EFFECT OF MICROINSURANCE GROWTH ON INSURANCE PENETRATION IN KENYA

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DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.

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

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DEDICATION

This research project is dedicated to my children Dylan and Tamara my colleagues at Britam and close friends who supported me in the various stages of the project. It would not have been possible without all of you, may God bless you

.

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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenya Insurers
ANOVA	Analysis of variance
CGAP	Consultative Group to Assist the Poorest
GDP	Gross Domestic Product
GPI	Gross Premium Income
IAIS	International Association of Insurance Supervisors
IRA	Insurance Regulatory Authority
MFI	Micro-Finance Institution
SPSS	Statistical Package for Social Sciences

ABSTRACT

For decades, researchers have attempted to interrogate why microinsurance can attain such high insurance penetration. The expansion of microinsurance may have an impact on other strategic decisions, such as the level of insurance penetration. The insurance sector thus has to undergo a significant transformation in order to acquire market share, penetrate new markets, and expand its current market share. The study's overarching goal was to determine the impact of Kenya's growing microinsurance market on the country's overall insurance penetration. Two theories were used in this research, risk theory, and resource-based theory, respectively. There were 32 insurance companies in the research that provided microinsurance services. Only one unit manager in each micro insurance company was surveyed to get the data. Linear regressions and correlations were used to conduct the research. Legal and regulatory framework and national culture have been found to have a significant impact on the growth of micro insurance, while many insurance companies have taken a more moderate approach to client education and distribution channels. Insurance penetration was found to be positively significant with the growth of micro-insurance. Insurance penetration was found to be positively significant with factors such as client education, legal and regulatory framework, distribution channel, and national culture. According to the findings, all insurance companies should host public education events to help clear up misconceptions about insurance policies and benefits.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

It's taken many years for researchers to figure out how microinsurance manages to achieve such high insurance coverage. Among the numerous variables that influence insurance penetration are the insurer's strategy, organizational structure, and resources as well as the micro insurers' skills (Kinnan, 2021). The expansion of microinsurance may have an impact on other strategic decisions, such as the level of insurance penetration (Goldin, & McCubbin, 2021).Insurance penetration is significantly influenced by the microinsurance industry's development and the business climate Baker, Logue, and Williams, (2021) state that methods involving the development of microinsurance are used to increase the number of people who have insurance. They're designed to cut down on a company's risks while also increasing insurance uptake.

The study was guided by Risk theory and a resource-based theory. Risk theory was developed by Hawley (1983). The risk theory argues that every future choice must take into account a certain degree of uncertainty. Uncertainty may influence an investor's willingness to pay a particular price in certain circumstances, such as when investing in a business that may go bankrupt. Resource-based theory was developed by Wernefelt (1984). It illustrates that a company's competitive edge comes more from internal resources than from external environment positioning.

In Kenya, the insurance sector has a major impact on economic growth. Churchill (2006), micro-insurance caters to the needs of those who would otherwise be left out of commercial and social insurance programs. Most Kenyans in the informal sector, according to the Insurance Regulatory Authority's (2021) study, are not properly covered by conventional insurance. As a result, a new kind of insurance is needed to help spur the economic development that is so desperately needed. Smallholder farmers, merchants, manufacturers, and others who make a living on a modest scale are the foundation of Kenya's untapped micro-insurance industry.

1.1.1 Concept of Micro Insurance

Microinsurance is defined by Kekre, (2021) as a risk-pooling mechanism that leverages the resources of many insurance policyholders to compensate for the unintentional losses of a few. Household and other shared hazards confront people on the lower rungs of the social ladder, and to combat these risks, they must pool resources. Dror (2019) also found that microinsurance had the lowest premiums and the smallest coverage for low-income individuals. The products are meant to meet the needs of the poor, who are generally ignored by conventional insurers. Microinsurance provides low-income individuals with financial stability, and it is a strategy for protecting both rural and urban poor people by providing low-cost insurance to reduce their risk.

Due to micro insurance’s ability to protect households from a variety of risks that have a variety of effects on economic activity, its seen as a vehicle for promoting financial stability, prosperity, and economic growth. Microinsurance providers are concerned about the ability to provide coverage on a sustainable basis. Even while microinsurance isn't designed to compete with or completely replace existing government-sponsored social safety nets, it does have the greatest impact when used as part of a larger social protection framework that includes private social insurance as well. However, it's becoming more apparent that microinsurance requires a push and direction from the regulator as well as government, as Uddin (2017) stated that the poor confront greater hazards than the well-off, but more crucially they are more susceptible to the same risk. People's consumption level and capacity to pay premiums determine whether microinsurance categories exist (Janzen & Carter 2019). The planned market segment for economically feasible microinsurance is individuals with a daily income of at least 1.25 USD and up to 4 USD. Clients can afford microinsurance products at a price that is affordable but also financially viable for this segment of customers (Yore & Walker 2017). In the lowest half of the income distribution pyramid, individuals make less than 1.25 USD per day. This group is referred to as the "very poor population." People that fall into this group make so little money that they can't afford even the most basic needs for their families, much alone the cost of commercially viable microinsurance products.

1.1.2 Insurance Penetration

According to Enz (2000), Insurance penetration refers to the percentage of GDP that an insurance premium represents (GDP). The insurance market's development progresses in direct proportion to penetration rate (Kwon, 2013). Radhika and Satuluri (2019) define insurance penetration as a fictitious metric that quantifies insurance's contribution to Gross Domestic Product (GDP). Micro Insurance spurs economic development by spurring savings, decreasing the level of unnecessary precautionary savings, and translating dormant capital into free capital by providing risk mitigation for players in the various sectors within the economy (Devarakonda & Chittineni 2019). Micro-insurance protects low-income people against specific risks by charging monthly premiums based on the likelihood and cost of the risk they expect to encounter.

In the twenty-first century, many emerging market jurisdictions are addressing the issue of increasing insurance penetration to those groups of the population that have previously been uninsured or underinsured. One strategy to develop inclusive financial institutions is to expand microinsurance for low-income people in return for monthly premium payments (Alhassan, 2016). Few people have insurance, in part because of the legislative framework that makes it difficult to get, low public knowledge, poor customer service, a culture that discourages buying insurance, and little disposable money (Rakshit, 2017).

Ensuring the public knows microinsurance products is the biggest problem for micro insurers. Due to a lack of funding, it is difficult to grow into previously untapped markets while also negatively impacting the companies' bottom lines (Outreville, 2015). Uninsured rural regions and the urban poor should be covered by insurance to improve penetration rates and density. Additionally, rural microinsurance firms should demonstrate a long-term commitment to the market and design policies that are specific to the requirements of rural populations (Park, & Lemaire 2012).

1.1.3 Insurance Companies in Kenya

Kenya has 53 insurance companies, 11 of which are composite, providing both life and non-life insurance; 27 are completely non-life or general insurance; and 15 are strictly life insurance businesses (IRA, 2018). In addition to the insurance firms, there are additional participants in Kenya's insurance sector. In 2019, there were 4 reinsurance businesses, 221 insurance brokers, 11 reinsurance brokers, 31 medical insurance providers, 142 insurance investigators, 126 vehicle assessors, 32 insurance surveyors, 32 loss adjusters, and 9,348 insurance agents in the industry. (IRA, 2019). Among the insurance agents named, there are 28 who work for the bank assurance firm. The Insurance Regulatory Authority (IRA) has the responsibility under the Insurance Act to regulate, oversee, and encourage the growth of the Kenyan insurance sector (IRA, 2019).

Association of Kenya Insurers (AKI) is an industry umbrella group for insurance firms that protects, promotes, and advances the common interests of its members (AKI, 2020).

Insurance businesses had a rough year in 2017, as their earnings fell by 18%, the lowest in the industry. From a peak of $144.8 million to $118.2 million, the insurance industry's profitability in Kenya fell by $26.6 million, as reported by AKI (2017). The government's interference in the financial system, which resulted in a restriction on bank interest rates, is to blame for the steep decline. It's been challenging for investors to see progress in their different economic sectors due to a drop in lending by the country's banking sector.

According to AKI (2017), total written insurance premiums have decreased by a marginal 6.5 percent from 2016 levels. The insurance industry in Kenya for a long time has been undergoing turbulent moments making the insurance growth drop by 0.04% from a 2.75 % in 2016 to 2.71% in 2017(Insurance Regulatory Authority, 2017). Although there has been a decline in profits that was witnessed in medical insurance, motor private and commercial sector. The industry has been experiencing high losses hence a decline in gross written premiums (Insurance Regulatory Authority, 2017).

1.2 Research Problem

Households with low income are more susceptible to risks and economic shocks. For the impoverished to protect themselves, micro insurance is one option (Morrow, 2017). Microinsurance may help low-income families remain financially secure even when faced with adversity. According to Outreville (2015), the growth of microinsurance and the degree of insurance penetration are related. The demand for insurance is strongly connected with education, affecting micro insurance growth. According to Omollo (2016), to generate value for stakeholders, insurance penetration is necessary to boost microinsurance growth and therefore lower risk. An adequate degree of public knowledge about insurance is needed to increase the rate at which people are covered by it (Nirjhar, 2015).

Market share and product diversity are only two of many challenges the Kenyan insurance sector must contend with (AKI, 2020). Only 6.8% of Kenyans have bought insurance coverage, according to the Insurance Intelligence Centre study (2019), with a staggering 93.2% of the population having never purchased insurance coverage for either their life or their property. With established markets like the United Kingdom and the United States at roughly 11 percent and 8.6 percent, Kenya has an even greater problem since the penetration rate is just 3.4 percent, below the continent's average of 3.65 percent (Mbogo, 2019). It is projected that just 3.44% of Kenyans have access to insurance, compared to the 14% penetration rate in South Africa, Namibia's 8%, and Mauritius' 5.94% (2010). The insurance sector thus has to undergo a significant transformation in order to acquire market share, penetrate new markets, and expand its current market share.

Numerous studies have been done on the development of microinsurance all over the world, Ahuja & Guha-Khasnobis (2005) focused on trends and plans for future expansion in India. According to the findings of a comprehensive study, regulator and government support is required for microinsurance to thrive. Poyesh and Hojatallah (2014) examined the link between macroeconomic factors and the insurance penetration ratio using only coincidental data. Inflation, depression, and GDP all have a significant impact on insurance penetration. A study by Ghana's National Insurance Commission (2012) found that micro-insurance may help the insurance sector grow by providing a regulatory framework for the microinsurance industry.

Insurance penetration in Kenya is impacted by both internal and external influences, according to Njihia's research (2013). There are also local studies looking at risk management techniques employed by micro-insurance service providers, such as Njuguna and Arunga (2013), Kamau (2013), and Ndalu (2011), as well as the factors influencing insurance penetration in Kenya and Kenyans' overall health.

Only a few studies looked at the effect of microinsurance growth on Kenya's insurance penetration, with the bulk focusing on the factors that determine microinsurance penetration in Kenya. To address the study question, what is the effect of microinsurance growth on insurance penetration in Kenya?

1.3 Research Objective

The objective of this study was to establish the effect of microinsurance growth on insurance penetration in Kenya.

1.4 Value of Study

This research was used by scholars and researchers to further investigate strategic management in different fields. For the purpose of identifying new research avenues, scholars and researchers utilized it to analyze the existing empirical literature and find the gaps in the research. Agency theory and resource-based theory were bolstered by this investigation.

Strategic management has received a significant boost from this research. They learned about microinsurance and insurance penetration from insurance executives. It also enhanced awareness among insurance players, development partners, and communities on the effects of successful insurance penetration.

Finally, this research study benefited policymakers and the insurance industry players at large. The knowledge and understanding of microinsurance growth are important in realizing business performance objectives. The research guided the policy development process which may be unsuccessful in attaining policy goals if founded on the incorrect premise.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

The literature review section analyzed the most influential scholarly articles on micro insurance growth and insurance penetration. Additionally, the chapter explored the theoretical foundations, empirical findings, and research gaps.

2.2 Theoretical Foundation

This theoretical framework interprets ideas and models relevant to the research question (Hollesenn, 2007). The theories provide a broad explanation for the presence of scientific difficulties, thus the researcher should be familiar with those principles relevant to his field of study (Kalyani, & Sahoo,2011). The investigation was driven by two theories: risk theory and the theory of resource-based .

2.2.1 Risk Theory

Hawley (1983) developed Risk Theory in an effort to explain businessmen's risk-return considerations. Business businesses, according to theory, suffer significant degrees of uncertainty because of the turbulence in the surrounding environment. Individuals purchased insurance policies because of the possibility of a previously predicted bad event happening and harming company operations. Grandell (2012) states that to understand how people make choices amid uncertainty, this hypothesis is put forward. In addition to expected utility, Bryers and Van den

Bergh claim that the prospect theory and the endowment effect are essential theories for decision choice (2010).

The risk theory was used in the research to explain why people purchase microinsurance products. In this idea, people are risk-averse, therefore they'll buy micro-insurance products for their companies and lifestyles only if the event they're worried about really happens and harms their day-to-day activities (Beard, 2013). Since the focus of microinsurance is on mitigating risk and minimizing the impact of unforeseen events, this theory is particularly pertinent to this research. An explanation of how insurance market intermediaries spread important information for increased insurance penetration is provided by this study.

2.2.2 Resource-Based Theory

Wernerfelt (1984) established a resource-based hypothesis. A key proposition of the theory is that an enterprise's resources and competencies form the foundation on which firms compete. Barney (1991) stated that an organization is deemed to attain a competitive edge over its competitors via the implementation of strategies that utilize internal capabilities in reaction to opportunities found in the external environment. According to the notion, each organization has its own unique collection of physical and intangible assets, as well as the capacity to exploit those assets. Because of this, they have a distinct personality. When a company's resources are properly developed, they may become a source of competitive advantage for that company (Alvarez & Busenitz, 2001). When it comes to expanding the reach of microinsurance, the assets a company possesses are critical. Barney argues that a company's competitive advantage may be improved by making better use of its limited resources (1996).

The critique of resource-based theory is that a certain resource may only contribute to a very small portion of total resource costs and needs. However, it becomes alarming if the ack of that particular resource interferes with the functioning of the organization. However, the resource-based theory does not think that the environment and dependence on vital resources have a direct impact on organizational behavior behind managers' backs. It mostly relies on assumptions about managers and how they deal with the outside environment. According to this idea, information processing and complicated problem solving are constrained by limited rationality, according to Das and Teng (2000). For this research, the theory of resource-based perspective is essential because it explains the emergence of certain capacities that contribute to insurance penetration among microinsurance providers.

2.3 Microinsurance and Insurance Penetration

Micro-insurance is a new industry that is growing in importance as time passes. Insurance is essential for a country's socio-economic development, and identifying difficulties is important in formulating effective strategies for expanding the micro-insurance market. Makove, (2011) gives a discussion on the different microinsurance growth. Discussed in this section are micro insurance growth factors and relationships with insurance penetration.

2.3.1 Client Education

Outreville (2015) examined the impact of customer education on insurance uptake and penetration rates. Insurance penetration and education appear to be unrelated. Demand for insurance and education are strongly correlated, but this does not always mean people are risk-averse. Between the household head's education and participation in health insurance programs, there was a significant positive correlation in both urban and rural India. The marginal effects were higher for rural populations, (Chakrabarti & Shankar, 2015).

According to Mohamed, Alhabshi, and Sharif (2015) insurance companies must have a long-term perspective, develop products for rural people, and address the peculiarities of this group. Kishor, Prahalad, and Loster (2013) investigated the microinsurance India protecting the poor. It was established public awareness influences insurance penetration. Raising awareness among the general public is an effective means of disseminating data and ideas. For insurance penetration to be effective insurance firms need to have proper communication channels

2.3.2 Legal and Regulatory Framework

Kwon (2013) concluded that there was lower insurance consumption in countries with an exclusive insurance regulatory authority. Insurance consumption increased when the regulatory body was part of the government or another jointly responsible body was present. Market exit regulation, solvency regulations, and the use of standard forms resulted in increased insurance consumption while market entry regulations achieved the opposite. On the continent of Africa, insurance penetration is relatively low, although insurers are essential to economic progress (Olayungbo and Akinlo, 2016). It was suggested that developing effective insurance regulations is one strategy African countries can use to boost their insurance penetration rates.

According to Bhoola et al. (2014), insurance regulation in Africa has lately grown. To remain successful, insurance companies, according to the findings, should become acquainted with and comply with relevant government laws. Insurance companies would have more possibilities on the market if certain rules are put in place. According to Libuli, Sakataka, and Wandera,(2014) insurance regulators and regulation played a critical role in the industry.

2.3.3 Distribution Channels

Distribution channels and the use of technology are likely to enhance insurance penetration, according to Kmiru(2016). Digital and mobile-supported marketing platforms have become more important such that customers rely on mobile platforms. Schneider (2004) for insurance to reach a wider audience in Asia and Latin America, various distribution methods have been used. Rising markets have great potential but are also fraught with risk because of the high startup costs and lengthy break-even periods in new insurance markets.

According to Ngoima (2011), insurance brokers in Kenya have a significant effect on the country's overall insurance penetration. Studies have shown that intermediaries perform a variety of functions, including market maker, transformation insurance agent, participation cost reduction, and service supply. A direct-distribution channel approach is used while selling insurance business goods, even if other technologically improved channels should not be disregarded. Jubilee Insurance's strategic responses to a changing competitive environment were examined by Akoth (2011). According to the results of the research, using technology to gain access to information about customer economic behavior provides useful insights into insurance sales opportunities.

2.3.4 National Culture

Chui and Kwok (2008) used data gathered between 1976 and 2001 to examine the impact of national culture on the utilization of life insurance in 41 different nations. They concluded that individuals purchase more life insurance in individualistic countries. Power distance, the degree of uncertainty avoidance, and gender all correlated negatively with life insurance usage. Non-life insurance usage was shown to be negatively correlated with power distance by Park and Lemaire

(2012). Non-life insurance usage was linked to individualism and the need to avoid uncertainty, the researchers found.

The proportion of family wealth held in risky assets is increasing (declining), according to Zelizer (2016). RRA is diminishing (increasing) among households, they are less risk-averse in comparison to each other. Risk aversion has cultural roots. In 2019, the Insurance Research Agency researched the influence of culture, beliefs, and values on insurance uptake in Kenyan communities. A nationwide scale-up of these findings is still pending, but preliminary findings show that most communities surveyed still rely on traditional risk management techniques like group formation and self-insurance rather than buying insurance (IRA, 2019).

2.4 Empirical Studies and Knowledge Gaps

Hsieh, Lee and Yang (2015) determined how diversification affects the property-liability insurance sector's performance across sixty-two nations. The research relied on the utilized dynamic panel methodology. Based on the outcomes, higher diversification increases returns and minimizes the insurer’s risk while seeking to lower the level of leverage. The paper is relevant to study but it is limited to only property-liability insurance leaving out other micro-insurance firms.

Lee (2017) examine product diversification, insurance performance, and business structure with a wide-ranging analysis at the Property-Liability insurance. Based on panel data, this research found that product diversification hurts P/L insurers' performance. The study's focus on property insurance makes it difficult to provide light on how product variety impacts overall insurance performance. A focus on insurance rather than micro insurance framed the research, with factor analysis serving as a tool for analysis.

Pandit (2015), examined the effect of market insurance on the community. Insurance marketing in rural areas is difficult, according to the claimant, because of the low level of financial literacy, low per capita income, and downright drab attitude of the people, as well as the unwillingness of intermediaries to go far away. With the help of this research, insurance firms may better enter the rural market by taking a long-term approach, designing products that are tailored to rural needs, and considering the unique features of the rural population. A cross-sectional survey was used because of the nature of the research.

An insurance business study in Serbia looked at the effect of corporate diversity on firm performance, according to Krivokapic, Njegomir, and Stojic (2017). The research was based on 10 years of panel data. Returns on assets and return on equity, as well as diversification in business lines and entropy performance, all demonstrate a significant and positive relationship with risk-adjusted returns, indicating that diversified insurers outperform undiversified ones. The context for this study was the financial sector and also employed an exploratory study design as opposed to a cross-sectional survey.

14 Kenyan state-owned commercial businesses' performance was examined in a cross-sectional descriptive study for the effect of market penetration strategy. Based on the study's findings, market penetration strategy is positively related to performance in the Kenyan commercial state-owned corporations. The study was carried out among state-owned firms leaving out insurance firms. Mwangi (2015) investigated the financial performance of Kenya's manufacturing industry and the effect of a market penetration strategy. The research utilized a descriptive survey to gather data from all 19 NSE-listed manufacturing companies. The study found a link between financial success and market penetration strategy in Kenya's listed manufacturing enterprises. The study focuses on industrial firms rather than Kenya's banking industry.

According to a review of previous research, there have been previous studies on the growth of microinsurance. Although methodological and contextual gaps exist, the present research aims to take advantage of them by using them. This study will be quantitative as opposed to the local studies that were mostly qualitative. Their results can't be extrapolated to microinsurance since they were gathered in diverse settings. In this way, it supports the need for further study in this specific area.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This section summarizes the study's research approach. Its primary focus is the study's design, followed by methods for data analysis, and finally the data collection and presentation that was used as a part of this research.

3.2 Research Design

To answer research questions, a research design incorporates many different aspects of research into one crucial approach (Kombo & Tromp 2006). This research employed a descriptive survey approach. Creating a profile of a set of topics, people, or events using a descriptive research approach necessitates gathering data and organizing factors (Cooper & Schindler, 2000).

3.3 Population of the Study

In the process of forming conclusions, a population is made up of several objects that share specific features (Creswell & Creswell, 2017). Kenya has 55 registered insurance businesses, according to the Insurance Regulatory Authority (2020). The study's target demographic was 32 microinsurance businesses. The study carried out a census of the 32 insurance firms.

3.4 Data Collection

Questionnaires were used exclusively to obtain primary data in this research. This study targeted Microinsurance manager from the 32 insurance firms who had knowledge about micro insurance services and insurance penetration hence validity of the data collected. This was a total of 32 respondents hence census survey was adopted. The questionnaire had three parts, where the first part collected data on the organization's characteristics. The second part microinsurance growth and the third part insurance penetration. The questionnaire employed a five-point Likert scale: 1 = no impact, 2 = minor effect, 3 = moderate effect, 4 = considerable effect, and 5 = very significant effect. Due to the 2019 Corona Virus Disease, strict health guidelines on social distance and sanitization procedures were implemented. The researcher distributed the questionnaire by to various insurance firms through drop and collect later. In the event that the researcher was not able to distribute the questionnaires, the researcher had to distribute the questionnaires through a google form.

3.5 Data Analysis

Analysis of data is the practice of arranging, organizing, and understanding it. Descriptive statistics was used to examine data that includes central trend (mean) measurements and dispersion measures (variance and standard deviations). Results were presented using graphs and tables.

Microinsurance growth study variables included client education, legal and regulatory framework, distribution channels, and national culture. Insurance penetration was operationalized by the level of awareness, accessibility, and numbers of insured persons in micro-insurance, gross underwritten premium over a period of five years. Gross underwritten premium was measured by percentage growth of gross underwritten premium over the last five years from 2015, 2016, 2017, 2018, 2019 and 2020.

The linear regression model was utilized as indicated below:

$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3 + \beta_4X_4 +\varepsilon$. Where;

Y= Insurance penetration (level of awareness, accessibility, numbers of insured persons in microinsurance, gross underwritten premium)

β_1 to β_3 are the regression coefficients

β_0 = Constant Term

X_1 = Client Education

X_2= Legal and Regulatory Framework

X_3= Distribution Channel

X_4= National Culture E=Error term

CHAPTER FOUR:

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The chapter discusses how the data was acquired and analyzed, as well as the discoveries reached. Chapters 1 and 2 of the review were dedicated to discussing the results and comparing them to other studies that have been done. The study's purpose was to look at the influence of Kenya's growing microinsurance market on the country's overall insurance penetration.

4.2 Response Rate

Out of 32 questionnaires that were administered, 31 were returned for data processing representing 96.88% response rate. The findings support Mugenda and Mugenda's (2013) assertion that rates higher than 50% are acceptable in analyses. It's a respectable return rate of 60%, and an amazing return rate of 70, according to Babbie (2010). The findings were sufficient for data analysis. As a result of the adequate response rate, the researcher proceeded with analyses of data.

4.3 Organizational Characteristics

This section is dedicated to firm's basic details. The data aided in comprehending the firms' background details under consideration. The number of employees, the length of time the company has been providing micro insurance, and the percentage of the company that is micro insurance were all questions asked of respondents.

4.3.1 Number of Employees

Participants were able to give information about the number of employees in the insurance firms. Table 4.1 depicts responses as gathered from respondents.

Table 4.1: Number of Employees

Employees	Frequency	Percentage
Less than 400	11	35.48
401 - 800	15	48.39
Above 800	5	16.13
Total	**31**	**100.0**

Source: Field Data (2021)

Table 4.1 show that most of the insurance firms have employees between 401-800 at 48.39%, 35.48% were less than 400 and lastly 16.13% were above 800. This implies that majority of the insurance firms' employees less than 800 which is inadequate to ensure maximum penetration of insurance especially in rural areas.

4.3.2 Period of Operation

Participants were able to give information about the period of operation of the insurance firms.. Table 4.2 depicts responses as gathered from respondents.

Table 4. 2: Period of Operation

Years	Frequency	Percent
Less than 3 years	2	6.45
3 to 7 years	13	41.94
More than 7 years	16	51.61
Total	**31**	**100.0**

Source: Field Data (2021)

Table 4.2 reveals that 51.62 percent of insurance companies have been in business for seven years or more, followed by 41.94 percent for four to eight years, and finally by 6.5 percent for three years or less. The result implies that majority of the insurance firms are well established in Kenyan Market.

4.3.3 Percentage of Microinsurance business

Participants were able to give information about the percentage of microinsurance business in the insurance firms. Table 4.3 depicts responses as gathered from respondents.

Table 4.3: Percentage of Microinsurance Business in The Firms

	Frequency	Percent
Less than 5%	2	6.45
5 to 10%	16	51.61
More than 10%	13	41.94
Total	**31**	**100.0**

Source: Field Data (2021

Table 4.3 With regard to the question on what proportion of the business constituted microinsurance premiums, 51.61% of the respondents indicated that it constitutes between 5-10%, followed by more than 10% at 41.94% and lastly less than 5% at 6.45%. This finding is significant and shows an opportunity yet to be tapped exist for growth since generally across the companies microinsurance premiums is far much less compared to other lines of business.

4.4 Micro Insurance Growth

The independent factors in this study were the expansion of micro insurance. It was intended that the responders would either agree: "to a very big extent," or, more specifically, "to a very large, large, moderate, or small degree." All of these elements received five points, with four, three and one points handed out for each of the less favourable reactions. As a result of this investigation, the mean score of 4.0<5.0 large extent, 3.0<4.0 moderate extent, 2.0<3.0 little extent, and 1.0<2.0 didn't agree was chosen.

4.4.1 Client Education

The participants were given five statements on client education in relation to micro insurance growth and they were asked to indicate their level of agreement. Table 4.4 depicts the outcome.

Table 4.4: Client Education

Statement	N	Mean	SD
Micro insurance goods and services are easily accessible information to the general population	31	4.24	.54
Insurance firms and the micro insurance products they offer are well-known to the public.	31	3.35	.61
The general population is aware of the advantages of various types of micro insurance plans.	31	3.80	.56
Micro Insurance products have a countrywide reach	31	3.59	.41
Micro Insurance products are complex for the public to understand	31	3.36	.56
Composite Statistics	**31**	**3.67**	**0.53**

Source: Field Data (2021)

With Regards to Table 4.4, most respondents agreed that micro insurance goods and services are easily accessible information to the general population with a (Mean 4.24, SD 0.54). It was also indicated that the general population is aware of the advantages of various types of micro insurance plans with a (Mean 3.80, SD 0.56). Further, micro insurance products have a countrywide reach with a (Mean 3.59, SD 0.41). Micro Insurance products are complex for the public to understand with a (Mean 3.36, SD 0.56).Lastly, insurance firms and the micro insurance products they offer are well-known to the public with a (Mean 3.35, SD 0.61). The overall mean was 3.67 which imply that many insurance firms embraced client education at moderate extent.

4.4.2 Legal and Regulatory Framework

The participants were given five statements on legal and regulatory framework relation to micro insurance growth and they were asked to indicate their level of agreement. Table 4.5 depicts the outcome.

Table 4.5: Legal and Regulatory Framework

Statement	N	Mean	Std Dev
The actions taken and regulations issued by the regulator are consistent with the risks being managed by the regulator	31	3.90	.56
The regulator is efficient and effective in running the insurance industry	31	4.26	.61
Regulators usually provide product approval requirements for micro insurance	31	4.11	.35
The firm follows client policy requirements to be undertaken by the aggregator under a master policy	31	4.34	.35
There is a lack of a supportive legal Micro insurance framework.	31	4.23	.79
Composite Statistics	**31**	**4.17**	**.53**

Source: Field Data (2021)

From Table 4.5, the firm follows client policy requirements to be undertaken by the aggregator under a master policy with a (Mean 4.34, SD 0.35). The regulator is efficient and effective in running the insurance industry with a (Mean 4.26, SD 0.61), while there is a lack of a supportive legal micro insurance framework with a (Mean 4.23, SD 0.79). Regulators usually provide product approval requirements for micro insurance with a (Mean 4.11, SD 0.35). The actions taken and regulations issued by the regulator are consistent with the risks being managed by the regulator with a (Mean 3.90, SD 0.56). The overall mean was 4.17 implying that insurance firms embraced legal and regulatory framework to a great extent.

4.4.3 Distribution Channel

Five assertions about the distribution channel and micro insurance growth were presented to the participants, and they were asked to indicate their degree of agreement. Table 4.6 depicts the outcome.

Table 4.6: Distribution Channel

Statement	N	Mean	Std.dev
For more affluent clients, using a direct distribution channel to customize insurance packages works effectively.	31	4.04	0.45
Internet-based platforms for the distribution of insurance goods have increased gross premium underwritten	31	4.10	0.89
Micro insurance use has been boosted by the rise of mobile internet-enabled phones.	31	4.11	1.10
The availability of insurance goods through the internet has allowed for more flexibility in the types of policies that may be purchased.	31	3.70	1.08
There are micro insurance inadequate distribution channels for the micro insurance products	31	3.90.	0.92
Composite Statistics	**31**	**3.97**	**0.88**

Source: Field Data (2021)

Increasing numbers of mobile internet-enabled phones, as shown in Table 4.6, have led to a rise in the use of microinsurance with a (Mean 4.11, SD 1.10). It was also indicated that Internet-based platforms for the distribution of insurance goods have increased gross premium underwritten with a (Mean 4.10, SD 0.89). Further, for more affluent clients, using a direct distribution channel to customize insurance packages works effectively with a (Mean 4.04, SD 0.45). Distribution avenues for micro insurance products with a low premium are limited (Mean 3.90, SD 0.92). Lastly, the availability of insurance goods through the internet has allowed for more flexibility in the types of policies that may be purchased with a (Mean 3.70, SD 1.08). The overall mean was 3.97 which implies that many insurance firms embraced distribution channel at moderate extent.

4.4.4 National Culture

The participants were given five statements on national culture relation to micro insurance growth and they were asked to indicate their level of agreement. Table 4.7 depicts the outcome.

Table 4.7: National Culture

Statement	N	Mean	SD
Customer loyalty is quite strong because of the company's specialized service.	31	4.23	.54
The uniqueness of our brands enhances product choice by customers	31	3.90	.56
Our service has become more reliable because of the bank's diversity.	31	4.10	.41
Good communication channels to ensure customer acquisition and retention	31	3.86	.52
Visiting the client by the firm	31	3.96	.58
Composite Statistics	**31**	**4.01**	**0.52**

Source: Field Data (2021)

Table 4.7 reveals that the firm delivers a unique service that fosters strong client loyalty and a (Mean 4.23, SD 0.54). Our service has become more reliable because of the bank's wide range of options (Mean 4.10, SD 0.41). Going directly to the end user to promote sales with a (Mean 3.96, SD 0.58). The uniqueness of the brands enhances product choice by customers with a (Mean 3.90, SD 0.56).Lastly, good communication channels to ensure customer acquisition and retention with a (Mean 3.86, SD 0.52). The overall mean was 4.01 implies national culture has a very important role in microinsurance growth.

4.5 Insurance Penetration

Under this research, insurance penetration was a dependent variable. The following analysis has been adopted to distinguish the extent: mean value of 4.0<35.0 to a large, a moderate extent of 3.0<4.0, a small extent of 2.0<3.0 and an average score of 1.0<2.0 to a small degree. Five statements were used to measure insurance penetration across insurance companies.

Table 4. 8: Insurance Penetration

Statement	**N**	**Mean**	**SD**
There has been growth in the numbers of insured persons as a result of growth in micro-insurance thereby enhancing insurance penetration	31	2.33	.54
There has been growth in gross underwritten premium due to micro insurance growth which has enhanced insurance penetration	31	2.42	.61
Microinsurance growth has resulted in a rise in knowledge of microinsurance products, facilitating insurance penetration.	31	2.25	.56
Micro insurance growth has improved accessibility of insurance products which has enhance insurance penetration.	31	2.51	.41
Composite Statistics	31	**2.37**	**0.53**

Source: Field Data (2021)

From the Table 4.8, there has been low growth in gross underwritten premium due to micro insurance growth which has enhanced insurance penetration with a (Mean 2.33, SD 0.54). There has been low growth in gross underwritten premium due to micro insurance growth which has enhanced insurance penetration with a (Mean 2.42, SD 0.61). Growth of micro insurance has resulted to moderate increase in the level of awareness of micro insurance products which has facilitate insurance penetration with a (Mean 2.25, SD 0.56). Lastly, micro insurance growth has improved accessibility of insurance products which has moderately enhance insurance penetration with a (Mean 2.51, SD 0.41). The overall mean was 4.11 which implies insurance firms have penetrated to great extent in Kenya.

The research also determined the overall performance of micro insurance gross underwritten premium over the last five years as shown on figure 4.1

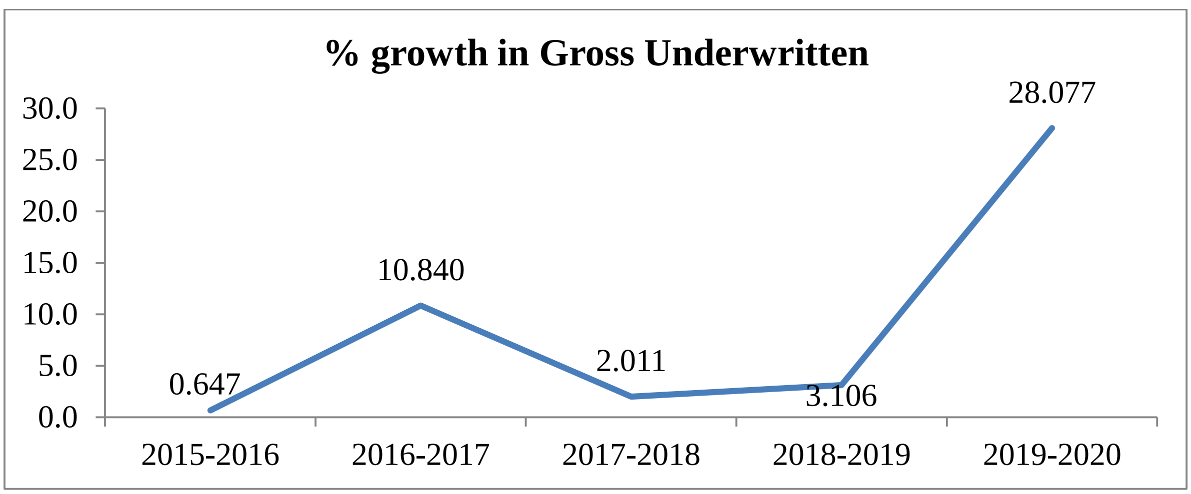

Figure 4.1: Performance of gross underwritten premium For Micro Insurance Growth

Figure 4.1 above shows trend in growth of micro insurance gross underwritten premium over the last five years. From 2015 to 2016, percentage growth of micro insurance gross underwritten premium was 0.65% while between 2016 and 2017 it was 10.84%. However, the growth rate reduced from 2017-2018 as indicated by 2.01% while from 2018 to 2019 it increased to 3.11%. There was significant increase from 2019 to 2020 as shown by 28.08%9.This implies that there has being growth of micro insurance gross underwritten premium since 2018 hence increase in sales volume of micro insurance services. In average, between 2016 and 2020, gross underwritten premium for micro-insurance growth has been 8.9362%.

4.6 Regression Analysis

This study focused on determining the ways in which microinsurance growth contributes to insurance penetration in Kenya. The parameters for the independent variable included client education, legal and regulatory framework distribution channel and national culture.

4.6.1 Model Summary

The impact of predictor factors on dependent variables were studied using multiple regressions. The model summary is shown in Table 4.9.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 [a]	.0.790	.753	.0.896

a. Predictors: (Constant), Client education, legal and regulatory framework distribution channel and national culture

Source: Field Data (2021)

In Table 4.9 at significance level of 0.005, the outcomes show that R and R^2 were 0.889 and 0.790 respectively. There is a robust association of micro insurance growth and insurance penetration as evidence by R=0.889. Insurance penetration was also shown to vary by 79 percent owing to the model's variables, while 21 percent of variance was attributed to additional factors that were not included in the model.

4.6.2 Goodness of Fit of the Model

For the data, the researcher utilized a suitable regression model and conducted an ANOVA. Using 4.10 to illustrate.

Table 4.10: ANOVA

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	.324	4	.067	1.558	.015[b]
	Residual	1.123	26	.043		
	Total	1.149	30			

a. Dependent Variable: Insurance Penetration

b. Predictors: (Constant), Client education, legal and regulatory framework distribution channel and National Culture

Source: Field Data (2021)

Table 4.11 displays the ANOVA findings. The significance of the coefficient of determination may be determined at a 5% level using this table. There is a statistically significant p value of 0.015<0.05 in this investigation. As a result, micro insurance growth factors play an important role in determining insurance penetration rates.

4.6.3 Model Regression Coefficients

The presentation in Table 4.11 shows significant values, t-statistics, standardized and unstandardized coefficients

Table 4.11: Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B (β)	Std. Error	Beta (β)		
	(Constant)	.179	0.0886		2.020	.004
	Client education	.149	0.069	.165	2.159	.000
1	Legal and regulatory framework	.247	0.109	.272	2.266	.000
	Distribution channel	.239	0.115	.305	2.078	.003
	National Culture	.200	0.101	.126	1.980	.032

a. Dependent Variable: Insurance Penetration

Source: Field Data (2021)

The regression coefficients illustrated in Table 4.12 show that a relationship exists between micro insurance growth and insurance penetration. Client education posted $p=0.000< 0.05$, Legal and regulatory framework posted $p=0.000 <0.05$ and lastly distribution channel posted $p= 0.003 < 0.05$ and national culture posting $p=0.032 < 0.05$.This significance test was conducted at alpha=0.05 in which the significance exists when p records a value < 0.05. The results show that the indicators of micro insurance growth used in this study have a significant effect on insurance penetration. The Overall regression equation was as follows :

$$Y=0.179+0.149X_1+0.247X_2+0.239X_3+0.200X_4$$

As per the findings, the constant 0.179 indicates that there still some level of insurance penetration even in the absence of the driver variables, when all other independent factors are held constantly, increasing the client education parameter in relation to micro insurance growth by a single unit will result to a 0.149 change in insurance penetration, increasing legal and regulatory framework parameter in relation to micro insurance growth by a single unit will result to a 0.247 change in insurance penetration, increasing distribution channel in relation to micro insurance growth by a single unit will result to a 0.239 change in insurance penetration. Finally increasing national culture in relation to micro insurance growth by a single unit will result in a 0.200 change in insurance penetration.

4.7 Discussion of Findings

It was found that insurance companies place a high value on educating their customers. According to the research, the general public has easy access to information on micro insurance products and services, and people are aware that there are many different kinds of micro insurance plans available. Statistics show that micro-insurance penetration in Kenya is still low compared to other nations like South Africa, despite extensive client education. The possible implication of this scenario is that most insurance companies have concentrated on narrow coverage especially urban centers ignoring rural areas which has majority of Kenyans. There has been a lack of knowledge of micro-insurance products by the insurance regulator (IRA), the Association of Kenyan Insurers, and other organizations hence low microinsurance growth. These results confirm those of Mohamed, Alhabshi, and Sharif (2015) insurance companies must have a long-term perspective, develop products for rural people, and address the peculiarities of this group. However, there is inconsistent to this finding with the observation of Kishor, Prahalad, and Loster (2013) who indicated public awareness influences insurance penetration. Awareness in the public sphere helps people to share knowledge and have a better grasp of the world around them.

The legal and regulatory framework has a considerable influence on microinsurance growth. There are two reasons for this: adhering to the client's policy and the regulator is efficient and successful in regulating insurance companies. Even though the study indicated that the legal and regulatory framework influenced micro-insurance growth to great extent, the same cannot be substantiated because, micro-insurance growth in Kenya is still low. The possible implication is that the existing legal and regulatory framework has not been adequately implemented to impact micro-insurance growth. The findings agree with Olayungbo and Akinlo (2016), insurance companies are critical in determining the economic growth of African nations. It was suggested that developing effective insurance regulations is one strategy African countries can use to boost their insurance penetration rates. Regulators and regulation had an important role in the sector, according to Libuli, Sakataka, and Wandera (2014).

According to the findings, distribution channels have a minor impact on microinsurance growth. This is supported by regression results which indicated that a percentage increase in distribution channel would results to insurance penetrating increasing by 23.9%. The expansion in the number of mobile internet-enabled phones and internet-based platforms for the distribution of insurance products has strengthened the adoption of micro insurance, according to the following assertions. In comparison to more traditional forms of insurance, the majority of Kenya's insurance companies provide just a small selection of microinsurance options. These findings are consistent to Kmiru(2016) digital and mobile-supported marketing platforms have become more important such that customers rely on mobile platforms. The findings also agree with Schneider (2004) for insurance to reach a wider audience in Asia and Latin America, various distribution methods have been used.

The research revealed that national culture impact micro insurance expansion at large degree. This was substantiated by the following claims; the firm delivers a unique service which gives high customer loyalty and strong communication channels to guarantee client acquisition and retention. Even though the findings revealed that the national culture influenced micro-insurance growth to great extent, micro-insurance growth in Kenya is still low. The possible implication is that there is uneven distribution of micro-insurance products in Kenya with majority of micro-insurance products being accessible from major towns and cities which are largely cosmopolitant. According to Chui and Kwok (2008), people in more individualistic nations acquire more life insurance. According to Park and Lemaire (2012), life insurance use is inversely connected with power distance, the degree of uncertainty avoidance, and gender.

The research demonstrated a positive relationship between the rise in micro insurance and the penetration of insurance. Micro insurance growth has a significant effect on insurance penetration in Kenya, researchers found. It was determined that the coefficient of determination, $R^2 = 0.790$, was a reliable predictor of the data. This indicates that the whole regression model is statistically significant with a p-value of 0.000 (0.05). A research by Hsieh, Lee, and Yang (2015) found that increased diversity boosts returns and decreases the risk of the insurer while attempting to reduce the degree of leverage.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the study's findings and recommendations, as well as suggestions for further research. This is done in accordance with the study's objective.

5.2 Summary of the Finding

The study's goal was to investigate the effect of micro insurance growth on insurance penetration in Kenya. It was discovered that the majority of insurance companies have less than eight hundred workers and have been in business for more than seven years.

Even though the study established that most of the insurance firms embraced client education and distribution channel to moderate extent, micro-insurance penetration in Kenya is still low in Kenya. This implies that micro-insurance firms and regulators have not widened the scope of client education and distribution by focus of narrow coverage with limited micro-insurance products.

It was established that most of the insurance firms embraced legal and regulatory framework and national culture to great extent. However, the existing legal and regulatory framework and national culture have not resulted to extensive penetration of micro-insurance. This implies that the supervisory and regulatory bodies tasked with formulation and implementation of various legal and regulatory frameworks have not regularly reviewed these frameworks to enhance micro-insurance penetration. The regulator's actions and rules are in line with the risks it manages, and the organization delivers a unique service that generates high levels of consumer devotion.

The study applied regression analysis in establishing the effect of micro insurance growth on insurance penetration in Kenya. Coefficient of determination was found to be a good fit for the data; R^2=0.790, hence a satisfactory predictor. Overall regression model was found to be statistically significant as evidenced by the p-value 0.000 (<0.05).

5.3 Conclusion

This research concludes despite the fact that there is great extent of client education, distribution channel, legal and regulatory framework and national culture in regard to microinsurance growth , its penetration in Kenya is still very low. This implies that, in actual sense based on current existing statistics, microinsurance growth has not driven insurance penetration in Kenya. The possible reason could be narrow focus on micro-insurance firms in regard to market, limited micro-insurance product which do not offer client competitive choices as well as legal and regulatory frameworks which may not be adequately tailored to micro-insurance penetration.

The study can also conclude the regression equation was significant for client education, legal and regulatory framework distribution channel and national culture. It was hypothesized that better customer education, legal and regulatory framework, distribution channel, and national culture would lead to considerable improvements in insurance penetration. The model was found to be a reliable predictor and fit for the data as evidenced by the coefficient of determination.

5.4 Recommendations

According to the survey, insurance penetration in Kenya is still low, despite the fact that insurance companies have embraced consumer education to a significant degree. This implies that insurance firms should enhance client education not only in urban areas but also to rural areas to increase awareness of micro-insurance products. Similarly, to enhance client education, the government should take an active role in partnership with the insurance companies and donors or social investors to promote microinsurance penetration in a bid to improve the social welfare and eradicate poverty among the poor. This can be through institutions such as NHIF to widen the medical insurance to achieve universal healthcare objectives and NSSF to mobilize retirement savings for those in the informal sector.

The study concluded that distribution channel influence micro insurance growth at moderate extent. However, insurance penetration is still low in Kenya implying that some insurance firms have limited micro- insurance channels with limited products and services. Therefore, the research proposes that insurance firms build competitive micro-insurance distribution channels by obtaining as much relevant information and data as possible. In addition, the report proposes that insurance firms engage in research so that they may design solutions that address the unique demands of the bottom of the pyramid market. Insurance penetration in Kenya is still quite low, even though this research indicated that legal and regulatory frameworks have a substantial influence on it.

Insurance companies and the government should work together to strengthen regulations and legal frameworks governing insurance penetration in the Kenyan market as a result of this study, which recommends that they work together. This can be done by regularly reviewing legal and regulatory frameworks to ensure they don’t favor specific market segment.

5.5 Implication for Policy and Practice

Insurance makes up a small percentage of the country's GDP right now, but its potential must be realized if Kenyans are to reap the benefits of increased income and improved living standards under Vision 2030. Incentives for long-term micro-insurance sustainability might be offered by the government in the form of subsidized premiums.

For policymakers, the regulator's involvement in facilitating penetration is crucial, especially in maintaining the correct legislative framework to allow for additional distribution channels and public education on the advantages of micro-insurance so that insurance penetration may be increased. Individual insurance firms must work together to execute measures that will increase the number of people who have insurance. In order to effectively serve their clients, insurance companies need to be more creative.

5.6 Limitations of the study

The study suffered methodological limitation in regard data collection and presentation since the latter was achieved using structured questionnaire thereby denying the respondents opportunity to elaborate on their response for the purpose of implications in regards to low insurance penetration.

The onset of Covid 19 necessitating people working from home and maintaining social distance limited the interactions between the student and the respondents. Follow up questions had to be done remotely via a phone call or zoom meetings. These limitations further made it harder to adequately validate some of the responses as would have been the case in face to face meetings.

5.7 Suggestions for Further Studies

This research is a cross-sectional study using a quantitative method. Cross-sectional research was chosen as the most suitable strategy for dealing with challenges due to a limited time and money available. This methodological approach did not allow respondents to give implication of their response as they were limited to structured responses. As a result, more research should use a mixed methodological approach to allow for triangulation and enhance arguments as to why insurance coverage in Kenya is low.

Further studies should be conducted to find out the reasons for the low adoption of insurance services in Kenya despite the fact study findings indicated that client education, legal and regulatory framework distribution channel and national culture was at great extent.. Therefore, further, studies should use secondary data to examine the the relationship between micro-insurance growth and insurance penetration. Moreover, further studies to measure the level of insurance consumption in Kenya using other insurance comparison methods like insurance density.

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APPENDICES

Appendix I: Research Questionnaire

SECTION A: GENERALINFORMATION

1. Name your company (optional) ……………..………………………………….
2. Please state your position in the company ………………………………………..
3. How many branches does the company have?...
4. How many employees are there in your firm (tick one)
    a. Less than 400 [ ] 401 - 800 [ ] Above 800 [ ]
5. Please state the number of years the company has been offering microinsurance

    Less than 3 years [ ] 3 to 7 years [ ] More than 7 years[ ]
6. What percentage of your business constitutes microinsurance?

    Less than 5% [ ] 5 to 10% [ ] More than 10%[ ]

SECTION B: MICRO INSURANCE GROWTH

To what extent do you agree with the following attributes on micro insurance growth exhibited by your firm? Using a scale of 1-5, tick the appropriate answer from the alternative provided.1=No extent,2=little extent, 3=Moderate extent 4=Great extent,5=Very great extent.

Components	1	2	3	4	5
Client Education					
Microinsurance goods and services are easily accessible information to the general population.					
Insurance firms and the microinsurance products they offer are well-known to the public.					
The general population is aware of the advantages of various types of microinsurance plans.					
Micro Insurance products have a countrywide reach					
Micro Insurance products are complex for the public to understand					
Legal and Regulatory Framework	**1**	**2**	**3**	**4**	**5**
The actions taken and regulations issued by the regulator are consistent with the risks being managed by the regulator					
The regulator is efficient and effective in running the insurance industry					
Regulators usually provide product approval requirements for microinsurance					

The firm follows client policy requirements to be undertaken by the aggregator under a master policy					
There is a lack of a supportive legal Microinsurance framework.					
Distribution Channel	**1**	**2**	**3**	**4**	**5**
For more affluent clients, using a direct distribution channel to customize insurance packages works effectively.					
Internet-based platforms for the distribution of insurance goods have increased gross premium underwritten					
The increase in mobile internet-enabled phones has improved the uptake of microinsurance					
The availability of insurance goods through the internet has allowed for more flexibility in the types of policies that may be purchased.					
There are microinsurance inadequate distribution channels for the microinsurance products					
National Culture	**1**	**2**	**3**	**4**	**5**
The Kenyan public is open to change, the unknown, the unexpected					

Kenyans are a society that is focused on cooperation, modesty, caring for the weak Microinsurance, and quality of life					
Kenyans honor and keep traditions					
The Kenyan public is more individual-oriented than group-oriented					
Weak insurance culture among the public					

SECTION C: INSURANCE PENETRATION

To what extent do you agree with the following attributes on insurance penetration exhibited by your firm as a result of micro insurance growth? Using a scale of 1-5, tick the appropriate answer from the alternative provided.1=No extent,2=little extent, 3=Moderate extent 4=Great extent,5=Very great extent.

Component	**1**	**2**	**3**	**4**	**5**
There has been growth in the numbers of insured persons as a result of growth in micro-insurance thereby enhancing insurance penetration					

There has been growth in gross underwritten premium due to microinsurance growth which has enhanced insurance penetration					
Growth of microinsurance has resulted to increase in the level of awareness of microinsurance products which has facilitate insurance penetration					
Microinsurance growth has improved accessibility of insurance products which has enhance insurance penetration.					

Please provide us with the following information regarding the overall performance of your organization for the last five years.

Gross Underwritten Premium	**2016**	**2017**	**2018**	**2019**	**2020**
Microinsurance gross underwritten premium over the last five years	10				

Thank you

Appendix II: Licensed Insurance Companies in Kenya that deal with Micro Insurance

1. AAR Insurance Company Limited
2. AIG Kenya Insurance Company Limited
3. Allianz Insurance Company of Kenya Limited
4. APA Insurance Limited
5. Britam General Insurance Company (K) Limited
6. CIC General Insurance Company Limited
7. Corporate Insurance Company Limited
8. Fidelity Shield Insurance Company Limited
9. First Assurance Company Limited
10. GA Insurance Limited
11. Geminia Insurance Co. Limited
12. ICEA Lion General Insurance Company Limited
13. Intra Africa Assurance Company Limited
14. Kenya Orient Insurance Limited
15. Liberty Life Assurance Kenya Limited
16. Madison Insurance Company Kenya Limited
17. Metropolitan Cannon Life Assurance Limited
18. Occidental Insurance Company Limited
19. Old Mutual Assurance Company Limited
20. Pacis Insurance Company Limited
21. Pioneer General Insurance Company Limited
22. Pioneer Assurance Company Limited
23. Prudential Life Assurance Company Limited
24. Resolution Insurance Company Limited
25. Sanlam General Insurance Company Limited
26. The Heritage Insurance Company Limited
27. The Jubilee Insurance Company of Kenya Limited
28. The Kenyan Alliance Insurance Company Limited
29. The Monarch Insurance Company Limited
30. Trident Insurance Company Limited

31. UAP Insurance Company Limited
32. Xplico Insurance Company Limited

Source: Insurance Regulatory Authority Annual report (2020)