Explain the quality management systems used by IRA .

f) What measures has IRA taken to improve the quality of service delivery?

6. Corporation Communication Officer.

a) How has IRA undertaken education and awareness campaigns to sensitize the public on its mandate?

b) Does the management effectively communicate the strategic plan of IRA? Yes or No?

c) If yes, what form of communication and how regularly ?

d) Is the communication strategy currently in use adequate to enable IRA realize its mandate? If no , what strategies are in place to improve on public education and awareness of the need for insurance ?

7. Policy , Research & Development Manager

a) What is the rate of insurance penetration in the market ?

b) Is this adequate?

c) If not, what strategies have you adopted to increase penetration?

SECTION B: CHALLENGES FACED BY IRA AND THEIR STRTEGIC RESPONSES

All respondents to answer

1. As an Insurance Regulator, what challenges is the Authority facing ?
2. What mechanisms has IRA put in place to detect challenges in the insurance sector?
3. How has IRA responded to these challenges ?
4. What factors have facilitated IRA's efforts in responding to the challenges in the insurance sector?
5. What factors have hindered your efforts in responding to challenges in the insurance sector?