

**THE EFFECT OF INSURANCE AGENTS IN INSURANCE  
PENETRATION IN KENYA**

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**A Research Project Presented in Fulfillment of the Requirements for  
the Degree of Master of Business Administration,  
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## DECLARATION

This research project is my own work and has not been submitted for award of any degree in any other university and where other people's research work has been used, they have been duly acknowledged.

Signed.....

Date.....

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D61/68407/2011

This Research Project has been submitted with my approval as the University Supervisor.

Signed.....

Date.....

Mr Joseph Barasa

University Supervisor

## **ACKNOWLEDGENT**

I would like to thank my supervisor Mr Joseph Barasa for his intellectual guidance throughout the period this study has been conducted. I would also like to recognize the input of my parents who have been willing to make sacrifices to make this project and my graduate studies a reality through their continued financial support. Special recognition ought to go to my employer WIAEA audit firm for accommodating my graduate studies.

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## **DEDICATION**

To

My Loving Mother

Rosalind Wambui Ngoima

(Your comforting words have encouraged me to see this project to completion)

My Caring Father

Geoffrey Kang'ethe Ngoima

(Your words of counsel have guided me throughout my academic journey)

## **ABSTRACT**

The insurance industry in Kenya is characterized by a high rate of failure. It is also one of the fastest growing industries in Kenya regulated by a semi-autonomous regulator IRA setup in 2008. The industry has experienced growth in recent years due in part to the contributions of intermediaries in their industry. Insurance penetration is the most common measure of growth in the industry and is measured by the amount of insurance premiums paid by all policyholders as a percentage of GDP. Innumerable environmental influences affect the industry but for purposes of this study the researcher studied insurance intermediaries.

This study looked into the effect of insurance intermediaries (agents/brokers) in insurance penetration in Kenya. A descriptive research design has been employed with the use of questionnaires to enable the researcher describe and analyze data obtained. The results therefore will help the various stakeholders in the industry address the underlying issues that may impede the growth of the industry. Policy recommendations have been put forth pursuant to this and will help to mitigate against some of the issues identified.

The study's target population was the 45 insurance companies all of whom were administered questionnaires. Out of the 45 administered questionnaires, 39 were filled and returned. The results derived thereof indicate that the roles of insurance intermediaries (market maker, transformation agents, reduction of participation costs & service provision) show a goodness of fit as indicated by co-efficient of determination ( $R^2$ ) to be 0.7338. This result therefore indicates that the aforementioned roles of insurance agents explain 73.38% of the insurance companies' penetration in Kenya.

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## **ABBREVIATIONS**

AIBK	Association of Insurance Brokers of Kenya
CBK	Central Bank of Kenya
CBS	Central Bureau of Statistics
GDP	Gross Domestic Product
PSV	Public Service Vehicle
IFRS	International Financial Reporting Standards
IRA	Insurance Regulatory Authority
SMES	Small and Medium-sized Enterprises



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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

The Insurance Industry as we know it today evolved over several centuries based on changes in need, laws, regulations, business practices and technology. Insurance is both a risk shifting & risk sharing device. It is an agreement whereby for a consideration (the premium), an individual or organization (the insured) is guaranteed to be reimbursed by the insuring organization (the insurer) (Lassan,Litan & Pomerleano,2011).

In any economy insurance plays a vital role in that it covers economic & financial risk arising out of certain events. The buyer of insurance faces the daunting task of first deciding what sort of insurance protection is needed given the risks faced, and then comparing policies offering alternative coverage at different prices from several insurers with different levels of credit risk and varying reputations for claims settlement and policyholder services(Cummins & Doherty,2005).

In most insurance transactions, there is an intermediary, usually an insurance agent or broker, between the potential buyer and the insurer. In insurance markets, the intermediary plays the role of market maker helping buyers to identify their coverage and risk management needs and matching buyers with appropriate insurers. The role of the intermediary is to scan the market, match buyers with insurers who have the skill, capacity, risk appetite, and financial strength to underwrite the risk, and then help their client select from competing offers (Cummins & Doherty, 2005).

Price is important but is only one of several criteria that buyers consider in deciding upon the insurer or insurers that provide their coverage. In addition to this, breadth of coverage offered by competing insurers, the risk management services provided, the insurer's reputation for claims settlement and financial strength, and other factors are equally as

important. Within the past few months, controversy has arisen about the role of intermediaries in insurance transactions. In particular, it has been alleged that the compensation of agents and brokers through contingent commissions, often related to the underwriting quality or volume of business placed with an insurer, constitutes an anti-competitive practice that is detrimental to buyers (Spitzer 2004, Hunter 2005).

In the USA Insurance intermediaries are very large in number; currently there are approximately 39,000 independent agencies and brokers. In 2003, the independent intermediaries (independent agents and brokers) controlled 67% of commercial lines property-casualty business and about 33% of personal lines business. The dominance of independent distributors in commercial lines reflects the fact that loss control, claims settlement, and other services in these lines tend to be relatively complex, such that independent distributors have an important role in placing coverage's and providing services to buyers. In personal lines, where coverage's and services tend to be simpler and more homogeneous, the exclusive agency and direct writing insurers have a dominant market share due to lower distribution costs and other factors(Entin,2004).

### **1.1.1 Insurance Agents**

Distribution of insurance is handled in a number of ways. Insurers can market their products directly or through distribution channels. The most common of these distribution channels are individual agents, corporate agents (including bancassurance) & brokers. Insurance intermediaries are often categorized as either insurance agents or brokers. The distinction between the two relates to the manner in which they function in the marketplace. Insurance agents sell exclusively the products of a certain insurance company whereas insurance brokers are legally independent from insurance companies. Insurance brokers are often referred to as the insured's agent (Kogi & Maragia, 2011). This study will consider the effect of both insurance intermediaries (agents & brokers) in insurance penetration in Kenya.

### **1.1.2 Insurance Penetration**

Insurance penetration is the amount of insurance premium in a country expressed as a percentage of the GDP. It can be worked out separately for life & general business or any other class of insurance business. The penetration rate indicates the level of development of insurance sector in a country. The higher the penetration rate is the more developed the insurance market in that particular country is. Insurance penetration in Kenya is still low & this has been attributed to low level of awareness in the market about its benefits & the misconception that insurance is only for the affluent members of society. In addition to this, a general lack of a savings culture, inadequate tax incentives & a perceived credibility crisis of the industry in the eyes of the public particularly with regard to settlement of claims have been cited as probable causes for a low insurance penetration in Kenya (Kogi & Maragia, 2011).

### **1.1.3 Insurance Agents & Insurance Penetration**

The marketing mechanism in the insurance industry revolves around the agent (Vaughan & Vaughan, 2008). Insurance agents, brokers especially often play the role of developing different products especially corporate products which are then underwritten by insurance firms, depending on the products on offer & the specialized line of business of insurance company. Therefore the theoretically expected relationship between insurance agents & insurance penetration is that an increase in input by insurance agents will be positively correlated with increased insurance penetration.

### **1.1.4 The Insurance Industry in Kenya**

The history of the development of commercial insurance in Kenya is closely related to the historical emancipation of Kenya as a nation (Throup, 1988). Kenya being a former British colony had as its first insurers British underwriters. The first insurers included Smith Mackenzie & Co who started out in 1901, Sydne & C. Fichart in 1905, Provincial Insurance in 1949 & the East African Underwriters in 1954 (Njenga, 2011). Some of the modern day insurance brokers in Kenya have their roots in pre-colonial days including

Alexander Forbes Insurance Brokers (formerly Colin Hood Insurance) & AON Minet Insurance Brokers (formerly J.H.Minet & Co of United Kingdom) (Njenga, 2011).

These early insurers were regulated by the Companies Act only which required all companies to keep books of accounts and have these books audited. The Insurance Act was drafted in 1984 and operationalized 3 years later. The act made provision on minimum capital requirements, local incorporation, reinsurance arrangements, financial statements, solvency and mergers. The role of insurance brokers i.e. intermediaries in Kenya was recognized by the Insurance Act Cap 487 of 1984 later revised in the year 2002. The eleventh schedule of the Act recognized the revenue earned by insurance brokers as 25% maximum of the premium earned.

The insurance industry in Kenya lags behind banking and capital markets. The industry is plagued by slow growth due to lack of innovation. The main source of premiums remain in the general insurance business lines such as motorvehicle, fire & burglarly. Insurance agents deal with products from a sole insurer and often face stiff competition from the bancassurance mode of distribution of insurance products. Bancassurance describes a scenario whereby banks act as insurance intermediaries due to their wide customer base & branch network (Wanjala, 2012).

Insurance brokerage units are the key component of the underwriting business as they have the capacity to drive insurance uptake by offering a wide range of products. All insurance brokers in Kenya are under a professional indemnity cover which therefore implies that they can be sued in the event of breach of conduct. In addition to this all registered insurance brokers must be a limited company & must submit three million shillings to CBK as a guarantee to the IRA in case of misconduct (Wanjala, 2012).

The insurance industry has of late began to be more creative and innovative by developing new products and selling strategies. Gateway Insurance Company has introduced a pay as you drive product. This is a concept that has been successfully adopted in other countries such as South Africa, Egypt, Israel & America. Under this

agreement a motorist will pay insurance premium for the number of kilometers they drive. Other examples of creativity within the industry include Jubilee Insurance in partnership with Eagle East Africa introducing a student accident cover. CIC Insurance has partnered with Micro-Finance Insurance Group, Kenya Women Finance Trust & National Hospital Insurance Fund to drive up its product uptake. The same company has also launched M-Bima an insurance premium payment instrument that rides on mobile money transfer platforms such as M-Pesa in a bid to reach the mass market. The concerted focus on microfinance is because it offers the greatest opportunity for the industry to reach a wider population & contribute to poverty alleviation (Wahome, 2011).

## **1.2 Research Problem**

The insurance industry in Kenya has often been characterized by the high rate of failure. Several insurers have gone under especially in the mid 1990s mostly due to what many termed the PSV mess. Notable collapses include Access Insurance Company, Lakestar Insurance Company, United Insurance Company, Invesco Assurance & United Insurance were placed under statutory management, while the rest were liquidated (Njenga, 2011). Insurance players have often blamed their lackluster performance to lack of professional input. This means that insurance intermediaries ought to be innovative and aggressive to push insurance uptake.

Agency theory has been significantly expanded during the last several years. However, the central identified functions of insurance agents in the literature all have one thing in common: they incorporate only economic aspects. Other, non economic functions, particularly social functions, have not been dealt with, even though social functions play an important role, especially in the agent-customer relationship. Allen and Gale, (1997) point out, for example, that the complex problems involved in delegating decisions to an agent, when the client does not fully understand the nature of the problem being solved, can be overcome by long term relationships. The trustworthiness and independence of agents, and personal relationships built on trust, may become very important in an agent-customer relationship, especially in the long run. However such social functions depend very much on individual customer needs and expectations.

This leads to a second limitation of current intermediation research. The research to date generally focuses on the general concept of intermediation, describing or developing products and services from a supply-oriented perspective. The customer's view of the agent's performance, and all the implications thereof, has been ignored. To fill this gap, the study will examine insurance intermediation by including the customer's perspective regarding relevant and future functions of insurance agents. The theoretical concept of customer value is an approach that can help identify and analyze such functions from a customer point of view.

Large-scale changes in the market point out the challenges the future will bring for agents in the insurance industry. On the one hand, inefficiencies in insurance markets are partially defused by the global emergence of modern information and communication technology, which, at least theoretically, should lead to a reduced demand for intermediation. On the other hand, other contextual changes in the industry, such as the deregulation and liberalization of insurance markets, have resulted in greater product differentiation and correspondingly lower market transparency, which in turn increased demand for agents. Hence agents still play a decisive role in facilitating the exchange between consumers and providers of insurance services. However, debates such as the discussion about new fee-based payment systems indicate that agents need to reconsider their function in order to provide added value beyond direct exchange. Focusing on the relationship between agents and the insured this study seeks to determine the effect of insurance agents in insurance penetration in Kenya.

### **1.3 Objective of the study**

- i. To determine the effect of insurance agents in insurance market penetration in Kenya.



## **1.4 Value of the Study**

The study sought to find out the various challenges facing insurance companies' market penetration in Kenya. The study will show how insurance intermediaries have helped to enhance insurance penetration by reaching the frontiers that wouldn't have been reached had it not for their input. This will increase and build on the existing theory and knowledge and update this theory on the changes that insurance firms are going through as it develops by the day.

This study will also be important in policy formulation. The Kenyan government will find the findings of this research particularly useful in its efforts to help the insurance industry grow. The government may modify the regulatory framework to further enhance insurance intermediaries' participation.

In practice, this study will be of importance to the insurance firms because they will know how much they are gaining through their exclusive agents by reaching that extra person they would not have reached had they not engaged agents.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses the various theories relevant to insurance agency, gives an overview of insurance agency including the rationale for the same. It addresses and reviews past studies on the subject and critically reviews relevant literature on this area.

#### **2.2 Theoretical Literature Review**

This study will be based in the following theories that the researcher deems necessary for his research.

##### **2.2.1 Principal-Agent Theory**

The study is based on principal agent theory developed by Logan, (2000) which is based on the separation of ownership and control of economic activities between the agent and the principal. He explains further stating “the focus of the agency theory is on developing the most efficient contract governing the principal-agent relationship assuming self-interested people & corporations.” The assumptions of the agent theory about the agent’s behavior are negative. The principal is assumed to be risk neutral since they can diversify their risk through their investments. The principal therefore adopts various incentives systems i.e. outcome based e.g. rewarding agents upon reaching set targets by offering them stock options or behavior based incentives. The principal can also use threat of hostile takeover as a means of realigning agent’s interest to their own.

The theory postulates that various agency problems may arise, such as asymmetric information between the principal and the agent, conflicting objectives, differences in risk aversion, outcome uncertainty, behavior based on self-interest, and bounded rationality. The theory further argues that the contract between the principal and the agent

governs the relationship between the two parties, and the aim of the theory is to design a contract that can mitigate potential agency problems. One of the early tests of this theory was done by Fredrick Taylor who made observations' that workers in repetitive tasks increased their productivity when piece rate compensation system was adopted as opposed to salaries. This thus represented the most efficient contract that aligns the agent's interests (workers) to that of the principal (shareholders).

The "most efficient contract" includes the right mix of behavioral and outcome-based incentives to motivate the agent to act in the interests of the principal (Logan, 2000). The alignment of incentives is an important issue in insurance agency. Misalignment often stems from hidden actions or hidden information. However, by creating contracts with insurance intermediaries that balance rewards and penalties, misalignment can be mitigated (Narayanan and Raman, 2004).

This inability to monitor constantly what the agent is doing leaves some freedom for the agent to act on his/her own behalf. Thus, the firm's management might be tempted to do things that enhance their prestige, extend their personal tenure, or simply redirect money and resources to themselves, rather than creating value for the shareholders. This theory is particularly relevant to this study since insurance brokers act as the insured's agent whereas insurance agents act on behalf of their principals(insurance companies).The compensation brokers receive in the form of insurance commissions helps to realign their interests to those of the insured. It is essential that this principal-agent relationship between the insured and broker is maintained so as to drive insurance uptake.

### **2.2.2 Financial Pricing Theory**

Financial pricing theory was developed by Myers and Cohn, (1987). Financial theory assumes that insurers operating in competitive insurance and financial markets will collect premiums sufficient to cover the expected losses and expenses from issuing insurance policies as well as a profit loading sufficient to cover the cost of capital (i.e., the economic cost of bearing risk). Expenses that are passed along in this model include

all commissions, administrative expenses, and taxes, including corporate income taxes. Thus, under financial pricing theory, the pass-through rate for all types of commissions would be 100%, and insurers on average would earn a fair competitive rate of return equal to the cost of capital.

The financial pricing result hinges on the hypothesis that insurance markets are competitive, such that insurers do not on average earn profits in excess of the cost of capital. Most economists who have evaluated insurance markets have concluded that property-casualty insurance markets are competitively structured. Thus, the prediction of this theory is that 100% of the commissions would be passed through to buyers. There are few if any early tests of this theory.

The amount of the commission that actually is passed along to buyers depends upon whether conditions in the insurance market more closely resemble those assumed in the micro-economic tax incidence literature, where commissions represent deadweight costs and there are some monopoly profits earned by insurers, or those assumed in the financial pricing literature, where commissions are expenses for services rendered and insurance markets are competitive. This theory is particularly relevant to the current study as it helps in evaluating the competitive structure of the insurance industry in Kenya.

### **2.3 Empirical Literature Review**

Rejda, (1995) in his study on market imperfections in insurance market argues that insurance markets are characterized by various market failures, which arise to a great extent from uncertainty and information asymmetries between the two market sides. Most research in this field deals with the economic consequences of adverse selection and moral hazard phenomena due to private information on the side of the insured parties. This study is of great importance since it illustrates the need for intermediation in the insurance industry to reduce information asymmetry hence uptake of insurance products.

Chiappori & Salanie, (2000) described a set of positive correlation tests for asymmetric information. In their study they compared claim rates for consumers who self selected

into different insurance contracts. They found out that consumers who selected more insurance coverage have higher claim rates conditional on all information available to insurers. This was interpreted to mean that either consumers had prior information about their exposure risk(adverse selection) or purchasers of greater coverage took less care (moral hazard).Tests for asymmetric information provide valuable descriptive information about the workings of an insurance market but have limitations. These studies on asymmetric information lack a clearly specified model of consumer preferences, are relatively uninformative about market efficiency or about the welfare impact of potential market interventions.

Rose, (1999) in his study on the factors influencing insurance market performance also argue that because of the high search costs to acquire and process reliable information about insurance products and companies necessary to take a rational decision, insurance agents have cost advantages compared to individual customers. They can realize economies of scale and scope by fixed cost investments in human capital and technology to assess the information about product prices, performance, and terms. Besides, they can realize gains from specialization and dynamic economies of scale due to learning effects.

Traub (1994) in his study on the effect of insurance agents on consumers also identified that insurance agents will provide more relevant information to the consumers which amounts to more high-quality information and advisory services. But the services provided by insurance agents are again experience and credence goods. So the relationship between insurance agent and customer is itself characterized by information asymmetries. To assess the quality of the services provided by the agent again requires special knowledge and hence search efforts of the individual decision maker. Information asymmetries exist with respect to the extent to which an agent has actually acquired the available information about insurance companies and their products and to the extent that his or her recommendations are not distorted by self-interest.

Bosselmann (1994) in his study on policies and insurance penetration finds that the information and advice given by the agent might be distorted due to his or her self-

interest in favour of such insurance policies which grant him or her high commissions. Whether hidden characteristics, action, and information are more relevant with respect to insurance agents than to insurance agents is mainly an empirical question.

Allen and Gale (1997) point out, for example, that the complex problems involved in delegating decisions to an agent, when the client does not fully understand the nature of the problem being solved, can be overcome by long term relationships. The trustworthiness and independence of agents, and personal relationships built on trust, may become very important in an agent-customer relationship, especially in the long run. However such social functions depend very much on individual customer needs and expectations.

Allen and Santomero (1998) suggest that participation costs are very important in understanding modern agents and their new roles. According to these authors, participation costs include much more than simply the time involved in making financial decisions, but are also understood to include acquiring and using expertise (Allen and Santomero, 2001). This is relevant cost consideration for firms—especially those operating internationally—as the level of sophistication and specialization required to execute complex risk trading and risk management operations is very high. For small- and medium-sized companies with little or no expertise in the field of risk and insurance, the agent function of “reducing participation costs” can be especially significant.

Several local studies have been conducted in the field of insurance. Most focus on the strategies that insurance companies need to adopt in order to increase uptake of their products. Mirie, (1987) however focused on lack of formalized marketing activities in the insurance sector. Her study sampled two populations (i.e. insurance agents & insurance companies) for the purposes of measuring their perceptions. The perceptions of the respondents were measured by use of semantic differential scales. The findings of her study were that 76% of the insurance agencies represented at least one insurance company with a well developed marketing department, 70% of the agencies represented at least one insurance company with a slightly well developed marketing department &

63% of the agencies represented insurance companies with no marketing department. This study is still relevant today since agents as insurance intermediaries link insurers to potential customers. The lack of a comprehensive marketing strategy makes distribution of insurance through agents ineffective thus leading to low insurance penetration.

Ndalu, (2011) studied the relationship between economic growth & insurance penetration in Kenya. The study employed a casual study design with the study period being six years from 2003-2008. Secondary data was obtained from published reports from IRA & CBS reports. The study used simple regression analysis to examine the association between economic growth & insurance penetration and a forecasting model was developed & tested for accuracy in obtaining predictions. The study proposed enacting a modern legal framework and designating a special judicial authority to handle insurance related cases as key requirements to enable market development hence increasing insurance penetration and therefore overall economic growth.

## **2.4 Summary of Literature Review**

From the reviewed studies the reality of modern insurance markets has been revealed. Market imperfections i.e. information asymmetries & uncertainty are associated with insurance markets. This has led to the evolution and prominence of insurance intermediaries (i.e. agents & brokers). Studies have shown not only do insurance intermediaries reduce search costs & provide quality information to customers but relationships with them built on trust enhance the functioning of the insurance industry. If the necessary regulatory framework is put in place e.g a special judicial authority to handle insurance related cases as well as a proper marketing mechanism put in place by insurers as concluded by the reviewed studies this will boost the insurance industry's performance.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the strategies that were adopted by the researcher during the study. It provides for the research design, target population, sample design, data collection & data analysis and presentation. The processes were followed for purposes of developing an elaborate understanding of the effect of insurance agents in insurance penetration in Kenya.

#### **3.2 Research Design**

The study adopted descriptive research design. Creswell (2002) observes that a descriptive research survey is used when data are collected to describe persons, organizations, settings, or phenomena. The study aims at observing and describing the behaviour of the subjects under study without influencing it in any way and therefore considers the descriptive research survey to be the most appropriate for this study. Mugenda & Mugenda, (2010) argues that descriptive survey is the best design to use when in a fact finding mission in order to explain a certain phenomenon.

#### **3.3 Target Population**

The population targeted for this study were all the insurance companies registered under the Insurance Act, CAP 487 Laws of Kenya for the year ended 31<sup>st</sup> December 2012. Forty five (45) insurance companies and three (3) reinsurance companies were authorized to transact insurance business during that period. For the purpose of this study, all companies were treated as insurance companies as per the definition in the Insurance Act, that an insurer is “any person registered under this Act to carry on insurance business and includes a reinsurer”.



### **3.4 Sample Design**

A sample is part of the target population that has been procedurally selected to represent it according to Oso and Onen (2009). The sample size of this study was 45 respondents who are the top level managers in insurance companies. The optimal sample size is used to fulfill the requirements of efficiency, representativeness and reliability which a small sample size would not. According to Orodho and Kombo, (2002) a sampling technique is defined as the procedure that a researcher uses to gather things, places or people to study. 45 managers will be all selected to participate in the study because according to Orodho and Kombo, (2002) when the population is small, the whole population is taken as the sample.

### **3.5 Data Collection**

Data collection is any process of preparing and collecting data (Mugenda & Mugenda, 2010). Data is primarily collected to provide information regarding a specific topic. Data was collected using structured questionnaires. A structured questionnaire (Appendix 1) that indicates the set of response alternatives & response formats was employed to collect quantitative data. Open ended questions were analyzed qualitatively & a descriptive statistic such as frequency was assigned to responses. The questionnaires were individually administered to the identified respondents i.e. 45 managers selected to participate in the study.

### **3.6 Data Analysis**

Quantitative techniques were used to collect data. The data obtained from the research instruments was analyzed using descriptive statistics (frequencies and percentages), as well as inferential statistics (Binder & Roberts, 2003). Statistical Package for the Social Sciences (SPSS) version 20.0 was used for data analysis.

Quantitative data was presented in form of charts, tables and graphs. Data was then presented in prose form and the various inferences made. Correlation and regression analysis was used to carry out inferential analysis. Correlation was used to find out to

whether the variables are correlated positively or negatively. Regression analysis was used to find out the direction and extent of these relationships.

The regression equation to be tested was as follows;

$$PIC = \beta_0 + \beta_1MM + \beta_2T + \beta_3RPC + \beta_4SP + \varepsilon_i$$

Where;

PIC = Penetration of insurance companies

MM = Market maker

T = Transformation

RPC = Reduction of participation cost

SP = Service provision

$\beta_0$  = The constant term

$\beta_1 - \beta_4$  = Coefficient of the variables

$\varepsilon_i$  = The error term

#### Penetration of Insurance Companies

Penetration of insurance companies is measured by the sum total of all insurance premiums paid by all policyholders in Kenya expressed as a percentage of GDP.

#### Market Maker

Insurance agents leverage their business volume with individual insurance carriers, thus are able to obtain better terms and conditions for than individual clients thereby smoothing the problem of asymmetric bargaining power between buyers and sellers.

#### Transformation

Insurance brokers often deal with cases where the scale or complexities of risks are not practical for coverage by a single insurer. In these cases, the agent has a pooling or aggregation function (Merton and Bodie, 1995). Agents identify multiple insurers

who are prepared to take on various shares of coverage. This usually leads to a complex negotiation process involving coverage design, pricing, and ultimate business placement.

#### Reduction of Participation Costs

There exist cost considerations for firms especially those operating internationally as to the level of sophistication and specialization required to execute complex risk trading and risk management operations. For companies both large & small with little or no expertise in the field of risk and insurance, the agent function of reducing participation costs can be especially significant.

#### Service Provision

Agents enable their clients to deal efficiently with the increasingly complex variety of financial instruments and markets. Risk management services for example can be especially valuable in the financial intermediation process. Other services that agents offer their clients include claim settlement, captive management, risk modeling, and risk trading.

#### How the variables will be measured

To test the relationship between the variables (market marker, transformation, reduction of participation costs & service provision and their effect on insurance penetration in Kenya), the study adopted both descriptive and inferential analysis. The inferential statistical procedures used in this study are correlation coefficient ( $r$ ) and pearsonian correlation coefficient. The tests of significance to be used are regression analysis expected to yield the coefficient of determination ( $R^2$ ), analysis of variance along with the relevant  $t$  – tests,  $f$  -tests,  $z$  – tests and  $p$  – values. The choice of these techniques was guided by the variables, sample size and the research design. The inferential statistical techniques were done at 95% confidence level ( $\alpha = 0.05$ ). The data was analyzed using the Statistical Package Social Sciences Software (SPSS). Quantitative data was presented in form of graphs and tables.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATION AND PRESENTATION

#### 4.1 Introduction

This chapter is a presentation of results and findings obtained from field responses and data, broken into two parts. The first section deals with the background information of the organizations, while the other four sections present findings of the analysis, based on the objective of the study where both descriptive and inferential statistics have been employed in this analysis.

#### 4.2 Response Rate

From the data collected, out of the 45 questionnaires administered, 39 were filled and returned. This represented 81.25% response rate, which is considered satisfactory to make conclusions for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This implies that based on this assertion; the response rate in this case of 81.25% is very good.

This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants of the intended survey, the questionnaire was self administered to the respondents who completed them and these were picked shortly after.

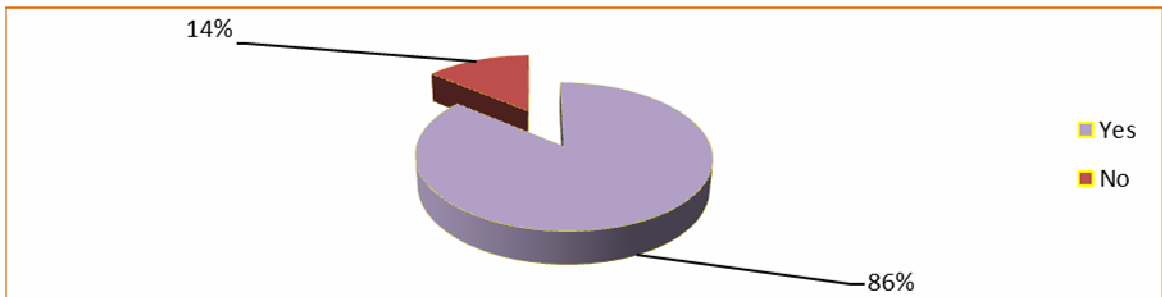
**Table 4.1 Response Rate**

Questionnaires administered	Questionnaires filled & returned	Percentage %
45	39	81.25

### 4.3 Use agents as an instrument for market penetration

The study found it necessary to determine whether insurance companies use agents as an instrument for market penetration. The findings were as indicated in Figure 4.1.

**Figure 4.1 Use agents as an instrument for market penetration**

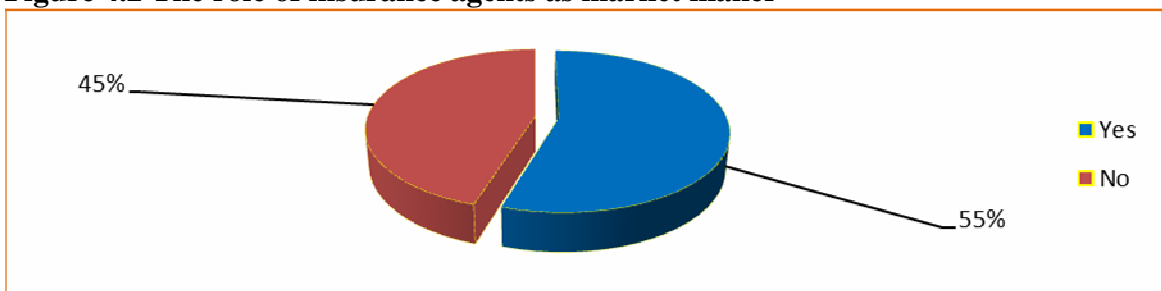


The findings indicated that majority 86% showed that insurance companies use agents as an instrument for market penetration with only few 14% indicating that insurance companies do not use agents as an instrument for market penetration. The findings implies that agents are very important in enabling insurance companies widen their market through market penetration. Respondents further indicated that what motivated them to start engaging agents in their companies were customer demand, convenience of the agents and the large market of coverage.

### 4.4 Role of insurance agents as market maker

The study further found it of importance to determine the role of insurance agents as market makers. The study first sought to determine if agents act as market makers. The findings were as indicated in Figure 4.2

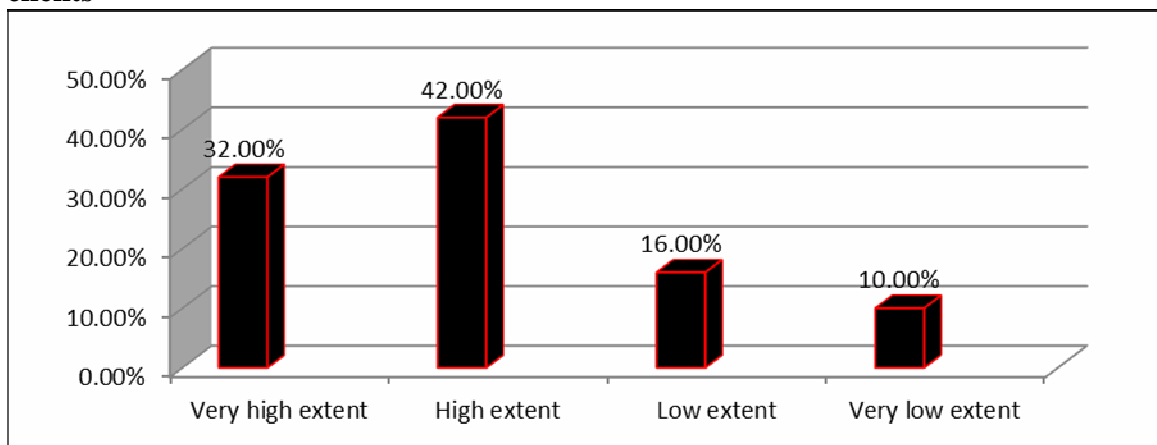
**Figure 4.2 The role of insurance agents as market maker**



From the study findings majority 55% indicated that insurance agents act as market maker in insurance industry with few 45% contradicting with the statement. This implies that insurance agents are very crucial in contributing to widening insurance market and therefore their role should be upheld. Respondents further indicated that their market have increased since they started engaging the services of the insurance agents.

The study further sought to determine to what extent do insurance companies expand due to use of insurance agents in reaching the clients. The findings were as indicated in Figure 4.3.

**Figure 4.3 Insurance companies expand due to use of insurance agents in reaching their clients**



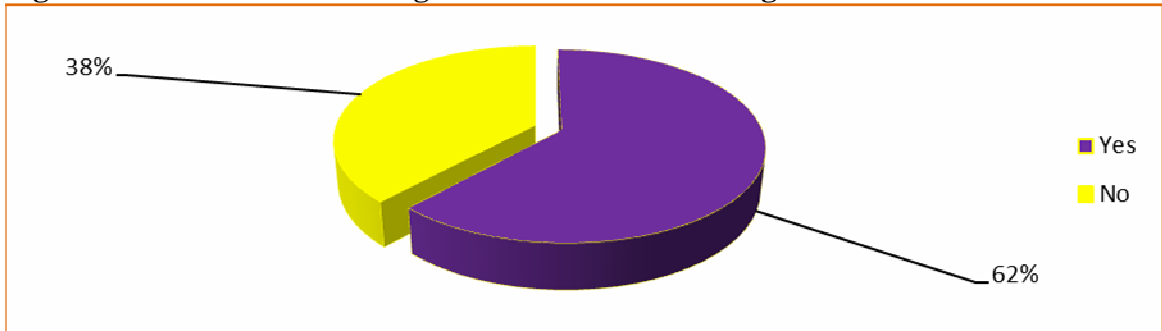
From the study findings majority 42% indicated that insurance companies expand due to high extent as a result of insurance agents reaching clients, 32% indicated very high extent with only few 16% and 10% indicating low extent and very low extent respectively. This implies that insurance companies benefits to high extent from engaging the agents to reach out for new clients.

#### **4.5 Role of insurance agents as transformation agents**

The study further found it necessary to determine if insurance agents act as transformation agents by first determining from respondents if insurance agents are

important in aggregation of insurance products when offering insurance services to uninsured customers. The findings were as indicated in Figure 4.4

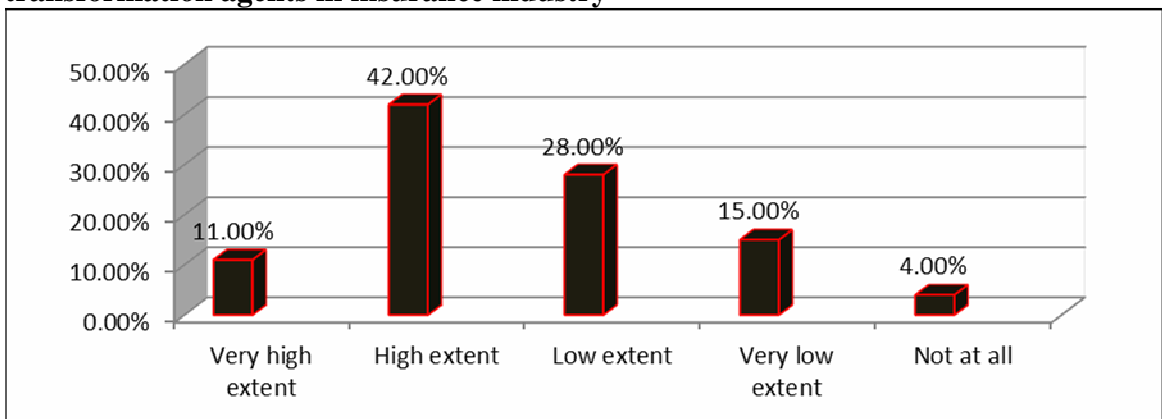
**Figure 4.4 Role of insurance agents as transformation agents**



From the study findings majority 62% agreed with the statement that insurance agents act as transformation agents with few 38% disagreeing that insurance agents act as transformation agents implying that insurance agents mobilize the potential clients in the uninsured pool to take up insurance covers.

The study further sought to determine the extent insurance companies value the role of insurance agents as transformation agents in insurance industry. The findings were as indicated in Figure 4.5.

**Figure 4.5 The extent insurance companies value the role of insurance agents as transformation agents in insurance industry**

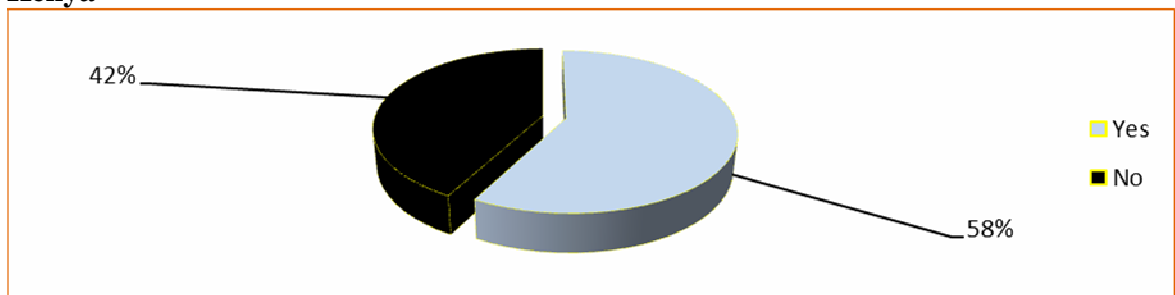


From the study findings majority 42% indicated that insurance companies value agents as transformation agents, 28% indicated low extent, 15% very low extent with few 11% and 4% indicating very high extent and not at all respectively. This implies that agents are very important in transforming the market. The respondents on further probe indicated that they strongly agree that agents act as transformation agents.

#### **4.6 Role of insurance agents in reduction of participation cost**

It was also important for the study to determine if insurance agents reduce participation costs by insurance companies in Kenya. The findings were as indicated in Figure 4.6

**Figure 4.6 If insurance agents reduce participation costs by insurance companies in Kenya**

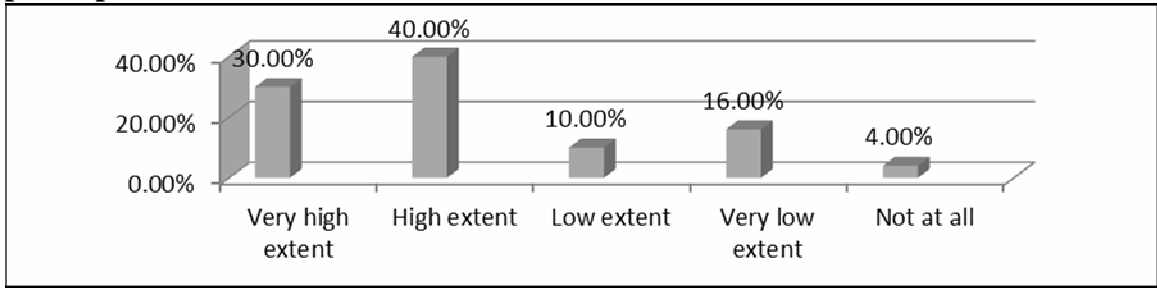


From the study findings majority 58% agreed that insurance agents reduce participation costs by insurance companies in Kenya with 42% also disagreeing with the statement. This means that insurance companies cover a large market and therefore it is important to engage the services of the agents to reduce their market participation costs.

The study further determined from the respondents the extent their companies use insurance agents to reduce participation costs. The findings were as indicated in Figure 4.7.



**Figure 4.7. The extent that insurance companies use insurance agents to reduce participation costs**

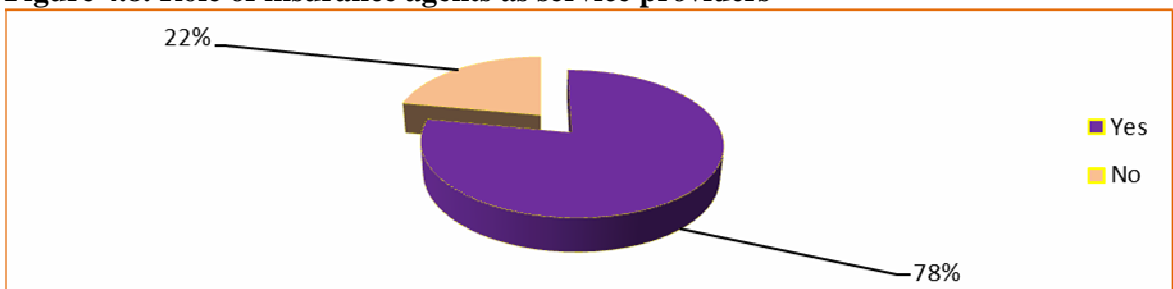


From the study findings majority 40% indicated that their companies use agents as a way of reducing participation costs, 30% indicated very high extent, 16% very low extent with few 10% and 4% indicating very low extent and not at all respectively. This showed that the motive of insurance companies engaging agents is to reduce cost and maximize profits for the area covered. Respondents further agreed that effective engagement of agents substantially reduce insurance companies' participation costs..

#### **4.7 Role of insurance agents as service providers**

The study further sought to determine if the insurance agents act as service providers in insurance industry. The findings were as indicated in Figure 4.8.

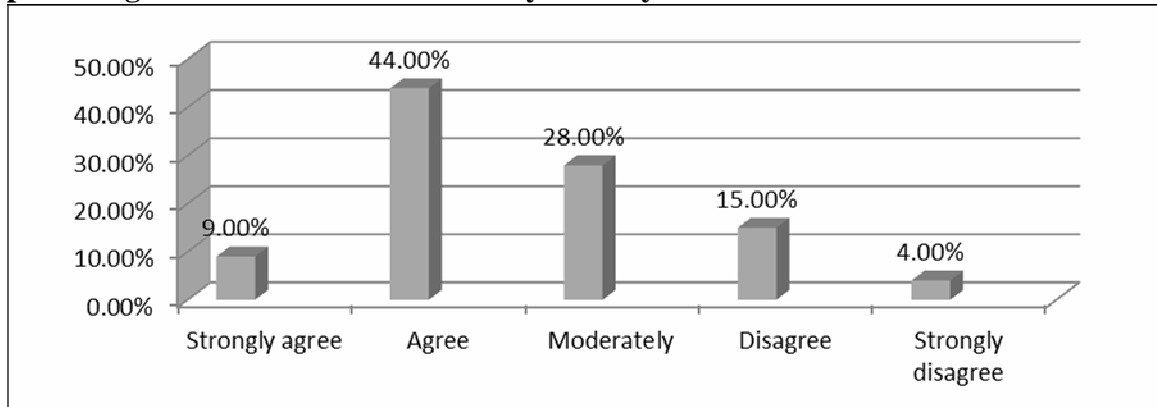
**Figure 4.8. Role of insurance agents as service providers**



From the study findings majority 78% indicated that insurance agents act as service providers with few 22% disagreeing. This implies that the main role of engaging insurance agents is for the companies to improve service delivery to their clients in respective parts of the country.

The study further determined if respondents agree that insurance agents play a crucial role in providing service in insurance industry in Kenya. The findings were as indicated in Figure 4.9

**Figure 4.9 If respondents agree that insurance agents play a crucial role in providing service in insurance industry in Kenya**



The study findings showed that majority 44% agreed that insurance agents play a crucial role in providing service in insurance industry in Kenya, 28% indicated moderately, 15% disagreed with few 9% and 4% strongly agreeing and strongly disagreeing respectively. This implies that insurance agents are very important in service provision and therefore insurance companies should continuously engage their services to better their service provision to clients in different parts of the country.

#### **4.8 Regression and Correlation Coefficients of the effect of insurance agents in insurance companies penetration in Kenya**

Regression analysis was utilized to investigate the relationship between the variables. These included an error term, whereby a dependent variable was expressed as a combination of independent variables. The unknown parameters in the model were estimated, using observed values of the dependent and independent variables.

The following model represents the regression equation representing the relationship between insurance agents roles (market maker, transformation agents, participation cost and service providers), with  $\epsilon$  representing the error term.

$$PIC = \beta_0 + \beta_1MM + \beta_2T + \beta_3RPC + \beta_4SP + \epsilon_i \dots\dots\text{Equation 1}$$

(Equation 1: Regression Equation)

Incorporating the values of the Beta values into equation 1 we have:

$$PIC = 1 + 0.843 (MM) + 0.719 (T) + 0.822 (RPC) + 0.972(SP) \dots\text{Equation 2}$$

(Equation 2: Regression Equation with Beta Values)

The  $\beta_i$ 's in the above equation represent the estimated parameters.

The correlation matrix in table 4.2 indicates that the role of market maker is strongly and positively correlated with insurance companies penetration as indicated by a correlation coefficient of 0.843. Further the matrix also indicated that transformation agents is also positively correlated with insurance companies penetration as indicated by a coefficient of 0.719. The correlation matrix further indicates that the role of service provider is also strongly and positively correlated with insurance companies' penetration as indicated by a coefficient of 0.972.

The correlation matrix implies that the insurance agents' roles: market maker, transformation agents, reduction of participation costs and service provision roles are very crucial in insurance companies' penetration in Kenya.

**Table 4.2 Correlation Coefficients of the effect of insurance agents in insurance companies penetration in Kenya**

	Market maker	Transformation agents	Reduction of participation costs	Service provision	Insurance penetration in Kenya
Market maker	1				
Transformation agents	0.851	1			
Reduction of participation costs	0.753	0.653	1		
Service provision	0.754	0.854	0.714	1	
Insurance penetration in Kenya	0.719	0.843	0.822	0.672	1

Source :( Research Findings, 2013)

#### **4.9 Regression Model Summary of the Coefficients of the effect of insurance agents in insurance companies penetration in Kenya**

From the results shown in table 4.6, the model shows a goodness of fit as indicated by the coefficient of determination ( $R^2$ ) with a value of 0.7338. This implies that market maker, transformation agents, reduction of participation costs and service provision roles explain 73.38 percent of the insurance companies penetration in Kenya.

The study therefore identifies market maker, transformation agents, reduction of participation costs and service provision roles as critical elements in insurance companies penetration in Kenya.

**Table 4.3: Regression Model Summary of Coefficients of the effect of insurance agents in insurance companies penetration in Kenya**

<b>Model Summary</b>				
<b>Model</b>	R	R Square	Adjusted R Square	Std. Error of the Estimate
<b>1</b>	0.8566	0.7338	0.7011	0.7638

Predictors: (Constant), market maker, transformation agents, reduction of participation costs and service provision roles.

#### 4.10 Analysis of Variance (ANOVA)

##### Coefficients of the role of insurance agents in insurance companies penetration in Kenya

	Sum of Squares	df	Mean Square	F	F-critical value	Significance
Regression	69.82	11	19.95	22.08	104.92	0.00
Residual	4.364	23	6.321			
Total	73.19	27				

**NB:** F-critical Value 104.92 (statistically significant if the F-value is less than 104.92:

from table of F-values).

- a. Predictors: (Constant),** market maker, transformation agents, reduction of participation costs and service provision roles.

The value of the F statistic, 22.08 indicates that the overall regression model is significant hence it has some explanatory value i.e. there is a significant relationship between the predictor variables market maker, transformation agents, reduction of participation costs and service provision roles (taken together) and insurance companies penetration in Kenya. All the significance tests were run at 95% significance level.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter is a synthesis of the entire study, and contains summary of research findings, exposition of the findings commensurate with the objectives, conclusions and recommendations based thereon.

#### **5.2 Summary of Findings**

The study found it necessary to determine whether insurance companies use agents as an instrument for market penetration. The findings indicated that majority showed that insurance companies use agents as an instrument for market penetration with only a few indicating that insurance companies do not use agents as an instrument for market penetration. Respondents further indicated that what motivated them to start engaging agents in their companies were customer demand, convenience of the agents and the large market of coverage.

The study further found it of importance to determine the role of insurance agents as market makers. The study first sought to determine if agents act as market makers. From the study findings majority indicated that insurance agents act as market maker in insurance industry with few contradicting this statement. This implies that insurance agents are very crucial in contributing to widening insurance market and therefore their role should be upheld. Respondents further indicated that their market have increased since they started engaging the services of the insurance agents. The study further sought to determine to what extent do insurance companies expand due to use of insurance agents in reaching their clients.

The study further found it necessary to determine if insurance agents act as transformation agents by first determining from respondents if insurance agents are important in transforming the market when offering insurance services to uninsured

customers. From the study findings majority agreed with the statement that insurance agents act as transformation agents with few disagreeing that insurance agents act as transformation agents implying that insurance agents mobilize the potential clients in the uninsured pool to take up insurance covers. The study further sought to determine the extent insurance companies value the role of insurance agents as transformation agents in insurance industry. From the study findings majority 42% indicated that insurance companies value agents as transformation agents, 28% indicated low extent, 15% very low extent with few 11% and 4% indicating very high extent and not at all respectively. This implies that agents are very important in transforming the market. The respondents on further probe indicated that they strongly agree that agents act as transformation agents.

It was also important for the study to determine if insurance agents reduce participation costs by insurance companies in Kenya. From the study findings majority agreed that insurance agents reduce participation costs by insurance companies in Kenya with some also disagreeing with the statement. This means that insurance companies cover large market and therefore it is important to engage the services of the agents to reduce their market participation costs. The study further determined from the respondents the extent their companies use insurance agents to reduce participation costs. From the study findings majority 40% indicated that their companies use agents as a way of reducing participation costs, 30% indicated very high extent, 16% very low extent with few 10% and 4% indicating very low extent and not at all respectively. This showed that the motive of insurance companies engaging agents is to reduce cost and maximize profits for the area covered. Respondents further agreed that effective engagement of agents substantially reduce insurance companies participation costs in their market penetration.

The study further sought to determine if the insurance agents act as service providers in insurance industry. From the study findings majority indicated that insurance agents act as service providers with few disagreeing. This implies that the main role of engaging insurance agents is for the companies to improve service delivery to their clients in respective parts of the country. The study further determined if respondents agree that

insurance agents play a crucial role in providing service in insurance industry in Kenya. The study findings showed that majority agreed that insurance agents play a crucial role in providing service in insurance industry in Kenya, 28% indicated moderately, 15% disagreed with few 9% and 4% strongly agreeing and strongly disagreeing respectively. This implies that insurance agents are very important in service provision and therefore insurance companies should continuously engage their services to better their service provision to clients in different parts of the country.

Regression analysis was utilized to investigate the relationship between the variables. These included an error term, whereby a dependent variable was expressed as a combination of independent variables. The correlation matrix indicates that the role of market maker is strongly and positively correlated with insurance companies penetration. Further the matrix also indicated that transformation agents is also positively correlated with insurance companies penetration. The correlation matrix further indicates that the role of service provider is also strongly and positively correlated with insurance companies' penetration. The correlation matrix implies that the roles of insurance agents: market maker, transformation agents, reduction of participation costs and service provision roles are pertinent to insurance companies' penetration in Kenya. From the results the model shows a goodness of fit as indicated by the coefficient of determination ( $R^2$ ) with a value of 0.7338. This implies that market maker, transformation agents, reduction of participation costs and service provision roles explain 73.38 percent of the insurance companies penetration in Kenya. The study therefore identifies market maker, transformation agents, reduction of participation costs and service provision roles as critical elements in insurance companies penetration in Kenya.

### **5.3 Conclusions**

The findings indicated that majority showed that insurance companies use agents as an instrument for market penetration with only a few indicating that insurance companies do not use agents as an instrument for market penetration. The findings implies that agents are very important in enabling insurance companies widen their market through market



penetration. Respondents further indicated that what motivated them to start engaging agents in their companies were customer demand, convenience of the agents and the large market of coverage.

From the study findings majority indicated that insurance agents act as market maker in insurance industry with few contradicting with the statement. This implies that insurance agents are very crucial in contributing to widening insurance market and therefore their role should be upheld. Respondents further indicated that their market have increased since they started engaging the services of the insurance agents. From the study findings majority agreed with the statement that insurance agents act as transformation agents with few disagreeing that insurance agents act as transformation agents implying that insurance agents mobilize the potential clients in the uninsured pool to take up insurance covers.

From the study findings majority agreed that insurance agents reduce participation costs by insurance companies in Kenya with some also disagreeing with the statement. This means that insurance companies cover large market and therefore it is important to engage the services of the agents to reduce their market participation costs.

From the study findings majority indicated that insurance agents act as service providers with few disagreeing. This implies that the main role of engaging insurance agents is for the companies to improve service delivery to their clients in respective parts of the country. The study further determined if respondents agree that insurance agents play a crucial role in providing service in insurance industry in Kenya.

The correlation matrix indicates that the role of market maker is strongly and positively correlated with insurance companies penetration. Further the matrix also indicated that transformation agents is also positively correlated with insurance companies penetration. The correlation matrix further indicates that the role of service provider is also strongly and positively correlated with insurance companies' penetration. The correlation matrix implies that the transfer pricing techniques: market maker, transformation agents,

reduction of participation costs and service provision roles are very crucial in insurance companies' penetration in Kenya. From the results the model shows a goodness of fit as indicated by the coefficient of determination ( $R^2$ ) with a value of 0.7338. This implies that market maker, transformation agents, reduction of participation costs and service provision roles explain 73.38 percent of the insurance companies penetration in Kenya. The study therefore identifies market maker, transformation agents, reduction of participation costs and service provision roles as critical techniques in insurance companies penetration in Kenya.

#### **5.4 Policy Recommendations**

Since the study identified market maker, transformation agents, reduction of participation costs and service provision roles as critical techniques in insurance companies penetration in Kenya, insurance companies should continue engaging the services of insurance agents in order to reach the large population of uncovered pool. Reduction of participation cost is very crucial for insurance companies to maximize their profits and therefore since the study found the significant role agents play in this function, the study recommends that insurance companies should use the agents services not just to reach the uncovered pool but also as a way of reducing participation costs so that in the long run they are able to maximize their profits.

The study further recommends that since insurance agents play vital roles in enabling market penetration for insurance companies, the companies should positively recognize their roles and engage them as companies partners in reaching the large pool of uncovered population through the provision of incentives like better pay, allowances and other important human amenities to act as a cushion and incentive to better the performance.

#### **5.5 Areas for further Research**

The study focused on the selected roles of insurance agents. Further research into areas that affect insurance industry such as price undercutting etc ought to be

explored. Bankassurance as a mode of transmission of insurance products also needs to be looked into.

Subsequent research ought to look into the effects of greater regulatory requirements in the insurance industry and how they will affect the insurance industry. IFRS phase reporting will require that risk information is given by insurers. This added regulation will help bolster stakeholder confidence. Research in this area will shed light on how these changes will impact the insurance industry.

Insurance intermediaries are facing increased competition from insurers many of whom opt to sell their products directly. Direct selling by insurers bypasses intermediaries who have to justify their continued existence through value addition. Research ought to be conducted on this phenomenon in order to understand how insurance intermediaries can innovate in order to remain competitive.

The Kenyan insurance industry has experienced very little activity in terms of mergers and acquisitions. Mergers and acquisitions as a strategy to improve overall efficiency and service delivery of insurers will help increase insurance penetration. Researchers should look into how mergers and acquisitions will improve efficiency in the insurance industry.

Research can also be conducted on the role that micro insurance products tailored to SMES will affect insurance penetration in Kenya. The researcher will have to gather information on the micro insurance products currently available and assess their uptake among the general population. The information obtained will enable insurers exploit opportunities and tailor their products to meet their customers needs.

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## APPENDIX 1: QUESTIONNAIRE

### INSTRUCTIONS:

Please tick the correct answer and give narrative where applicable, to the best of your knowledge. All responses will be treated with confidentiality.

### SECTION ONE: BACKGROUND INFORMATION

1. Name of the insurance company (optional) .....
2. Which is your position in this insurance company?.....
3. Does your company use agents as an instrument for market penetration?  
Yes  No 
  - b) If yes what motivated you to start engaging agents in your company?  
Customer demand   
Other insurance companies   
Convenience of the agents   
Large market to cover   
Others.....

### SECTION TWO: MARKET MAKER

1. Do insurance agents act as market maker?  
Yes  No 
  - b) If yes, have you encountered increase in market share due to the engagement of insurance agents in your company?  
Yes  No
  - c) If No, explain  
.....  
.....

To what level of agreement do you agree with the following statement?  
“Considering the importance of insurance agents, there is great potential in using them in the provision of insurance services to uninsured community.”

Strongly agree  Agree  Neutral  Disagree  Strongly disagree

2. To what extent does your company expand due to use of insurance agents in reaching the clients  
Very great extent  Moderate extent  Not at all   
Great extent  Very little extent

3. Is there a strong collaboration between the company and the agents that provide the services on behalf of your company to the public?

Yes [ ] No [ ]

b) If No, explain

.....  
.....  
.....

4. In your view what do you think can be done to improve engagement of agents to improve the services offered to customers

.....  
.....  
.....

...

**SECTION THREE: TRANSFORMATION AGENTS**

1. i) According to you, are the insurance agents important in transforming the market when offering insurance services to uninsured customers?

Yes [ ] No [ ]

ii) If no, why?

.....

2. How do policy makers and regulators approach the role of insurance agents as transformation agents in your company?

.....  
.....  
.....

3. To what extent does your company value the role of insurance agents as transformation agents in insurance industry?

To very great extent [ ] To great extent [ ]  
To moderate extent [ ] To less great extent [ ]  
To no extent [ ]

4. Do you agree that insurance agents play a crucial role in transforming insurance industry in Kenya?

Strongly agree [ ] Agree [ ]  
Moderately agree [ ] Disagree [ ]  
Strongly disagree [ ]

b. Explain your answer above

.....  
.....  
.....

**SECTION FOUR: PARTICIPATION COST**

1. i) Does insurance agents reduce participation cost in insurance companies penetration in Kenya?  
 Yes [ ] No [ ]  
 ii) If No, why?  
 .....
2. To what level of extent does your insurance company use agents as a way of reducing participation cost in its penetration in Kenya?  
 Very high extent [ ] High extent [ ] Average [ ] Low extent [ ]  
 Very low extent [ ]
3. Do you agree with the following statement: Effective engagement of agents substantially reduce insurance companies participation costs in their market penetration  
 Yes [ ] No [ ]  
 If no, why?  
 .....  
 .....
4. What are your suggestions on the engagement of insurance agents in reducing participation cost in market penetration?  
 .....  
 .....  
 .....

**SECTION FIVE: SERVICE PROVIDERS**

1. i) According to you, are the insurance agents important in providing service in insurance companies penetration in Kenya?  
 Yes [ ] No [ ]  
 ii) If no, why?  
 .....
2. To what extent does your company value the role of insurance agents as service providers in insurance industry?  
  
 To very great extent [ ] To great extent [ ]  
 To moderate extent [ ] To less great extent [ ]  
 To no extent [ ]
3. Do you agree that insurance agents play a crucial role in providing service in insurance industry in Kenya?  
 Strongly agree [ ] Agree [ ]  
 Moderately agree [ ] Disagree [ ]  
 Strongly disagree [ ]
- b. Explain your answer above

.....  
.....  
.....

**THANK YOU FOR YOUR PARTICIPATION**

## **APPENDIX II –LIST OF INSURANCE COMPANIES**

1. A P A Insurance Limited
2. Africa Merchant Assurance Company Limited
3. Apollo Life Assurance Limited
4. British-American Insurance Company (K) Limited
5. Cannon Assurance Limited
6. CFC Life Assurance Limited
7. Chartis Kenya Insurance Company Limited
8. CIC General Insurance Limited
9. CIC Life Assurance Limited
10. Concord Insurance Company Limited
11. Corporate Insurance Company Limited
12. Directline Assurance Company Limited
13. East Africa Reinsurance Company Limited
14. Fidelity Shield Insurance Company Limited
15. First Assurance Company Limited
16. GA Insurance Limited
17. Gateway Insurance Company Limited
18. Geminia Insurance Company Limited
19. ICEA LION General Insurance Company Limited
20. ICEA LION Life Assurance Company Limited
21. Intra Africa Assurance Company Limited
22. Invesco Assurance Company Limited
23. Kenindia Assurance Company Limited
24. Kenya Orient Insurance Limited
25. Kenya Reinsurance Corporation Limited
26. Madison Insurance Company Kenya Limited
27. Mayfair Insurance Company Limited
28. Mercantile Insurance Company Limited
29. Metropolitan Life Kenya Limited
30. Occidental Insurance Company Limited
31. Old Mutual Life Assurance Company Limited
32. Pacis Insurance Company Limited
33. Pan Africa Life Assurance Limited
34. Phoenix of East Africa Assurance Company Limited
35. Pioneer Assurance Company Limited
36. Real Insurance Company Limited
37. Shield Assurance Company Limited
38. Takaful Insurance of Africa
39. Tausi Assurance Company Limited
40. The Heritage Insurance Company Limited
41. The Jubilee Insurance Company of Kenya Limited

42. The Kenyan Alliance Insurance Co Ltd
43. The Monarch Insurance Company Limited
44. Trident Insurance Company Limited
45. UAP Insurance Company Limited

