"A STUDY ON THE CHALLENGES IN THE REGULATION OF THE INSURANCE INDUSTRY IN KENYA"

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS IN BUSINESS AND ADMINISTRATION, FACULTY OF COMMERCE, UNIVERSITY OF NAIROBI

OCTOBER 2003

ACKNOWLEDGEMENTS

I would like to register my special thanks to my supervisor Mr. Justus Tari of the Department of Business Administration for accepting the burden of supervision and more so for his guidance and constant advise during the entire project period. This project would have not materialized successfully without your moral, mental and psychological support. I am also indebted to the University Of Nairobi whose sponsorship and learning environment enabled me pursue the MBA programme. My sincere appreciation also goes to the staff of the faculty of commerce for their helpful guidance throughout the entire programme.

My most sincere gratitude goes to my parents, siblings, cousins, and my friends especially Mathew Mugambi for their support and encouragement. To Wendy Jepkurui, God reward you for your encouragement and to sis Jane Jepkoech, thanks for your technical support. My mother Margaret Kabon and brothers Kipkemboi, Kipsetim, Kiptoo and Kiprop may the almighty father bless you for your tireless effort towards my education.

Finally, I hereby acknowledge the contribution of everyone connected with this study and whose names are not mentioned. To readers of this study, education is an investment and lets us stop at nothing less than the end of knowledge.

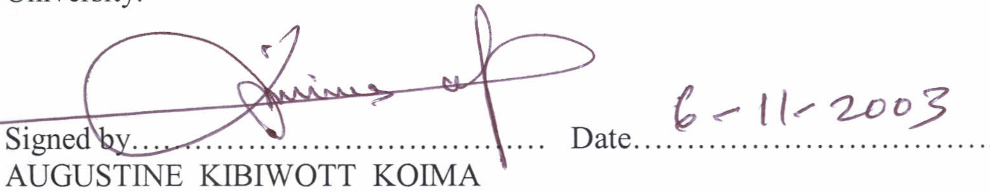
DEDICATION

To my mum Margaret Regina Kabon Kimosop for bearing the pain of my education and being a guiding light in my life.

I love you mum.

DECLARATION

This project is my original work and has not been submitted for a degree in any other University.



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This project has been submitted for examination with my approval as the University Supervisor.

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ABSRACT

The Kenyan insurance industry has experienced regulatory setback in the recent past. Over the past few years, the industry experienced rampant cases of unethical competition, low market capitalization, a drop in the level of professionalism and the winding up of insurance companies as result of mismanagement. This study was therefore designed to identify factors considered as problems and emerging challenges in the regulation of the insurance industry in Kenya.

The study establishes that both problems within the office of commissioner of insurance and other constraints and challenges concerning the industry in general have constrained the regulation of the insurance industry. In the office of commissioner of insurance constraints identified are: Inadequate analysis and slow response to remedy financially weak insurers, Lack of autonomy of action and freedom from interference by political and other groupings and Inability to have a dynamic influence in the evolution of the insurance industry.

The study also identified the following constraints not specific to the commissioners office: Low levels of public awareness of insurance matters, underhand dealings in the conduct of operations at the commissioners' office, competition amongst some players in the insurance industry which reduce synergies in regulation, restricted scope of operation of the commissioners office, lack of legal recognition of other players in the insurance industry including AKI and the Insurance institute of Kenya (IIK).

The conclusion is that an integrated approach encompassing both the COI office and other players in the industry at large should be employed to contain the existing constraints and meet emerging challenges in the regulation of the insurance industry.

This study recommends that the COI office be actively involved in the education of the public on insurance matters, that the terms and conditions of the staff in the office be improved, that the office should have an active research arm to continually analyze emerging regulatory challenges and give recommendations. Others include the amendment of the insurance Act to create an independent and autonomous authority to manage the affairs of the insurance industry and the introduction of self-regulation in the industry.

LIST OF ABBREVIATIONS

AIBK -Association of Insurance Brokers of Kenya.

AKI -Association of Kenya Insurers.

CMA -Capital Markets Authority.

GDP -Gross Domestic Product.

CoI -College of Insurance

COI -Commissioner of Insurance

IIK -Insurance Institute of Kenya

PCA -Principal Component Analysis

TABLE OF CONTENTS

	Page
Acknowledgements	i
Dedication	ii
Declaration	iii
Abstract	iv
List of Abbreviations	v
Table of contents	vi
CHAPTER ONE: INTRODUCTION	
1.1 Background	1
1.2 Problem statement	4
1.3 Objectives of the Study	5
1.4 Importance of the study	5
CHAPTER TWO: LITERATURE REVIEW	
2.1 Reasons for regulation and supervision under liberalization	6
2.2 Development of the legislative framework of the Kenyan insurance industry	12
2.3 The office of the commissioner of insurance as established by the insurance Act cap.487 of the laws of Kenya	14
2.4 Comparative legislation in the East African Community (EAC)	16
CHAPTER THREE: RESEARCH METHODOLOGY	
3.1 Population of Study	19
3.2 Data Collection	19
3.3 Data Analysis	20
CHAPTER FOUR: RESEARCH FINDINGS	
4.1 Population	21
4.2 Analysis of Results	21
CHAPTER FIVE: CONCLUSIONS, RECOMMENDATIONS AND SUMMARY	
5.1 Conclusions	29
5.2 Recommendations	32
5.3 Summary	35
5.4 Limitations of the study	35
5.5 Suggested areas for further research	36
APPENDICES	
Appendix A LETTER OF INTRODUCTION	37

Appendix B QUESTIONNAIRE 38
Appendix C POPULATION OF STUDY 41
Appendix D REFERENCES 42

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

The Association of Kenya Insurers (AKI) maintains that the economic and business environment and circumstances within and without the country have evolved and in some circumstances changed quite dramatically. This tide of change has not spared the insurance industry currently facing one of the most challenging periods in its history since Kenya's insurance law was enacted in 1984.

With the liberalization of the economy, competitive forces in both the external and internal environments offer unprecedented challenge in the operations of the industry (COI Report, 2000). In the recent past, consumers of insurance products have lost their savings as a result of firms winding up their operations. First came the Kenya National Assurance Company limited ironically a monopoly at the time, going under with government investments and policyholder's funds (Kimura, 2002). Then came Access insurance then Stallion Assurance and currently Lakestar under liquidation (COI report 2001). Even when the companies have not gone under, majority have been forced to lay off large numbers of employees.

The values of investment portfolios of insurance Companies, most of it in real estate, have continued to decline following the bursting of the domestic property bubble in the late nineties. With over 50% of insurers assets invested in property, the decline of the market has significantly contracted insurer's aggregate assets (COI Report, 2000). Similarly, for companies listed in the stock exchange, their performance in a depressed economy is mirrored in the unstable share values. For those who sought respite from the

local stock market by investing in offshore markets, the good times came to an end with the collapse of world stock markets in 1999.

Rampant cases of unethical competition amongst the insurers are another area of concern. From the books of underwriters, the industry is seen to cling to traditional classes of insurance and very little innovation can be found in product development and design (COI Report 2000).

Life assurance development has been grossly neglected in Kenya. With gross direct premiums of only about Kshs.5 billion per annum, this area has enormous potential yet to be tapped (COI Report 2001)

Professionalism levels have declined in the industry with an increase in cases where the owners of insurance companies getting involved in their management. Cases of professional malpractices inimical to public interest are also on the rise. (IIK 2002).

Under the current regulatory framework, the state is involved at every level of insurance operations: Through the Commissioner of Insurance office, it approves and mostly fixes rates, terms and conditions of offered products and in some instances determines the type of products.

The dawn of liberalization of insurance in Kenya should see the establishment of markets functioning under competition rules, under which no player should acquire a dominant position or impose its own conditions on the rest of the market, transparency and information conditions being reinforced to allow buyers and sellers to make "informed decisions" based on actual market conditions. Under a liberalized insurance market, price fixing and product design should be changed and left to be coordinated and determined by market forces.

It is against this background that this study attempts to identify and document the emerging challenges faced in the regulation of the insurance industry in Kenya.

1.2 STATEMENT OF THE PROBLEM

It has been contented that the office of the commissioner of insurance given its present statutory mandate lacks the force and muscle to deal with the emerging challenges facing the insurance industry in Kenya (Kimura, 2002). The Insurance Act in its current version gives the commissioners office only one regulatory mandate and it is felt that, like the Retirement Benefits Authority (RBA) and the Capital Markets Authority (CMA), should have the mandate, responsibility and agenda to develop the insurance financial sub-sector.

The Insurance industry has not been spared the tide of time and change. There is more competition in the marketplace, IT and Internet have become part of our daily mode of life and doing business, and new investment instruments have been developed and introduced. All these call for greater professionalism and good corporate governance practices. They also call for enhancement of existing regulatory and supervisory institutions to meet emerging challenges in regulation, supervision and innovation.

The current state of the insurance industry and in particular the operations of insurance companies as they endeavor to meet their set objectives leave a lot to be desired. New challenges have emerged that bring about a greater need to re-look at the strengths of the insurer, re insurer and even the brokers especially in their paid up share capital and solvency margins.

The ability of the office of commissioner of insurance as supervisor and regulator has been brought to question. This study is thus aimed at identifying the problems and emerging challenges faced in the regulation of the insurance industry in Kenya and suggesting possible solutions.

1.3 OBJECTIVES OF THE STUDY

1. To identify the problems and emerging challenges faced in the regulation of the insurance industry in Kenya
2. To suggest possible solutions to the problems and challenges identified.

1.4 IMPORTANCE OF THE STUDY

1. To the industry and economy at large, the study is aimed at analyzing the state of regulation of the insurance industry and thus will give guidance aimed at attaining better management of the affairs of the insurance industry and thus enhance its contribution to the national economy.
2. To researchers and scholars, the findings of this study will pique their curiosity and motivate them to explore further on improvement of existing regulatory authorities.
3. The study will also add to the existing body of knowledge in the field of insurance regulation and supervision and provide a basis for further research on related subjects in regulation and supervision.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 REASONS FOR REGULATING AND SUPERVISING THE INSURANCE INDUSTRY UNDER LIBERALIZED ENVIRONMENT

2.1.1 Establishment of a sound and stable financial system

The development of stable and strong financial systems is crucial to sustaining long-term economic growth. To establish sound financial markets, one of the pillars of modern economies, stable political and economic environments are a prerequisite (Mitchell, Sunden and Hsin, 1994). Also, public confidence in the institutions that constitute the finance sector is of prime importance. Confidence can only be strengthened and maintained if the financial institutions deliver reliable and quality services. In this respect, the duty of governmental authorities is to secure the long-term stability of financial services providers through monitoring of their financial soundness and fair treatment of their customers.

The maintenance of a "stable" market is viewed as of prime importance in a number of countries like South-East Asian countries.

2.1.2 Protection of insurance consumers

Under a liberalized market insolvencies of insurers are more likely to happen. Therefore supervisory systems geared to assess effectively the actual financial soundness of insurers, as well as mechanisms for intervention and for safeguarding interests of insurance consumers (guarantee funds) should be established (World Bank 2002).

Insurance represents a tool of prime importance in modern economies: it enables economic agents to reduce and better manage their risk exposures. The basic feature of an insurance contract is that the insured buys a future promise of payment contingent upon the occurrence of specified events. This means that the insured pays his consideration at the very beginning of the contract (payment of the premium), but before the insurer is called to perform "his part", the security profile of the insurer may have changed through time. The long-term reliability of an insurance provider must be beyond doubt.

The economic importance and the concern for protection of policyholders and third parties through time have led governmental authorities to enact regulations aimed at securing the long-term reliability of insurers (Friedman and Hussain, 1994). With the appearance in some countries (turn of the twentieth century) of compulsory classes of insurance (motor, liability, workmen's compensation), and because of the increasing level of complexity of insurance contracts, legislators started to concern themselves to an increasing extent with protecting the interest of the insurance consumer. This trend accelerated after the Second World War with the advent of "consumerism"(Friedman, 1996).

In developing countries, attitudes of policy-makers are shifting as a consequence of increased pressure for democratization. Until recently laws and regulations framing market conditions in a number of developing countries tended to be producer biased, but focus is changing towards giving greater consideration to consumer interests. This general trend is especially noticeable in attitudes regarding the insurance industry's treatment of policyholders, beneficiaries and third parties.

Complaints from the public about unfair treatment on the part of insurance providers are considered with increased attention, as is demonstrated by the establishment in many countries of public complaints units within supervisory bodies or of ombudsmen's offices, as well as by enactment of regulations geared to speed up claim settlements.

Today the protection of the public and its fair treatment is a major focus of most new insurance related legislation both in developing and developed countries. In a number of countries the concern for consumer protection has expanded the scope for insurance supervision to include other considerations such as the availability, affordability and quality of insurance services (UNTAD, 1995).

2.1.3 World trade liberalization

The opening up of developing countries domestic insurance markets including the Kenyan market has undoubtedly changed prevailing market conditions significantly. In this respect supervisory authorities have an important role to play. They have to recommend related amendments to national insurance regulations. Also, they have to ensure that the rules (i.e. cross- border trade, market access, establishment, national treatment, non-discrimination and transparency) ensuing from the implementation of the GATS (General Agreement on Trade in Services) are implemented and respected.

The General Agreement on Trade in Services (GATS) specifically recognizes the need for protection of policyholders and for the stability of the financial markets: "[member countries] shall not be prevented from taking measures for prudential reasons, including for the protection of policy holders ... or to ensure the integrity and stability of the financial system."

2.1.4 Institutional investor's role of the insurance industry

Large funds constituting reserves to cover future obligations are under the custody of insurers.

They are invested to produce returns, and the investment income improves insurer's overall profitability.

They may also enable insurers under competitive pressure to charge lower rates than would be the case if based on pure underwriting experience. The management of these funds is thus very important to both the insurer and the policyholder. They also play an important role in the development of national economies.

The externalities (investments) produced by the insurance sector therefore constitute a prime reason for supervision of the sector. In Chile, for example the insurance sector as a whole is the second largest institutional investor of the country (Myers, 1999). Appropriate regulations geared at channeling these funds towards certain areas of the economy may contribute to the overall economic growth of a country. This issue is often the case in the context of developing countries where investment money is often scarce (World Bank, 1994). However, it has been argued that imposition of rigid investment rules interferes with insurance companies' ability to maintain the necessary levels of liquidity and security in their investment portfolios. Such provisions may also deprive companies of investment possibilities yielding higher returns. The role of governmental authorities is to find the right balance between the interests of policyholders and insurance companies and the need for investment funds for economic development.

2.1.5 Efficiency of insurance markets

Mitchell and Fields, (1996) contend that the establishment of a dynamic insurance industry is in part the responsibility of legislators and supervisors. It is their role to set the enabling environment for the healthy development of the insurance industry and to deal with the incidence of market failures and imperfections. A well performing insurance industry is not only benefiting consumers but also the economy as-a whole through better protection of the existing and future wealth of the country, the availability of more investments into the local economy and improvement of State finances through higher tax incomes directly or indirectly derived from the increased performance of the insurance sector.

Regulators should ensure that markets develop towards optimal effectiveness and efficiency. It is viewed that paramount to market efficiency are the establishment of effective information systems. Market conditions should be transparent: consumers should be able to inform themselves on rates and conditions offered in the market, also to judge on the security of insurance providers. Supervisory offices could in this respect establish (as in South Africa and other countries) information centers where such information would be available. Education of consumers is also relevant in improving market efficiency. External auditors and in some countries rating agencies provide also useful information on the financial soundness of insurance operators.

To achieve an optimum market structure (i.e. to have the ideal number and size of insurance companies) some trade-offs between security, concerns for competitiveness and product diversification may be required. In terms of products, also trade-offs are needed between product innovation and homogeneity. Thus, in countries where consumers have still little understanding of insurance, the concern for consumer

protection and market efficiency could conflict, it is the responsibility of the regulator to establish adequate balance between freedom in product design and pricing and needs for fair information of consumers possibly trough some degree of prior approval and requirements for product homogeneity.

2.1.6 Foreign participation in the domestic market

Foreign participation in the domestic market could be beneficial in terms of capital, expertise, economies of scale and better spread and mutualization of risks.

On the direct side of insurance business, foreign participation can take the form of cross-border trade, where the foreign insurer can offer products in the domestic market without being established in the market. This is rarely allowed; only some trade related products (cargo insurance) or very specific types of insurances not available in the market because of capacity constraints are permissible under cross-border transaction. For example in the case of the European Union, cross-border operations both in non-life and long-term insurance are allowed between member countries (UNCTAD, 1995).

In regard to established trade, foreign participation could take the form of establishing a subsidiary, a branch or a partnership with a local investor (joint-venture) within the country. A subsidiary could be compared to any domestic company in that, it has to follow the same rules and requirements, and its capital and reserves are mostly situated in the country if the law so demands. However, in case of financial troubles the parent company might free itself from the subsidiary without contributing additional resources. In the case of a branch, reserves and capital might be out of the reach of local authorities and consumers' interests might not be safeguarded. However, in respect to branches, a

parent company might support a branch in difficulties with its full financial strength. In this respect access to the home country regulator is of prime importance.

The particular form of foreign participation is a matter to be decided on a country-by-country basis with due consideration of the conditions prevailing in the respective domestic markets. In addition to general policy decisions on foreign participation in the domestic market, emphasis has been laid on the assessment of the financial security of the foreign entrant. How sound and experienced is the parent company is a highly relevant question. Questions also arise on the quality of, and communication with, the home country supervisor.

In regard to cross-border reinsurance operations, as for direct level entry, the prime concern relates to the security of reinsurance providers. A number of developing countries that have liberalized their reinsurance markets have introduced registers of admitted reinsurer and reinsurance brokers, transactions with non-admitted operators being handled on a case-by-case basis. Applications for being registered usually consist of submission of audited forms and details concerning capital (parent company) and financial solvency of the company.

2.2 THE DEVELOPMENT OF THE LEGISLATIVE FRAMEWORK OF THE KENYAN INSURANCE INDUSTRY

Insurance in this country dates back to the end of the 18th century and precisely in the 1890's. The basic form of insurance was mostly marine insurance. Goods coming to

Kenya were insured by overseas companies (mainly British), which were represented locally by agents and later by branch offices and /or managing agents.

The first insurance companies to be incorporated in Kenya were pioneer in 1930 followed by jubilee in 1937, and Pan Africa in 1947.At independence in 1963, there were about 100 branches, managing agents and agents of overseas companies operating in Kenya.

The first legilation was enacted in 1947, followed another in 1962.These Acts had their basis on British Acts and were not even amended when the respective British legislations were amended. They were very inadequate, narrow and basic legislations that did not cover all the players in the industry.

The 1962 Act (now repealed) continued to guide the free for all insurance environment in Kenya until 1978 when the minister for finance pronounced in his speech in that year's budget that all insurance companies had to be incorporated in Kenya. He also pronounced that at least one third of the shareholding had to be local.

This meant that the branches of overseas insurance companies had to fold up or incorporate in Kenya. The effect was swift in that many branches merged and incorporated locally. Examples here include The GRE which was the predecessor of Kenindia. Others like the General accident of Scotland sold out and got incorporated locally.

In 1984, the insurance bill was published and in 1986 it became law (The Insurance Act Cap487). Companies were given three years to comply with the various provisions of the Act which included a paid up share capital of five million Kenya shillings and a third local shareholding. The Act was a more comprehensive insurance legislation than seen hitherto and was aimed at regulating all the players in the insurance industry. Successive amendments to the Act were made through the finance Act and budget speeches but the most significant was the Insurance (Amendment) Act, 1995.The amendments thus far, were made to suit the needs of the government as the regulator, and little or no input was solicited from other industry players.

2.3 THE OFFICE OF THE COMMISSIONER OF INSURANCE AS ESTABLISHED BY THE INSURANCE ACT CAP.487 OF THE LAWS OF KENYA

A brief look at the main features of the Insurance Act Cap 487, chiefly being the establishment of the Office of Commissioner of Insurance, will suffice.

Part ii 3(1) reads: "There shall be a commissioner of insurance who shall be appointed by the minister". 3(2) "The commissioner shall, subject to directions of the minister, be responsible for the general administration of this Act and the performance of all duties and functions assigned to him under the Act".

Registration of Insurers – Part iii 19(1) reads: " Except as otherwise provided in or under this Act, only a person registered under this Act Shall, on or after the appointment date, carry on insurance business; -

a) In Kenya, whether in respect of Kenya insurance or reinsurance business or otherwise; or

b) Outside Kenya in respect of Kenya business, except Kenya business which is solely reinsurance business.

20(1) " No insurer, broker, agent or other person shall directly or indirectly place any Kenya business other than reinsurance business with an insurer not registered under this Act without the prior approval, whether individually or generally, in writing by the commissioner"

(2) "No insurer, broker, agent or other person shall directly or indirectly place any reinsurance of Kenya business with an insurer not registered under this Act except under the following conditions;

a) In the case of treaty reinsurance, with the approval of commissioner to the treaty, and subject to such restrictions as he may specify;

b) In the case of facultative reinsurance, subject to the prior approval in writing of the commissioner to the placing of each particular risk with insurers or reinsures not registered under this Act"

Other provisions of the Act deal with: -

i. Deposits with the Central Bank of Kenya;
ii. Assets, Liabilities, Solvency margins and Investments;
iii. Accounts, Balance sheets, Audit and actuarial investigations;
iv. Management expenses;
v. Rates, policy terms and claims settlement;
vi. Assignments, Mortgages and Nominations;
vii. Claims on Small Life Policies;

viii. Transfer and Amalgamations

ix. Insolvency and Winding up;

x. Kenya Reinsurance Corporation

xi. Mandatory reinsurance cessions

xii. Intermediaries, Risk Managers, Loss Assessors, Loss Adjusters, Insurance Surveyors and Claims Settling;

xiii. The Insurance Board of Kenya

xiv. Advertisements and statements;

xv. Legal proceedings and appeals;

xvi. Minister's powers – to set up policyholders funds to prescribe and to exempt;

xvii. General provisions relating to registrations and Certificates and;

xviii. Supplementary provisions.

2.4 COMPARATIVE LEGISLATION IN THE EAST AFRICAN COMMUNITY (EAC)

In Uganda, we have the Insurance Statute No.7 of Uganda of 1996 by an Act of parliament in Uganda with the objective of regulating the Ugandan Insurance industry. In Tanzania, We have the Insurance Act No 18 of 1996

The Uganda Insurance Association (UIA), similar to AKI in Kenya, was given legal recognition under the Act under Section 94, which makes it a mandatory requirement that all companies register with the association.

The Association of Tanzania Insurers also has legal recognition under the Act making it compulsory for all members to join the Association.

In Kenya, it is not a mandatory requirement that all companies join AKI as it is not legally recognized under the Act and as such does not have the force of law reducing it to a mere lobby tool.

Uganda has the Uganda insurance commission that came into existence under the 1996 statute to regulate the market. Before coming into operation, there were 28 companies in operation that were reduced to 18 after 10 companies that could not meet the minimum statutory requirements wound up. It is headed by a Chief Executive and is financed by all insurance companies who contribute to its operations from a commission on premium. It regulates the operations of the 18 insurance companies and 40 brokers. Tanzania has an Insurance Supervisory Department within Ministry of Finance headed by a Commissioner of Insurance. Kenya has an Insurance Advisory Board within the ministry of finance.

Minimum Capital Requirements

The minimum capital requirement in Uganda is Ushs.200million for Life or Non-Life Insurance business (Kshs.10million). In Tanzania, Tshs.500million is required for Life and Non-Life Business.

Ceding Business to Reinsurance Corporation

In Kenya, mandatory cessions ceased, but the Kenya Reinsurance Corporation continues to participate in most treaties. In Uganda and Tanzania, this is not yet compulsory, as they do not have Reinsurance Companies. Both countries are now in the process of incorporating Reinsurance Corporations.

Brokers

The market in Kenya is broker-driven. There are about 200licensed brokers, 4,000 insurance agencies and 250service providers.

Uganda has 40 brokers while Tanzania with 36 brokers is comparatively not broker-driven as in the Kenyan market.

Brokers in Tanzania have 60-day credit period, like Kenya (amended to 30 days, and to cash-and-carry in future), in Uganda, they have 30days within which to remit premiums.

The commissioner strictly regulates the industry in Uganda and Tanzania buy ensuring that companies strictly do not conduct business with unregistered brokers. They de-register those who owe insurance companies money.

Returns

In Uganda, returns are submitted every 120 days to the commissioner's office in the recommended format. In Tanzania, returns are submitted every quarter to the commissioner's office from which premium tax is raised.

Minimum Rates

In Uganda and Tanzania, every company is required to file their minimum rates with the commissioner of insurance every year. In Kenya, minimum rates are required to be filed by November of the year with the commissioner of Insurance.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Population of Study

The population of study encompassed all insurance companies registered in Kenya as at 31 December 2002(Appendix C). These were selected because they are the main participants in the insurance industry.

A survey of the entire population was considered appropriate because of the number of insurance companies involved (41).

A descriptive design was used in this study. Churchill (1991) notes that a descriptive study can be used when the purpose is to describe the characteristics of certain goods, make specific predictions or estimate proportions of people who behave in a certain way. Since the study was descriptive in nature, aimed at identifying constraints and make possible recommendations, this design was considered appropriate.

3.2 Data collection

Primary data was collected by an exploratory survey method. This was done by way of questionnaire (Appendix B). The advantages of this method include allowing for a larger population to be included in the study (Churchill 1987). The respondents were senior officers of the insurance companies forming the population of study.

A structured questionnaire consisting mainly of close-ended questions and questions based on a six-point likert scale was used. A six-point scale eliminates the clustering which is common for an odd numbered likert scale (Strauss 1990). The close-ended questions are appropriate as they provide a standard set of questions for all respondents, as the information sought is qualitative in nature. Only one questionnaire was administered to all respondents. The questionnaires were delivered to the respondents and collected at a later date.

Interview method where possible was used. This was to increase the responses and seek clarification to enhance accuracy.

The questionnaire was made up of two parts: A and B. Part A captured the problems faced in the regulation of the insurance industry and part B sought to capture possible solutions suggested by the respondents.

3.3 Data analysis

Collected data was summarized in tables, percentages, frequencies and mean scores. Furthermore, factor analysis was used and each factor ranked. Principal component analysis using varimax rotation and Kaiser Criterion was used to uncover the common problems faced in the regulation of the industry. Statistical package for social science (SPSS) was used to perform factor analysis on the major areas of concern in regulation and supervision of the insurance industry.

CHAPTER FOUR

4.0 *RESEARCH FINDINGS*

4.1 POPULATION

In order to identify factors considered as challenges in the regulation of the insurance industry in Kenya, an exploratory survey of insurance companies was undertaken. This survey was conducted between August and September 2003.

The overall response rate was 70.7% (29/41). These responses (twenty nine companies) are considered large enough to justify generalizations on the entire population. However, the low response rate is typical to social science research and is a result of "questionnaire fatigue" by corporate officers many of whom do not even bother to acknowledge receipt of such questionnaires

4.2 ANALYSIS OF RESULTS

To search for the underlying constraints, the data was analyzed in a single step as follows:

Considering the responses of the insurance companies who participated, the results of factor analysis are as follows:

Table 1 - Descriptive Statistics – Constraints/Challenges

Constraints/Problems	Response (N)	Range	Minimum	Maximum	Sum	Mean	Rank based on means
Inadequate human resources in terms of numbers of personnel deployed in the office	29	5.00	1.00	6.00	96.00	3.3103	15
It is not accountable in the use of its powers and resources to pursue clearly defined objectives	29	5.00	1.00	6.00	102.00	3.5172	14
Lack of appropriately qualified personnel	29	5.00	1.00	6.00	103.00	3.5517	13
Inadequate returns and results of inspections	29	5.00	1.00	6.00	113.00	3.8966	12
Lack of power to take remedial action against insurers that fail to comply with rules of financial security	29	5.00	1.00	6.00	114.00	3.9310	11

Inadequate information	29	5.00	1.00	6.00	114.00	3.9310	10
Inadequate/insufficient funding	29	5.00	1.00	6.00	118.00	4.0690	9
Has no reliable, stable and secure source of funding to safeguard its independence and effectiveness	29	5.00	1.00	6.00	119.00	4.1034	8
Lack of an established employment system to hire, train and maintain a professionally qualified staff	29	5.00	1.00	6.00	122.00	4.2069	7
Has limited powers and insufficient resources to co-operate and exchange information with other authorities both home and abroad	29	5.00	1.00	6.00	123.00	4.2414	6
Lack of an able and independent board to moderate the affairs of the COI office	29	5.00	1.00	6.00	131.00	4.5172	5
Inability to have a dynamic influence in the evolution of the insurance industry	29	3.00	3.00	6.00	133.00	4.5862	4
Low levels of public awareness of insurance matters	29	5.00	1.00	6.00	136.00	4.6897	3
Lack of autonomy of action and freedom from interference by political and other groupings	29	5.00	1.00	6.00	136.00	4.6897	2
Inadequate analysis and slow response to remedy financially weak insurers	29	5.00	1.00	6.00	140.00	4.8276	1
Valid N (listwise)	29						

The mean scores were used to gauge the overall opinions of the respondents in general. The constraints above are ranked (arranged) in terms of their mean scores from those considered to be most constraining to those regarded as least constraining. A score of one (1) represent strongly disagree, 2-fairly disagree, 3-disagree, 4-agree, 5-fairly agree and six (6) strongly agree. A mean score of 4 and above falls on the acceptance region.

The respondents fairly agreed with inadequate analysis and slow response to remedy financially weak insurers (9) and Lack of autonomy of action and freedom from interference by political and other groupings (3) as the major constraints.

Other constraints identified include; Low levels of public awareness of insurance matters (12) Inability to have a dynamic influence in the evolution of the insurance industry (5) Lack of an able and independent board to moderate the affairs of the COI

office (6) Has limited powers and insufficient resources to co-operate and exchange information with other authorities both home and abroad (14) Lack of an established employment system to hire, train and maintain a professionally qualified staff(13).

Further, Principal Component Analysis (PCA) was used to perform factor analysis. The objective of Principal Component analysis (PCA) was to transform a set of interrelated variables into a set of unrelated linear combinations of these variables (structures).

KMO predicts if data is likely to factor well based on correlation and partial correlation. To perform PCA, Varimax rotation together with Kaiser Criterion was used to classify and reduce the constraints into interpretable factors or components or structures. The results are as shown below:

Table 2 – Communalities - Problems/Constraints)

Constraints/problems	Initial	Extraction
Inadequate information	1.000	.740
Lack of power to take remedial action against insurers	1.000	.813
Lack of freedom and autonomy	1.000	.722
Inadequate returns and results of inspections	1.000	.643
Not having a dynamic influence on the evolution of the insurance industry	1.000	.703
Lack of an able independent and board to moderate the affairs of the commissioners office	1.000	.833
Inadequate/insufficient funding	1.000	.785
Lack of a reliable, stable and secure source of funding to safeguard its independence	1.000	.852
Inadequate analysis and slow response to remedy financially weak insurers.	1.000	.624
Inadequate human resources in terms of numbers of personnel deployed in the office	1.000	.603
Lack of appropriately qualified personnel.	1.000	.820
Low levels of public awareness of insurance matters	1.000	.731
Lack of an established employment system to hire, train and maintain a professionally qualified staff.	1.000	.801
Has limited powers and insufficient resources to co-operate and exchange information with other authorities both at home and abroad thereby supporting consolidated supervision	1.000	.687
Is not accountable in the use of its powers and resources to pursue clearly defined objectives	1.000	.808

Extraction Method: Principal Component Analysis.

The communality (h^2) is the squared multiple correlation for variables using the factors as predictors. The h^2 measures the percentage of variance in a given variable explained by all the factors jointly and can be interpreted as the reliability of the indicator. It is the proportion of variance that each item or variable has in common with other items. For instance, 78.5% of variance observed in the constraint "inadequate/insufficient funding" is explained by the factors jointly.

An analysis of the above communalities reveals that most of the variations in the external factors were fairly captured by the components. The lowest variation was captured for the statement "Inadequate human resources in terms of numbers of personnel deployed in the office" with a communality of 60.3%.

Table 3: ***Total Variance Explained***

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	4.480	29.866	29.866	4.480	29.866	29.866	3.104	20.693	20.693
2	2.082	13.881	43.747	2.082	13.881	43.747	2.064	13.757	34.450
3	1.834	12.228	55.975	1.834	12.228	55.975	2.011	13.404	47.853
4	1.605	10.703	66.677	1.605	10.703	66.677	1.997	13.315	61.169
5	1.164	7.761	74.438	1.164	7.761	74.438	1.990	13.269	74.438
6	.877	5.849	80.287						
7	.686	4.571	84.858						
8	.577	3.844	88.703						
9	.490	3.266	91.969						
10	.366	2.442	94.411						
11	.302	2.012	96.423						
12	.223	1.485	97.908						
13	.133	.889	98.798						
14	9.786E-02	.652	99.450						
15	8.249E-02	.550	100.000						

Extraction Method: Principal Component Analysis.

A total of five components were extracted from the factors. The components are orthogonal to one another, meaning that they are uncorrelated. For a component to account for at least one variable, it should have an eigen-value of at least one. This is the cut off point for determining the number of components (factors) to be extracted as defined by Kaiser Criteria. Component one (1) accounts/explains the highest observed variance followed by component 2 and so on. Variables regarded as significant are assigned to component one (1), followed by component two and so on.

From the table above, component 1 accounts for 29.86% of the total observed variations, while component 2 explains 13.88% and so on. Component 1 explains the highest observed variations followed by component 2 and so on. The five components extracted from the constraints (variables) explain 74.44% of the total observed variation for all variables.

Table 4: Rotated Component Matrix (Constraints/Problems)

Constraints	Component				
	1	2	3	4	5
Inadequate information	2.809E-02	.251	-5.437E-02	.821	-5.998E-04
Lack of power to take remedial action against insurers that fail to comply with rules of financial security (liquidity and solvency)	-3.631E-02	.873	-6.521E-02	.145	.157
Lack of autonomy of action and freedom from interference by political and other groupings.	.569	.496	-8.205E-02	-5.559E-02	.376
Inadequate returns and results of inspections	.289	.299	.245	.640	6.954E-03
Inability to have a dynamic influence in the evolution of the insurance industry.	5.779E-02	-.151	.203	.191	.774
Lack of an able and independent board to moderate the affairs of the COI office.	.286	.203	2.939E-02	-.265	.800
Inadequate/insufficient funding	.808	-8.330E-02	4.298E-02	.312	.165
Has no reliable stable and secure source of funding to safeguard its independence and effectiveness	.846	.154	-5.933E-02	.192	.269
Inadequate analysis and slow response to remedy financially weak insurers	.271	.300	-.196	3.269E-02	.649
Inadequate human resources in terms of numbers of personnel deployed in the office	.148	-.186	-1.232E-03	.739	6.981E-03
Lack of appropriately qualified personnel.	-.345	.344	.731	.174	.131
Low levels of public awareness of insurance matters	.466	.657	.280	4.605E-02	-3.875E-02
Lack of an established employment system to hire, train and maintain a professionally	.413	.138	.749	.180	-.136

qualified staff.					
Has limited powers and insufficient resources to co-operate and exchange information with other authorities both at home and abroad thereby supporting consolidated supervision	.789	6.818E-02	.204	2.985E-02	.133
Is not accountable in the use of its powers and resources to pursue clearly defined objectives	.129	-.331	.797	-.193	9.884E-02

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
A Rotation converged in 9 iterations.

The rotated component matrix above was used to extract independent variables highly related to particular components. Orthorgonal varimax rotations together with Kaiser Normalization were used to force the entries in the initial factor matrix to be near 0 or 1. Such loadings show more clearly which variables go together and thus more interpretable. The final matrix represents both a pattern and structure matrix. The coefficients in the rotated matrix represent both correlation coefficient and regression weights. A summary of constraints corresponding or loading heavily to a particular factor/ component is shown below:

Table -5: Summary of heavily loading constraints

components	**Variables (question number)**	**% of variance explained**	**Cumulative %**
1 Inadequate information	• Inadequate/insufficient funding (.808) • Lack of an able and independent board(.286) • No reliable,stable source of funding(.846) • Inadequate analysis and slow response(.271) • Limited powers and insufficient resources(.789) (6,7,8,9,14)	29.866	29.866
2 Lack of power to take remedial action against insurers that fail to comply with	• Low levels of public awareness of insurance(.657)	13.881	43.747

rules of financial			
3 Lack of autonomy of action and freedom from interference from political and other groupings		12.228	55.975
4 Inadequate returns and results of inspections	• Lack of appropriately qualified personnel(.174) • Lack of an established employment system(.180) (11,13)	10.703	66.677
5 Inability to have a dynamic influence in the evolution of the insurance industry.	• Inadequate human resources in terms of numbers(.131) • Not accountable in the use of its powers to pursue objectives(.988) (10,15)	7.761	74.438
Total		74.438%	

The five components which explain 74.438% of the observed variance captures all constraints in table 1. The first component clearly indicates that the major constraints facing the commissioners' office is inadequate information .This is followed by lack of power to take remedial action against insurers that fail to comply with rules of financial (low levels of public awareness of insurance matters) and lack of autonomy of action and freedom from interference from political and other groupings – Which was an outlier

Other factors identified by respondents as problems and emerging challenges in the regulation of the insurance industry in Kenya.

The constrains that were identified by the respondent companies included:-

1. Underhand dealings in the conduct of operations at the commissioners' office
2. Political interference especially in the appointment of the commissioner of insurance
3. Staff de-motivation due to uncompetitive terms of employment
4. Bureaucracy in the conduct of operations at the commissioners office leading to time lags in response

5. Inability to carry out on-the-spot inspections on a regular basis as required by the Insurance Act (1984)
6. Lack of co-operation with other industry players
7. Restricted scope of operation of the office of commissioner of insurance
8. Competition amongst some players in the industry which reduce synergies in regulation
9. Inappropriate technologies and procedures used in the office of commissioner of insurance
10. Involvement of government officials in insurance business.
11. Flouting of good corporate governance practices by executives of insurance companies

The office of Commissioners of Insurance

An interview with one of the assistant commissioners pointed out the following challenges:

1. Inappropriate technologies used in the office of commissioner of insurance.
2. Improper organizational structure at the commissioner's office.
3. Lack of a clear government policy on the continued development of the commissioners office
4. Introduction and use of information technology and the internet in insurance operations and thus posing new regulatory and supervisory challenges to the office
5. Lack of statutory independence and autonomy despite having statutory mandate

CHAPTER FIVE

5.0 *CONCLUSIONS, RECOMMENDATIONS AND SUMMARY*

The main objective of this study was to identify problems and emerging challenges in the regulation of the insurance industry in Kenya. The regulation of the insurance industry specifically referred to the operations of insurance companies. It implies statutory regulation, through the office of commissioner of insurance, of the operations of insurance companies. The literature covered in this study points out various factors that constraint the office of COI in the regulation of the insurance industry. An exploratory study of these factors was done

The study is an attempt to seek views of the constraints and emerging challenges in the regulation of insurance industry in Kenya.

Interviews and questionnaires based on reviewed literature were used to gather data for this study. The data collected was analyzed using tables, percentages, mean score and factor analysis.

5.1 *Conclusions*

Although the office of commissioner of insurance has the statutory mandate to regulate the conduct of insurance business in Kenya, it has not fulfilled this mandate due to various constraints facing it. This study made an attempt of identifying them so as to make recommendations necessary for rectifying the situation as follows:-

Constraints facing the commissioners Office

From the study, five major constraining factors were identified. These are: Inadequate analysis and slow response to remedy financially weak insurers with a mean score of 4.8, lack of autonomy of action and freedom from interference by political and other groupings with a mean score of 4.69, low levels of public awareness of insurance

matters with a mean score of 4.68, Inability to have a dynamic influence in the evolution of the insurance industry with a mean score of 4.58 and lack of an able and independent board to moderate the affairs of the COI office with a mean score of 4.12

These findings show that inadequate information and lack of autonomy of action and freedom from interference from political and other groupings are the major challenges facing the commissioner's office in regulating the insurance industry in Kenya. The general over-view indicates that inadequate information is the least constraining factor.

Inadequate analysis and slow response to remedy financially weak insurers. In the past few years, this has come out as a growing supervisory problem in Kenya. Insurance companies have collapsed under the watchful eyes of the COI office. Inadequate analysis had a mean score of 4.82 and was ranked number 1 overall. The office has been coming in mainly to place an insurer under statutory management and subsequent liquidation.

Lack of autonomy of action and freedom from interference by political and other groupings. This had a mean score of 4.689 and was ranked second by the respondents. The lack of autonomy cripples the office by hampering it ability to formulate its own policies, evaluate them and mostly importantly enforce them. Although the Insurance Act gives the office a statutory mandate, the fact that the office is a department of the Ministry of Finance creates an avenue for direct political interference.

Low levels of public awareness of insurance matters. The education of insurance consumers in the Kenyan market has been left to insurance companies. This is in spite of the fact that insurance is a social good. The office, unlike some statutory created authorities, does not disseminate insurance information to the public safe for the mandatory annual reports to the Minister of Finance. The public thus are not able to give sufficient feedback on malpractices by insurance companies. Respondents ranked this constraint third with a mean of 4.68.

Inability to have a dynamic influence in the evolution of the insurance industry. In definitive terms, dynamic influence is taken to mean continued, coordinated effort directed towards development of the insurance financial sub-sector. Respondents ranked this challenge fourth with a mean score of 4.586.

Lack of an able and independent board to moderate the affairs of the COI office.

Other constraints and emerging challenges identified included

1. Underhand dealings in the conduct of operations at the commissioners' office
2. Political interference especially in the appointment of the commissioner of insurance
3. Staff de-motivation due to uncompetitive terms of employment
4. Bureaucracy in the conduct of operations at the commissioners' office leading to time lags in response
5. Inability to carry out on-the-spot inspections on a regular basis as required by the Insurance Act (1984)
6. Restricted scope of operation of the office of commissioner of insurance
7. Competition amongst some players in the industry which reduce synergies in regulation
8. Inappropriate technologies and procedures used in the office of commissioner of insurance
9. Involvement of government officials in insurance business.
10. Flouting of good corporate governance practices by executives of insurance companies

Constraints as perceived by the office of Commissioners of Insurance

1. Inappropriate technologies used in the office.
2. Improper organizational structure at the office.
3. Lack of a clear government policy on the continued development of the office

4. Introduction and use of information technology and the internet in insurance operations and thus posing new regulatory and supervisory challenges to the office
5. Lack of statutory independence and autonomy despite having statutory mandate

5.2 Recommendations

A number of recommendations emerge from the findings of this study, ranging from those that concern the office of commissioner as it is and other general recommendations. The recommendations are as follows

Regarding the commissioners office

The office to have an active research arm to continually analyze emerging regulatory challenges and give recommendations. A serious research arm will continually give advice to the commissioner on emerging issues that need immediate attention. It will also come up with new and innovative solutions to existing problems, new procedures and rules of approach and guide general regulatory policy.

Have an autonomous board in the office with vision and integrity. It is the contention of the respondents that an independent board will reduce instances of political interference in the conduct of the affairs of the commissioners' office.

Give the commissioner security of tenure. Security of tenure will enable the commissioner to be firm and independent in decision-making

Reduce levels of government interference and intervention in the conduct of affairs at the office. Government intervention leads to sub-optimal decisions being arrived at unnecessarily. This has been seen in the past regulatory regimes where Insurance companies that do not meet minimum reserve requirements have been registered and allowed to conduct insurance business.

Have the office actively involved in the education of the public on insurance matters. The level of public awareness of insurance matters need to be improved. This will assist in regulation as the public can give feedback only if they understand what is required of them. The public will also be able to distinguish genuine financial products from those that do not suit their needs and thus be able to make better choices.

Improve the terms and conditions of the staff in the office. Currently, staff in the commissioners' office are employed through the ministry of finance and are in essence civil servants. Their low remuneration relative to their counterparts in the private sector serves to de-motivate them and thus have low morale in carrying out their duties. It is the recommendation of this study that their terms of office be improved to match those of their counterparts.

Fund the office through a levy on insurance premium and have it directly responsible for the funds. The respondents contend that tax on insurance companies and specifically a premium levy should be imposed and used directly to fund the running of the COI office. This is to remove the financial burden on the exchequer and enable the office have sufficient funds instead of depending on budgetary allocations which the government allocates on a priority basis.

The office should concentrate on promotion of professionalism in the industry. This should be done through setting up standards of best practice in corporate ethics and personal professional conduct of the managers of insurance companies.

The office should liaise with other groupings like AKI and AIBK on matters of mutual interest . There will be more synergies if the commissioner's office liaises with these offices in the regulation of the insurance industry. This will also ensure that competing interests are downplayed through the regulation of the insurance industry through joint effort.

Other recommendations

Amendment of the insurance Act to create an independent and autonomous authority to manage the affairs of the insurance industry. The respondents suggested the following reasons for this recommendation: -

An authority has the ability to formulate and implement its own policies independently; It will have freedom from political interference; The CEO of an authority has security of tenure; The authority will be able to interact freely with other authorities for the benefit of its operations; It will be able to implement a deliberate programme for industry expansion; It will be in a better position and have better machinery to enhance professionalism in the industry.

Setting up of an ombudsman's office to handle disputes that arise between insurers and insured's. This office will improve regulation by enhancing speedier less costly settlement of disputes concerning valid claims. It will also remove part of the regulatory burden from the shoulders of the commissioner.

Introduce self regulation by empowering the COI, AKI, AIBK and IIK through legal recognition of the bodies. Legal recognition of the above bodies means that their actions and operations will be recognized under statute. They will thus be able to contribute towards regulation through ingraining self-regulation in the insurance industry. They will contribute towards meeting the current and emerging challenges in the regulation of the insurance industry in the following ways; The College of Insurance (CoI) will be able to design examinations that are recognized in the industry and thus improve on professionalism. The Association of Kenya Insurers (AKI), will no longer be a mere lobby group but will be a force that will play a great role in the conduct of insurance business in the most ethical and professional manner. It will reign in errant corporate executives by setting rules of prudential management. The Insurance Institute of Kenya will be able to register professional insurers and enhance their professional development. This way, regulation of the insurance industry will be easier as it will be operated by competent and professional managers.

5.3 *Summary*

The findings of this study indicate there are quite a number of factors that pose challenges in the regulation of the insurance industry. Therefore, an approach encompassing both enhancing the commissioners' office and the implementation of other recommendations concerning other players should be employed if the problems and challenges bedeviling the regulation of the Kenyan insurance industry are to be contained. Although the other recommendations besides those involving the commissioners' office will be difficult to implement, the government can certainly address those concerning the commissioners' office through deliberate policy choices to contain the situation. The office of commissioner of insurances' office should try to embrace market orientation (customer looking) and be more proactive. This way, it will involve all the players in the industry in generating definitive solutions to the emerging problems and challenges in the regulation of the insurance industry.

5.4 *Limitations Of The Study*

The major limitation of this study was time and financial resources to undertake a rigorous study. Because of this, it was very difficult to conduct a survey of players in the whole insurance industry hence insurance companies were specifically chosen in studying the constraints in the regulation of the industry. Therefore, the findings or views captured in this study relates to the insurance companies studied as defined in the population of study. Some corporate officers refused to participate in the study since they consider filling a questionnaire a waste of their valuable time and thus may have impacted on the study negatively.

5 *Suggested Areas For Further Research*

1. A study should be conducted to establish the perceptions held by other players in the industry including brokers, agents and re-insurance companies registered by the commissioner's office about the emerging challenges.

2. A study should be conducted to determine the possibility of upgrading the commissioner's office into an independent and autonomous authority to manage the affairs of the insurance industry in Kenya.

3. A study could also be conducted to determine the relative benefits of self-regulation viz a viz-statutory regulation of the insurance industry in Kenya.

APPENDIX -A Letter of introduction

Augustine K Koima
Dept.of Business & Admin.
University Of Nairobi
P.O. Box 30197.
Nairobi.
18th September 2003

The Principal Officer / General Manager /Underwriting manager/Claims manager

Dear Sir/Madam.

RE: RESEARCH PROJECT

I am a postgraduate student at the University Of Nairobi undertaking a research project as part of the requirements of the degree of Masters of Business Administration. The topic of my research is "A study on the challenges in the regulation of the insurance industry in Kenya"

Your firm has been selected to form part of the study. I kindly request you to fill the attached questionnaire. Any information provided will be treated in strict confidence and used solely for academic purposes. Neither your name nor that of the firm will be mentioned in the final report.

A copy of the research project will be made available to you upon request. Your co-operation will be greatly appreciated. Thanking you in advance.

Sincerely,

Augustine K Koima
MBA Student.
E-mail akoima@yahoo.com
Address box 13112-00100 Nairobi
Tel. 0721-530053

Mr. Justus Tari
Lecturer/Supervisor
Dept. of Business & Admin.
University of Nairobi.

APPENDIX - B Questionnaire

PART A

Please fill the blank space
Name of the Company...
Name of the respondent (Optional)...
Position held in the Company ....

A (1) Listed below are statements dealing with factors considered to be problems/constraints faced by the office of commissioner of insurance in regulating the insurance industry in Kenya. Please rate the factors by ticking the appropriate box.

KEY

1.	Strongly disagree	4.	Agree
2.	Fairly disagree	5.	Fairly agree
3.	Disagree	6.	Strongly agree

Inadequate information	[6]	[5]	[4]	[3]	[2]	[1]
Lack of power to take remedial action against insurers that fail to comply with rules of financial security (liquidity and solvency)	[6]	[5]	[4]	[3]	[2]	[1]
Lack of autonomy of action and freedom from interference by political and other groupings.	[6]	[5]	[4]	[3]	[2]	[1]
Inadequate returns and results of inspections	[6]	[5]	[4]	[3]	[2]	[1]
Inability to have a dynamic influence in the evolution of the insurance industry.	[6]	[5]	[4]	[3]	[2]	[1]
Lack of an able and independent board to moderate the affairs of the COI office.	[6]	[5]	[4]	[3]	[2]	[1]
Inadequate/insufficient funding	[6]	[5]	[4]	[3]	[2]	[1]
Has no reliable stable and secure source of funding to safeguard its independence and effectiveness.	[6]	[5]	[4]	[3]	[2]	[1]
Inadequate analysis and slow response to remedy financially weak insurers.	[6]	[5]	[4]	[3]	[2]	[1]
Inadequate human resources in terms of numbers of personnel deployed in the office	[6]	[5]	[4]	[3]	[2]	[1]
Lack of appropriately qualified personnel.	[6]	[5]	[4]	[3]	[2]	[1]

2. Low levels of public awareness of insurance matters	[6]	[5]	[4]	[3]	[2]	[1]
3. Lack of an established employment system to hire, train and maintain a professionally qualified staff.	[6]	[5]	[4]	[3]	[2]	[1]
4. Has limited powers and insufficient resources to co-operate and exchange information with other authorities both at home and abroad thereby supporting consolidated supervision	[6]	[5]	[4]	[3]	[2]	[1]
5. Is not accountable in the use of its powers and resources to pursue clearly defined objectives	[6]	[5]	[4]	[3]	[2]	[1]

A (2) Please state any other factors you feel are problems/constrains facing the Commissioner of Insurance in the regulation of the insurance industry in Kenya.

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PART B

B (1) Please, suggest possible solutions to the problems/constraints identified in A (1) and A (2) above.

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APPENDIX C - Population of study

LIST OF LICENSED INSURANCE COMPANIES AS AT 31 DEC. 2002

1. ALICO Insurance Co. (K) Ltd
2. AMACO Assurance (K) Ltd
3. Apollo Insurance Co. Ltd
4. Blue Shield Insurance Co. Ltd
5. British American Insurance Co. (K) Ltd
6. Cannon Assurance (K) Ltd
7. Concord Insurance Co. Ltd
8. Co-operative Insurance Company of Kenya Ltd.
9. Corporate Insurance Co. Ltd
10. Fidelity Shield Insurance Co. Ltd
11. First Assurance Co. Ltd
12. Gateway Insurance Co. Ltd
13. Geminia Insurance Co. Ltd
14. General Accident Insurance Company (K) Ltd
15. Heritage AII Insurance Co. Ltd
16. Insurance Company of East Africa Ltd
17. Intra Africa Assurance Co. Ltd
18. Invesco Assurance Co. Ltd
19. Jubilee Insurance Co. Ltd
20. Kenindia Assurance Co. Ltd
21. Kenyan Alliance Insurance Co. Ltd
22. Liberty Assurance Co. Ltd
23. Lion of Kenya Insurance Co Ltd
24. Madison Insurance Co (Kenya) Ltd
25. Mercantile Life & General Assurance Co. Ltd
26. Monarch Insurance Co. Ltd.
27. Occidental Insurance Co. Ltd
28. Old Mutual Life Assurance Co. Ltd
29. Pan Africa Insurance Co. Ltd
30. Pan African Insurance Co Ltd
31. Phoenix of East Africa Assurance Co Ltd
32. Pioneer Assurance Co Ltd
33. Prime Insurance Co. Ltd
34. Royal Insurance Company of East Africa Ltd.
35. Stallion Insurance Co. Ltd
36. Standard Assurance (K) Ltd
37. Suncity Insurance Co. Ltd
38. Tausi Assurance Co Ltd
39. Trinity Insurance Co. Ltd
40. UAP Provincial Insurance Co. Ltd
41. United Insurance Co. Ltd

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