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 (R2) 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.