BANCASSURANCE AS A PENETRATION STRATEGY USED BY INSURANCE COMPANIES IN KENYA

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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DEDICATION

For my mother, Ogweyo, for her support and encouragement throughout my academic life.

For my beloved wife Nancy and our children; Mbone, Oyaya and Wata for their love, support and trouble!
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First and foremost I would like to thank God almighty for having guided me throughout my studies.

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I also take this opportunity to thank my mum, my wife and children for their support and encouragement.
ABSTRACT

The entering of the banking institutions on the insurance market can be seen as an effort of modernizing the sector of financial services, for satisfying the diversifying needs of the consumers. Asserted as a new strategic orientation for financial institutions related to their customers, the concept of banc assurance differs considerably from one country to another, especially regarding the way in which the banks and the insurance companies use each other’s distribution channels. One of the most significant changes in the financial services sector over the past few years has been the appearance and development of banc assurance. Banking institutions and insurance companies have found banc assurance to be an attractive and profitable complement to their existing activities. The Kenyan insurance industry has been relying heavily on agents and brokers to sell insurance products. Since the agent and broker led channels have failed to achieve significant penetration of insurance; there is need for the insurance industry players to adopt new and more efficient channels. Banc assurance has been identified as one of the distribution channels through which insurance penetration can be enhanced. The research design used in this study was cross sectional descriptive survey of a defined population as it involved a study of all the eighteen insurance companies which use banc assurance as a channel of distribution. The data was collected using questionnaires and data collected cleaned, coded and entered Statistical Package for Social Sciences (SPSS). Descriptive statistics was used to analyze the data; frequencies, percentage (relative frequency), mean and standard deviation. Presentation was in form of table, charts, graphs and explanation presented in prose. Study findings show that banc assurance has increased insurance uptake by increasing its distribution channels, attracting new customers while retaining the old and winning the customers trust unlike the traditional agents since most customers trust banks and they frequently visit. The insurance companies have also gained a competitive edge through tapping into existing bank customers’ database in the various branches as well as using the well trained staff and innovative marketing channels such as online marketing and e-sales.
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LIST OF ACRONYMS AND ABBREVIATIONS

AIDS - Acquired Immune Deficiency Syndrome

AKI - Association of Kenya Insurers

ATM - Automated Teller Machine

BIM – Bank Insurance Model

BMI - Business Monitor International

CBK - Central Bank of Kenya

CEO - Chief Executive Officer

HIV - Human Immuno Virus

HNWI - High Net Worth Individuals

IRA - Insurance Regulatory Authority

GDP - Gross Domestic Product

Ksh - Kenya Shilling

NGO - Non Governmental Organization

SPSS - Statistical Package for Social Science
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Decisions about physical distribution are key strategic decisions to any organisation. They are not short term. For example in Kenya not all insurance companies use bancassurance as a distribution channel and those who do so use it as a strategic tool to increase their market penetration. Increasingly it involves strategic alliances and partnerships which are founded on trust and mutual benefits. Distribution strategy is influenced by the market structure, the firm's objectives, resources and of course it's overall marketing strategy according to Friedman & Furey (1999). Corporate marketing strategies try to carry out the organization missions and objectives by specifying how to attain them through strategic program. They focus on the entire organization and objectives include expanding market share, entering new market or exiting from the market.

“Strategy is typically used to identify a business policy and roughly translated mean about what the organization intend to do,” Koch (1999). On the other hand, Johnson and Scholes (2002) illustrate “Strategy is the direction and scope of an organization over the long term which attend to advantage for the company or organization through an arrangement of element in particular form, figure or combination to meet the needs of markets and to fulfill stakeholder expectation”. In Kenyan context, bancassurance whether practiced by banks or insurance companies is a strategic decision by the organisation concerned while “Marketing Strategy” is to control organization’s
resource for customers need which have to analysis market, competitor, government, technological and environment change (Ranchhod, 2004).

The entering of the banking institutions on the insurance market can be seen as an effort of modernizing the sector of financial services, for satisfying the diversifying needs of the consumers. Asserted as a new strategic orientation for financial institutions related to their customers, the concept of banc assurance differs considerable from one country to another, especially regarding the way in which the banks and the insurance companies use each other’s distribution channels.

One of the most significant changes in the financial services sector over the past few years has been the appearance and development of banc assurance. Banking institutions and insurance companies have found banc assurance to be an attractive and profitable complement to their existing activities. Banc assurance covers a wide range of detailed arrangements between banks and insurance companies, but in all cases it includes the provision of insurance and banking products or services from the same sources or to the same customer base (Munich Re, 2001).

Due to the existence of a wide diversity of strategies, there is no standard model for bancassurance, even within a country. “Banc assurance is the provision of insurance and banking products and services through a common distribution channel and/or to the same client base.” Thus, the concept of banc assurance differs considerable from one country to another, especially regarding the way in which the banks and the insurance companies use each other’s distribution channels. The choice of banc assurance models depends on specific socio-economic, cultural and regulatory environment, the market infrastructure and consumer preferences (Swiss Re, 2007).
1.1.1 Market Penetration Strategy

A market penetration strategy seeks to increase market share of the current product or services in the existing market. This strategy is adopted by the firms to raise their sales revenue without making changes in the products or services. The other dimension of market penetration is the existing market which means firm is already offering products or services to the customer but can forecast that the existing sales figures can be improved by working on marketing penetration strategy (Ansoff, 1990).

Market penetration strategy can be implemented by offering sales, Increasing sales force, increase distribution and promotion of products, more expenditure in marketing and advertising activities will results in increasing sales. It is not guaranteed that market penetration fully works after investing in sales and marketing of products and services, a firm should go for this strategy only if any of the below desirable situation exists; Current market is not fully saturated, Market share of the competitors are decreasing whereas the industry growth rate is increasing, Existing buyers have the potential to purchase same products and services in more quantity, When economies of scale provides competitive edge. All the above conditions give green signal to the firm to go ahead with market penetration strategy (Ansoff, 2007).

Traditionally, insurance products have been promoted and sold principally through agency systems in most countries. With new developments in consumers’ behaviors, evolution of technology and deregulation, new distribution channels have been developed successfully and rapidly in recent years. Various distribution channels currently in use include the following; Career Agents, Special Advisers, Salaried Agents, Agencies or brokerage firms, Direct Response and Internet.
Career agents are full-time commissioned sales personnel holding an agency contract. They are generally considered to be independent contractors. Consequently an insurance company can exercise control only over the activities of the agent which are specified in his contract. Despite this limitation on control, career agents with suitable training, supervision and motivation can be highly productive and cost effective. Moreover their level of customer service is usually very high due to the renewal commissions, policy persistency bonuses, or other customer service-related awards paid to them (AKI, 2010). Having salaried agents has the advantage of them being fully under the control and supervision of insurance company. These agents share the mission and objectives of the insurance company. Salaried Agents have the same characteristics as career agents. The only difference in terms of their remuneration is that they are paid on a salary basis and career agents receive incentive compensation based on their sales (Swiss Re, 2000).

Special advisers are highly trained employees usually belonging to the insurance partner, who distribute insurance products to the bank's corporate clients. Banks refer complex insurance requirements to these advisors. The Clients mostly include affluent population who require personalized and high quality service. Usually Special advisors are paid on a salary basis and they receive incentive compensation based on their sales (Swiss Re, 2000). Agencies or brokerage firms provide specialists need for complex insurance matters and -in the case of brokerage firms - the opportunity for the bank clients to receive offers not only from one insurance company but from a variety of companies.

Under direct response channel no salesperson visits the customer to induce a sale and no face-to-face contact between consumer and seller occurs. The consumer purchases
products directly from the insurer by responding to the company's advertisement, mailing or telephone offers. This channel can be used for simple packaged products which can be easily understood by the consumer without explanation. There is now the Internet, which looms large as an effective source of information for financial product sales. Banks are well advised to make their new websites as interactive as possible, providing more than mere standard bank data and current rates. Functions requiring user input (check ordering, what-if calculations, and credit and account applications) should be immediately added with links to the insurer. Such an arrangement can also provide a vehicle for insurance sales, service and leads (AKI, 2010).

1.1.2 Insurance Penetration

Insurance penetration is defined as a ratio of premium to GDP of the country, representing the relative importance of the insurance industry in the domestic economy while insurance density is measured as a ratio of premium to total population density.

Insurance Penetration = Gross Premium/GDP*100

It represents the average insurance spending per capita in a given country. The penetration of insurance in Kenya at 2.63% of the GDP is very low compared to other countries in Africa such as South Africa which has a penetration of 9.94%. In Malaysia, it is estimated that 41% of the population have some form of life insurance in comparison to Kenya that has less than 1% of the population insured, (AKI, 2012). The Kenyan insurance industry can benefit from this concept of bancassurance given the low insurance penetration rate.
The low uptake of insurance among the Kenyan population may be partly as a result of using limited channels to sell insurance products. The Kenyan insurance industry has been relying heavily on agents and brokers to sell insurance products according to Kenya Insurance Report, 2011. This is in contrast to other countries that have a variety of distribution channels. Kenya’s life insurance sector is quite unusual, in terms of absolute premiums written. Density (ie: premiums per capita) is low by all standards other than those of Africa (except South Africa) according to AKI reports. Apparently a sizeable percentage of all households are too poor to consider saving for their long-term futures through life insurance. Non-life penetration in Kenya is low in comparison with the developed world but compares favorably with most of Africa. Kenya’s penetration in 2009 was 1.8%, whereas Egypt had just 0.4% and Nigeria 0.5%. However, South Africa had 2.6% penetration for the same period. No insurer is large, except in a local context, and there are few actual economies of scale. Past restrictions and a generally challenging business environment in a small economy have limited the involvement of foreign insurers (AKI, 2012).

1.1.3 The Concept of Bancassurance

The concept that originated in France, now constitute the dominant model in a number of European and other countries and the same is fast catching up in Kenya as well. From the bank's perspective, such a model offers a great opportunity to improve their profitability by enhancing fee-based income. This income is purely risk free for the bank since the bank simply plays the role of an intermediary for sourcing business to the insurance company (Saunders, 2004). Bancassurance has been a successful model in the European countries contributing 35% of premium income in the European life
insurance market. It contributes over 65% of the life insurance premium income in Spain, 60% in France, 50% in Belgium and Italy (Nurullah, 2000).

There is realization that joint bank and insurance products can be better for the customer as they provide more complete solutions than traditional banking or insurance products. For example, a policyholder takes out a permanent assurance with the aim of funding future education costs. At the same time, the policyholder can take out a loan (mortgage) and assign the life policy to the bank as beneficiary. For the bank the benefits are increased sales and a more widely based relationship with the customer than would be possible with bank products only. Population growth rates have slowed significantly during the last decades in the western industrialized countries and this decrease in birth rates in conjunction with increasing life span will have a significant impact on the age structure of the population in the future. As a result it is likely that there will be increasing pressure on public pension systems and an increasing need for additional retirement provisions or long term investment products. Banks see an opportunity to meet clients’ growing needs in this area while making a profit. Banks are used to having long-term relationships with their customers. Banks have developed skills in deepening the relationship with their customers over time, for example by marketing extra services such as deposit funds or taxation advice (Swiss Re, 2002)

Life insurance operations are also used to managing a relationship over the long term with their customers. This allows similar skills to be practiced and the bancassurer can make use of the best that each partner has to offer. Apart from the benefits that can be derived from the possible wide spread of branches across the country, bancassurers can have a competitive advantage over traditional insurers (non-bancassurers),
derived from the provision of customer service through automated teller machines (ATMs). In particular the bancassurer can provide its customers with an ATM card that can be used to gain access to any ATM and request information such as cash values, unit price, policy status, next premium due date, loan accounts, surrender values, etc. This channel of customer service can easily be extended so that the customer can gain access to information regarding his bank accounts and insurance policies through his personal computer. Finally, the Internet can be considered as an additional customer service channel since the customer can gain access to information regarding his bank accounts and insurance policies through this network as well (Munich Re, 2001).

Insurance companies have identified a number of advantages from involvement in banc assurance: source of new business, from these possible reasons: the bank’s clients are in a territory where the insurer has only a limited presence (if any), e.g. because the insurer’s agency structure there is limited; the bank’s clients may form a very different group (e.g. by age, sex, purchasing habits) to the one which the insurer has previously courted. For example, an insurer who previously concentrated on high net worth individuals (“HNWIs”) can now gain access to a wider range of customers who will not all be HNWIs; wider range of products (including banking products): the insurance company hopes to attract further business, from both existing and new policyholders, because of the fact that it can offer a wider range of services than before, i.e. it can give its customers access to banking as well as to insurance services; products not otherwise feasible: the economics of the banc assurance operation may allow the insurer to offer products which are not feasible through the insurer’s existing channels. For example, sales costs incurred under existing channels may force premium rates for a product to be uncompetitive, so the product is not sold.
The costs via the banc assurance channel may be low enough to make it feasible; administration – economies of scale: the insurance company can offer to carry out the administration activities of the bancassurer’s business, if for example the bancassurer is a separate company. Combining the bancassurer’s business with the other business of the insurer can produce economies of scale in administration costs (including capital expenditure). This in turn allows the insurer to improve profitability and to price future products with narrower margins, which helps to make the insurer’s products more competitive (Violaris, 2000).

There is some attributes which can define the variability of banc assurance models, such as: ownership, point of sales, products, client database, product suppliers and policy administration. There is no single way of entering into banc assurance, which is best for every insurer and every bank. The best way of entering banc assurance depends on the strengths and weaknesses of the organization and on the availability of a suitable partner if the organization decides to involve a partner. Whatever the form of ownership, a very important factor for the success of a banc assurance venture is the influence that one party’s management has on that of the other. An empowered liaison between respective management, with regular senior management contacts, as well as sufficient authority to take operational and marketing decisions, is vital. Regular senior management meetings are also a vital element for a successful operation. There must be a strong commitment from the top management to achieving the aims in the business plan (Munich Re, 2001).

1.1.4 Kenyan Insurance Industry

The insurance industry in Kenya consists of many players which include insurance companies, insurance brokers, independent agents, banks, the regulator, member
association bodies, and service providers among others players. Kenya has 46 licensed insurance companies, and 4,576 registered agents, (Business Monitor International’s Industry Report & Forecasts Series, 2012). The Insurance Industry recorded gross written premium of Sh79.1 billion in 2010 compared to Sh64.47 billion in 2009 (an increase of 22.7 per cent). Gross earned premium increased by 17.7 per cent to stand at Sh63.44 billion in 2010 compared to Sh53.92 billion in 2009. Despite having many companies, the insurance penetration is still low.

The main reasons for low insurance penetration in Kenya include poverty and lack of awareness which appear to be major constraints. State-owned enterprises, potentially substantial users of insurance, have financial problems and therefore their purchase is limited. HIV/AIDS limits the potential for health insurance and life insurance. Insurers have been overly dependent on traditional products and distribution channels. According to the Insurance Regulatory Authority, fraud and corruption have been significant problems (AKI, 2011). According to Pan Africa Life Insurance CEO Tom Gitogo the government needs to accord more support to banc assurance to drive up the number of insurance policyholders. However, he says this model could be used for other covers that will see the country’s insurance penetration increase.

In Kenya almost all the premium income is generated through intermediaries (brokers and agents). The traditional agency channel will remain an important distribution channel for insurance companies. For regular premium products, the agency distribution channel is still the dominant channel. This is due to the complexity of regular premium products which the agency channel currently has a relative advantage in terms of experience and knowledge over their Banc assurance counterpart. Apart from using brokers and agents, the other possible distribution
channels include direct sales personnel, in-house business, direct-mail, internet/online channel, counter sales, telemarketing/call centres and Banc assurance, the insurer, (AKI, 2010)

The recent developments in technology and communication need to be harnessed for the insurance industry to grow. The concept of purchasing through the internet is relatively new but has gained acceptance worldwide especially in service industry products. Direct channels offer the opportunities of lower cost and more value added services to customers. Several players in the insurance industry have already blazed the trail by embracing non-conventional insurance distribution channels such as Sacco, microfinance institutions, banks, e-commerce, community based organizational and premium remittance through mobile money transfer platforms. (AKI, 2011)

A recent survey on ‘potential insurance distribution channels in Kenya’ sponsored by AKI recommended regulatory amendments to allow the use of alternative methods of selling insurance such as churches, supermarkets, travel agencies and self help groups to enhance uptake and lower operating costs, (AKI, 2011). Kenya has an untapped potential target market for Micro-insurance of up to 11 million people according to a recent study by The Centre for Financial Regulation and Inclusion. Product pricing and high administrative costs of offering micro insurance have hindered the development of micro-insurance and overall insurance penetration according to this study.
1.2 Research Problem

As the financial institution business is undergoing a sea of change in their day to day operations due to regulations and integration of global financial markets, several new concepts and ways of doing business are now a norm. However, the most significant changes in the financial services sector have been the growth and development of bancassurance which denotes distribution of insurance products through effective utilization of banking channels (Kumar, 2001). With the liberalization of the insurance sector and competition tougher than ever before, companies are increasingly trying to come out with better innovations to stay that one-step ahead (Singhal and Singh, 2010).

Studies dealing with the insurance industry are generally conducted on a national base, while cross country comparisons are still less frequent: this is probably due to the scarce availability of reliable data in a comparable format and to the lower level of harmonisation with respect to the insurance sector (Rai, 1996; Diacon et al., 2002). Before the year 2010, the regulation prohibited the use of banks to offer insurance. This was despite banks’ wide network, superior technology and customer trust as compared with insurance companies.

Insurance Regulatory Authority (IRA) says the potential market is in excess of Sh200 billion, banks are better placed to professionalize insurance sales while improving national savings and product development based on established customer needs. IRA has lauded bancassurance as the way forward in raising insurance penetration in Kenya (Karanja, 2011). The low uptake of insurance among the Kenyan population has been partly a result of using limited channels to sell insurance products. The Kenyan insurance industry has been relying heavily on agents and brokers to sell
insurance products. Since the agent and broker led channels have failed to achieve significant penetration of insurance; there is need for the insurance industry players to adopt new and more efficient channels. Bancassurance has been identified as one of the distribution channels through which insurance penetration can be enhanced.

Despite the importance of insurance penetration to the economy, and its place as one of the national human development indicators, few studies had been undertaken in Kenya to establish the effect of bancassurance on the insurance penetration in Kenya. Mwangi (2010) conducted a study on the determinants of growth of bancassurance in Kenya and found that bancassurance is facilitated by increasing market share, customers getting related services under one roof and effectiveness and efficiency in bank-insurance. Association of Kenya Insurance did a study on the potential distribution channels for insurance business and found great potential in bancassurance, internet, worksite marketing, telemarketing, partnering with NGOs and other community based organizations and micro insurance (AKI, 2011).

However, no study has been done on the effect of bancassurance on the insurance penetration in Kenya. Given the low penetration rate and various channels of distribution, it is important to determine if bancassurance is playing a significant role in increasing the penetration. This study sought to fill this knowledge gap. The research question that this study sought to answer was: how has bancassurance as a strategy influenced penetration of insurance in Kenya?

1.3 Research Objective

The main objective of this study was to establish the effects of bancassurance as a penetration strategy used by insurance companies in Kenya.
1.4 Value of the study

This study is expected to be useful in a number of ways. The findings of the study will contribute to the existing knowledge and used as a basis for further research in the area. To the academic researchers, the study will make significant contribution to the existing body of knowledge in the field of bancassurance. The findings will be used as a source of reference for other researchers. In addition, academic researchers might need the study findings to stimulate further research in these areas of insurance distribution channels especially through bancassurance and as such it will form a basis of good background for further researchers.

Further, the study may be useful to the government in policy making regarding financial market liberalization and other regulatory requirements of the financial sector. Two government agencies whose portfolios fall within the subject matter as macro policy makers are IRA and Central Bank of Kenya (CBK).

Finally, the result of this study will act as insight to strategic decision makers in the insurance business in Kenya to explore alternative channels so as to increase the level of penetration within the market, and also expected to help insurance companies to come up with strategies for their bancassurance operation. To the banks and insurance companies the study would make the management make informed decisions on whether to adopt bancassurance. The study will also provides insights into the bank – insurance model as a viable business strategy for enhancing the performance, thus, influence decision making.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives an overview of the literature related to the study. It is specifically concerned with the concept of bancassurance on insurance penetration in Kenya and bancassurance as a distribution strategy for insurance product.

2.2 Theoretical Foundations

The study is based on the following theoretical framework to address the research objective which Ansoff Matrix; Variously known as the "product-mission matrix" or the "2 x 2 growth vector component matrix", the Ansoff Matrix remains a popular tool for organisations that wish to understand the risk component of various growth strategies, including product versus market development, and diversification. The matrix was first published in a 1957 article called 'Strategies for diversification' and the example below illustrates what such a matrix may look like Market penetration, Market expansion, Product expansion and Diversification (Ansoff, 2007).

While business development strategies seek to match marketing opportunities to the organization's resources (what it can do) and its objectives (what management wants to do). The Ansoff’s model is one of the best tools for organizations to develop market and product expansion strategies. Ansoff’s model is based upon four types of strategies as shown and discussed below.
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Figure 2.1 Ansoff Growth Matrix

Market Penetration means trying to increase sales of an organization's existing products or services in its existing markets. This can be accomplished by strengthening current customer relationships to increase their rate of product/service utilization or trying to attract competitor customers or current non-users. Relevant market research activities for this strategy might include: Competitive intelligence studies, Corporate positioning studies and Segmentation studies.

Market development means trying to increase sales of an organization's current products or services in new markets. Market development may also involve identifying new uses for an existing product or service. Relevant market research activities for this strategy might include: Acquisition studies, Market assessment studies, Market entry studies and Market expansion studies.
Product development means offering new or improved products or services in an organization's existing markets. Relevant market research activities for this strategy might include: Concept testing studies, Needs assessment and Segmentation studies.

Diversification means moving into entirely different lines of business----unfamiliar products, services or markets. Relevant market research activities for this strategy might include: Acquisition studies, Concept testing studies and Market entry studies.

All organizations must find new attractive marketing opportunities to grow. But the challenge lies in determining which marketing opportunity offers the most long-term success.

2.3 Market Penetration Strategies

Strategic management is the set of managerial decisions and actions that determine the long-run performance of an organization. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation’s strengths and weaknesses. Management scans both the external environment for opportunities and threats and the internal environment for strength and weaknesses. The following factors that are most important to the corporation’s future are called strategic factors: strengths, weakness, opportunities and threats (SWOT).

“Strategy is typically used to identify a business policy and roughly translated mean about what the organization intend to do,” Koch (1999). On the other hand, Johnson and Scholes (2002) illustrate “Strategy is the direction and scope of an organization over the long term which attend to advantage for the company or organization through
an arrangement of element in particular form, figure or combination to meet the needs of markets and to fulfill stakeholder expectation”. In Kenyan context, banc assurance whether practiced by banks or insurance companies is a strategic decision by the organisation concerned while “Marketing Strategy” is to control organization’s resource for customers need which have to analysis market, competitor, government, technological and environment change (Rancho, 2004).

2.4 Bancassurance as Penetration Strategy

In the consolidating world of financial services, the concept of bancassurance has taken a central role in the strategy of a growing number of financial institutions. Insurance products distributed through the banking channel have become a natural choice for mass-market clients looking for simple and low-cost products available from a trusted financial institution. Globally, bancassurance has emerged as an important insurance distribution channel that has not only allowed insurance companies to expand their geographical presence but also enabled banks to expand their overall product portfolio.

For the first time, the term “bancassurance” was used in France, where cooperation between banks and insurance companies started earlier than in other European countries. This word was originally coined to indicate simple distribution of insurance products by bank branches, while at present it is used to describe all kinds of relationship between the banking and the insurance industries (Quagliarello, 2004). The convergence between different sectors of financial intermediation (conglomeration) has been encouraged by the deregulation process started at the end of the Eighties.
In Europe the 1989 Second Banking Directive allowed universal banking and unlimited reciprocal participations with investment and insurance firms. In USA regulatory hedges between financial institutions have been removed later, by the 1999 Gramm-Leach-Bliley Act. Nowadays financial conglomerates are present in all developed countries. Bancassurance, however, cannot be viewed simply as a result of the deregulation process: as pointed out by Locatelli et al. (2003), changes in financial services needs have been particularly determinant. Household saving has moved from deposits to more remunerative investments determining a dramatic drop in traditional banking profitability. Banks have tried to compensate the decrease in their interest margin by entering investment banking or insurance.

Bancassurance refers to the distribution of insurance products through a bank's distribution channels. It is a package of financial services that can fulfil both insurance and banking needs simultaneously (Kumar, 2010). Therefore bancassurance requires the involvement of two institutions namely bank and insurance organisation. This collaboration endeavors to ensure that insurance products reach the intended consumers or clients through the various bank’s distribution channels available. These products will include commercial insurance business and personal lines business such domestic packages, personal accident, assets such as motor vehicles, machinery, employers liability and credit life.

The bancassurance distribution model should accomplish the following objectives: It should cater for all segments of the banking population. It should work as a single shop for all financial requirements for the bank customer. It should effectively utilize the existing branch banking platform. It should take advantage of the multiple sales opportunities afforded by the bank’s other distribution channels. Finally, it should
strive for congruence between product characteristics and channel. All these issues can ensure that there is proper insurance penetration.

Banks which generally enjoy wide branch network can therefore be used to bring insurance closer to the people. Some come from opportunities to sell insurance together with some banking products. Banks are now a major distribution channel for insurers for example Equity Bank Kenya has adopted this method, and insurance sales are significant source of profits for banks. The latter partly being because banks can often sell insurance at better prices (i.e., higher premiums) than many other channels, and they have low costs as they use the infrastructure (branches and systems) that they use for banking. The sales synergies available will probably be sufficient to be used to justify mergers and acquisitions. Other motives for banc assurance for banking institutions it’s a way of product diversification and source of additional fee income.

For the insurance industry bancassurance is a way of increasing market penetration and premium turnover. Through this new distribution network the insurance company significantly extends its customer base and enjoys access to customers who were previously difficult to reach. The insurance company has the opportunity to vary its distribution methods in order to avoid excessive dependence on a single network. Diversification reduces the risk. The insurance company benefits from the trustworthy image and reliability that the public are more likely to attribute to banks. The insurance company also benefits from the reduction in distribution costs relative to the costs inherent in traditional sales representatives since the same network is generally the same for banking products. With such cost savings, products can be sold more cheaply. (AKI, 2010)
A majority of authors have reiterated that banks and insurance companies as businesses provide services that are more similar than different, which favours their joint production. Both types of organisations are financial intermediaries that pool savings of persons and subsequently channel these funds to capital expenditures. The laws of large numbers, liquidity creation, economies of scale and management of risk are common to both institutions (Levy-Lang, 1990; Lewis, 1990; Voutilainen, 2004). It is not a surprise that they provide similar products to compete for public savings funds. In the United Kingdom for example, homeowners typically use endowment policies to repay principal. In France, companies of insurance have sold single-premium policies that have similarity with bank time deposits. Also, banks regularly give out loans and sell insurance to protect against property loss and default. According to history, bancassurance was most developed in France and the Netherlands in the 1980s, due to the fact that tax-advantaged insurance products made available through banks, in addition to the public confidence advantages and distribution network for banks (Hoschka, 1994; Genetay and Molyneux, 1998; Staikouras and Nurullah, 2005).

In the European continent during the 1990s, the significant entry by banking firms into insurance activities was basically motivated by deregulation of the financial sector under the 1989 Second Banking Coordination Directive. This was effective in January 1993 and it allowed financial institutions in European Union (EU) countries to operate in member countries without having a license from the regulatory authorities in a guest country. EU competition among so-called universal banks and large retailers entering financial services has resulted to cross selling of multiple services. Banks increasingly have used relationship pricing whereby customers purchasing a number of financial services receive better pricing than single-product
customers. Consequently, bancassurance has been growing more rapidly in Europe than banking--securities combinations.

The explanation for the success of bancassurance is that bank-insurance combinations are mutually beneficial to both entities in terms of spanning both short and long-term liability/asset structures in the process of financial intermediation and better attraction and retention of retail customers and corporate clients (Diamond, 1984). In the past, as viewed by Carey, et al. (1993), a credit market hierarchy existed among private debt (inside bank loans), private placements (inside insurance company bonds), and the public debt market (outside debt). The legal barriers affecting the sources of funds among different financial institutions logically resulted to asset specialization of institutions (for example long-term vs. short-term lending) on the supply side of the credit market. For example, owing to the traditional legal separation of banking and insurance underwriting, the majority of bank credit is financed by short-term, floating-rate deposits, whereas life insurance companies obtain funds to invest in bonds from long-term, fixed-rate insurance contracts. In Europe, deregulation eliminated these legal barriers and permitted banks and insurance companies to exploit their joint advantages with respect to both short and long-term funds in the financial marketplace (Diamond, 1984).

Even insurers and banks that seem ideally suited for a Bancassurance partnership can run into problems during implementation. The most common obstacles to success are poor manpower management, lack of a sales culture within the bank, no involvement by the branch manager, insufficient product promotions, failure to integrate marketing plans, marginal database expertise, poor sales channel linkages, inadequate incentives,
resistance to change, negative attitudes toward insurance and unwieldy marketing strategy (Kumar, 2010).

Conversely, Bancassurance ventures that succeed tend to have certain things in common. Factors that appear to be critical to success include strategies consistent with the bank’s vision, knowledge of target customers’ needs, defined sales process for introducing insurance services, simple yet complete product offerings, strong service delivery mechanism, quality administration, synchronized planning across all business lines and subsidiaries, complete integration of insurance with other bank products and services, extensive and high-quality training, sales management tracking system for reporting on agents’ time and results of bank referrals and relevant and flexible database systems (Kumar, 2010).

The insurance and banking theories contain a number of similarities that contradict the traditional distinctions between the two businesses. Lewis (1990) clarified that banks take advantage of economies of scale in the management of portfolio, which arises from the law of large numbers. Insurance economics depend on the law of large numbers, which states that the expected loss distribution approaches the true loss distribution as the sample grows. This enables insurance companies to pool individual reserves to protect against adversity. Similarly, banks give to the insurance the financial security for their clients; the insurance premium is reflected in service charges and the spread between interest rates on loans and deposits. Levy-Lang (1990), argued that insurance companies undertake some form of fund management (a banking attribute) through the investment of their technical reserves. This function brings them closer to banking.
Few studies have examined the effects of the diversification achieved by banking and insurance company mergers per se. As discussed by Boyd, et al (1993), numerous studies have attempted to determine the potential effects of expansion of bank holding companies into permissible nonbank activities and prohibited nonbank activities. However, these studies investigate different financial services firms separate from one another, rather than merger combinations of banks and nonbank firms. Most bancassurance studies conduct simulated mergers and generally find that bancassurance mergers tend to lower earnings volatility, stock return variance, and failure risk (Brewer, et al, 1988; Wall, et al, 1993).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the research method that was followed in completing the study. It describes the design of the study, research instruments, collection methods and data analysis.

3.2 Research design

The research design used in this study was cross sectional descriptive survey of a defined population as it involved a study of all the insurance companies which use banc assurance as a channel of distribution. The method was the most suitable for this study since out of the forty six companies transacting insurance business in Kenya only eighteen of them use banc assurance as channel of distribution. According to Mugenda, A.G. (2008), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This approach will enabled the study to achieve its objective.

3.3 Population and Sample

The target population was forty seven licensed insurance companies in Kenya (AKI, 2013). The target population offered a holistic view of how banc assurance affects the insurance company’s premium income. The sample of study was eighteen insurance companies which use banc assurance as a channel of distribution and all were surveyed (see appendix iv).
3.4 Data Collection Methods

Data was gathered through semi structured questionnaire (see appendix ii) administered to the respondents. The instrument addressed the research objective. Pilot study was conducted to test research instruments reliability and validity. The first section of the questionnaire enquired general information about the respondents, while the next three sections dealt with the objectives. The questionnaire was administered through mail survey. The Questionnaire are preferred as their responses are gathered in a standard way making them more objective than interviews, are quick to collect information and potentially information can be collected from a large proportion of a group (Burns,2000). The respondents were sales and underwriting managers for both life and general insurance respectively as they are in position to provide the required information.

Secondary data was also extensively reviewed. The secondary data sources were gathered from AKI and data from Insurance Regulatory Authority (IRA). The financial statements of the sampled insurance companies were also used and gross written premiums analyzed taking five years as the time frame since banc assurance has been most active in Kenya for the last five years.

3.5 Data Analysis

Data was coded and entered into Statistical Package for Social Sciences (SPSS) then analysis run. The data was analyzed using descriptive statistics for quantitative data. Descriptive statistics comprise of frequencies, percentage (relative frequency), mean and standard deviation with quantitative data being presented in form of tables, bar graphs and pie chart, while explanation to the same was presented in prose. Validity
test was conducted from the initial data collected using questionnaires and it was deduced the questionnaires were well understood and some questions were not left blank and extreme responses were not obtained. The data was valid since it was collected from the insurance experts. Reliability of the questionnaire was tested using pilot study and would produce consistent results should the research be done later on. The data was reliable since it was historical secondary data collected mainly from AKI and IRA sources.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis of the data on the analysis of banc assurance as a penetration strategy used by insurance companies in Kenya. This chapter presents the findings of the study and discussions on the findings. The findings answer the research questions. Data collected was assembled and reports were produced in form of tables and figures.

4.2 Response Rate

The study targeted 18 respondents in collecting data on banc assurance as a penetration strategy used by insurance companies in Kenya. However, out of 18 questionnaires distributed only 13 questionnaires which were filled in and returned, consisting of 67% response rate. This complied with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. The 33% non-response was due to time constraints.

4.3 Respondents Profiles

The researcher was also wanted to know the position that that the respondents hold within the organization, from the findings 50% of the respondents were underwriting managers, 40% were from sales/marketing departments while 10% were serving from various position. Holbrough (2008) recommended that ranks or position one holds in
the workplace leads to easier application and strategic practices that leads to better performance of the organization towards achieving organizational goals and objectives. This implies that most participant of this study were in category that the study aimed at and that results achieved from this is reliable as they were conversant with the bancassurance and their effect on the organizational performance.

4.4 Regional Spread of Kenya’s Insurance Companies

The researcher requested respondents to indicate whether their companies operate in other countries within the region and if they still use banc assurance. From the findings, few (38.5%) do their business outside Kenya mainly in Uganda, Southern Sudan, Rwanda and Tanzania, while most of the 61.5% operate in Kenya Only. Those who operate outside Kenya also indicated that they use bancassurance as a distribution channel within those regions. The respondents further indicated that they mostly work with local (Kenyan banks) operating in those countries.

4.5 Banc assurance as a Strategy to reach Potential Customers

Figure 4.1 summarizes result on whether the insurance companies use bank assurance as a strategy to reach potential customers. According to the result of the study, majority (84.6%) of the respondents agreed that their companies use banc assurance as a strategy to reach potential customers while the remaining respondents (15.4%) use it as a means of just increasing their premium income. This clearly indicates that the main aim of insurance companies for using banc assurance is to reach more customers in the market segmentation. Nurullah & Staikouras (2008) find an increase in profitability and no shifts in risk for hybrid combinations of banks and insurance broking firms, but an increase in volatility and the probability of bankruptcy when
banks merge with property and casualty and life insurance companies. It can therefore be conclude from the above observations that bancassurance increases insurance penetration and thus resulting in increase in premium income and hence increase in profitability.

Figure 4.1 Use of Banc Assurance as a Strategy to Reach Customers

4.6 Banks used as a Intermediaries by Insurance Companies

The research set out to determine the number of banks used by the respondents as intermediary. Most of the respondents strongly agreed that they were dealing with any bank ready to have a contract with them as this was increasing their premium income. Generally the following banks were mentioned as intermediaries and dealt with almost every insurance company sampled; ABC Bank Limited, Equity Bank Limited, Kenya Commercial Bank, Kenya Co operative Bank, Chase Bank Limited, National Bank of Kenya, Family Bank, Diamond Trust Bank, Commercial Bank Of Africa, First Community Bank, Equatorial Bank Limited, Housing Finance Company of Kenya and National Industrial Credit Bank (NIC). The study findings also showed that
the following were major partnerships between insurance companies and banks in Kenya, Equity bank with CIC Insurance Company, Co operative bank with CIC Insurance company, Equity Bank with British American Insurance Company, Chase Bank with Jubilee Insurance Company, Housing Finance Company of Kenya with British American Insurance company, First Community Bank with Takaful Insurance of Africa. It can therefore be concluded that Banc assurance is increasingly used as channel of increasing insurance penetration and partnerships between insurance companies and banks is necessary for continued business acquisition and improved service delivery.

4.7 Benefits of Bancassurance to insurance companies

The researcher wanted to know which direct benefits Insurance companies enjoy due to banc assurance. According to the study findings, 100% of the respondents agreed that insurance companies enjoyed the following benefits from banc assurance:

Table 4.1 Benefits of Banc assurance to insurance companies

<table>
<thead>
<tr>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

The results in table 4.1 indicate that due to the above benefits, many insurance
companies not currently using bancassurance as a channel of distribution will have to follow suit in order to survive the already competitive Kenyan insurance market. The above benefits further confirm bancassurance as a strategic tool used by Kenya’s insurance companies in order to increase their market share. From the above findings, it can be concluded that there are a number of benefits enjoyed by insurance companies using banc assurance and thus a deliberate move by insurance companies in Kenya to use banc assurance as a channel of distribution.

4.8 Effects of Bancassurance on Profitability of Insurance companies

Most of the respondents agreed that owing to the reputation of banks vis a vis insurance companies, customers are more likely to purchase insurance services from banks and that banks can easily intertwine services with insurance. Other respondent had the same opinion though with varying degrees of agreement on statements’ i.e. Banks’ distribution channel cuts across the country makes it easier to reach insurance market and that due to banks’ superior technology as compared with insurance companies, market outreach is much easier with the banks than insurance industries. Johnston & Madura (2000) and Nurullah and Staikouras (2008) argued that banks could benefit from bancassurance by exploiting cross-selling opportunities and increases in non-interest income.
Table 4.2 Effects of Banc assurance on Profitability of Insurance companies

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very great extent</td>
<td>6</td>
</tr>
<tr>
<td>To a great extent</td>
<td>3</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>3</td>
</tr>
<tr>
<td>To a less extent</td>
<td>1</td>
</tr>
<tr>
<td>To no extent</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

The researcher requested the respondents’ to indicate extent to which banc assurance has increased the profitability of the respondents’ insurance company. Results are reflected in table 4.2. From the findings, 7.7% indicated that banc assurance had increased profitability of their insurance company to a less extent, 23.1% were of opinion that it had moderate increase, 23.1% also indicated that banc assurance had increased profitability of the company to a great extent while 46.2% indicated that banc assurance had increased profitability of the company to a very great extent. From the study, it can be concluded that banc assurance has contributed to the profitability of the insurance companies to a great extent and therefore insurance companies practicing banc assurance tend to perform better than their counterparts not practicing banc assurance.

**4.9 Insurance Classes that utilizes Banc assurance**

The researcher sought out to find whether Banc assurance was mostly used for either general or life insurances. From the study, majority (92.3%) of the respondents agreed
that banc assurance was mostly used for general insurance while very few (7.7%) of the interviewed indicated that banc assurance was used for life insurance. Results are reflected in table 4.3

**Table 4.3 Insurance Classes that utilizes Banc assurance**

<table>
<thead>
<tr>
<th>Class</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Insurance</td>
<td>12</td>
<td>92.3</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>1</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

According to the result of the study, the following classes of insurance were the most commonly sold via banc assurance: Credit Life Insurance, Motor, Fire insurance, Theft insurance, engineering insurance and Personal Accident. Personal lines products which are designed mainly for individuals and include such covers like private car, domestic package, personal accident among others were the most common products sold via banc assurance. It can be concluded from the study that the most common products sold via banc assurance was insurance for tangible assets which were mostly used as collateral to secure loans from banks.

**4.10 Effect of Banc assurance on Insurance penetration**

The study sought to establish if Banc assurance distribution channel had an effect on insurance penetration. This was done by comparing and tabulating the premium percentage share of the various distribution channels for the respondents in the study. Results are reflected in table 4.4.
Table 4.4
According to the study findings banc assurance accounted for 15.09% of the share of gross written non life premiums and 2.48% of life premiums for the five year period. The study also showed that “other channels of distribution” accounted for 6.23% of non life premiums and 1.77% of the life premiums. “Other channels” included but not limited to the following; Direct Clients, worksite marketing, micro agents, telemarketing, virtual marketing and wealth management/ financial advisors. From the study, brokerage firms accounted for 38.32% of non life and 2.25% of life premiums while insurance agents accounted for 9.54% of non life and 24.32% of life premiums. It can therefore be concluded from the study that banc assurance channel of distribution in Kenya has also significantly (17.57%) contributed to the increase in insurance penetration in Kenya, for the companies under study.

In Kenya, bancassurance has emerged as an important insurance distribution channel that has not only allowed insurance companies to expand their geographical presence but also enabled banks to expand their overall product portfolio though bancassurance being still an emerging distribution channel in Kenya. From the study, the market is dominated by traditional distribution channels such as agents and brokers. The premium production per each channel of distribution under the period of study can be summarized as follows; brokers 40.57%, agents 33.85%, bancassurance 17.58% and others (including direct sale) 8%. As indicated from the study, the traditional channels of insurance distribution; mainly brokers and insurance agents still lead though bancassurance - a relatively new concept in the Kenyan market has significantly contributed towards premium production for the period under study (17.58%) because Banks’ distribution channel cuts across the country and makes it easier to reach insurance market. This therefore implies that in the near future bancassurance could overtake other traditional distribution channels of insurance.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the research findings on Banc assurance as a penetration strategy used by insurance companies in Kenya. Conclusions and recommendations are drawn there too.

5.2 Summary of the Findings

Study findings showed that banc assurance has increased insurance uptake by increasing its distribution channels and attracting new customers. According to the study, banc assurance accounted for 17.58% of the total gross written premiums and therefore partnering with banks that offer insurers a ready customer base, brand awareness and established credibility is an asset to the insurers. Banc assurance will continue to grow as distribution channel in Kenya in the medium and long term especially if the other insurers partner with banks to do this. The study also found that initiatives such as use of alternative strategies such as improved regulatory framework, innovative products, enhanced public education and use of technology have contributed to improved insurance penetration level in Kenya.

5.3 Conclusion

The study aimed at investigating Banc assurance as a penetration strategy used by insurance companies in Kenya. The study concludes that banc assurance has contributed greatly in terms of gross written premiums for the last five years (life
insurance 2.48% and non life 15.09%) thus increase in insurance penetration. Bancassurance forms a basis for insurance companies service diversification, thus leading to more revenue collection centres which increase their profitability. The study also concludes that bancassurance has led to increased market outreach. Through banc assurance, insurance companies form partnerships with banks to provide their clients with a wide range of banking and insurance products and thus benefits in terms of more faithful bank customers. This increases market outreach.

Finally, for both banks and insurers there is a great opportunity to learn and to make improvements in their own operations. Each party gets exposure to the other’s distinctive management styles, its objectives and measures and the pressures which it can exert and which it feels. The benefit comes when either party can implement changes as a result of the learning process. This in turn might lead to future mergers and acquisitions between insurance companies and banks in Kenya.

5.4 Recommendations

The study recommends that insurance companies expand the target market beyond the existing bank customers and also diversify to the rural areas where people do not visit banks or have access to the latest technology and communication channels. The study also recommends that insurance companies and banks in Kenya form partnerships as this will help establish banc assurance concept grow in Kenya. The study further recommends that training to be conducted to banks’ employees on risk management and pricing in order to make banc assurance more effective.
5.5 Limitations of the Study

The study had several limitations which included the difficulty in gaining access to the sampled respondents who work in insurance companies which are out of bounds to the public as they are considered security risk areas and not open to public information gathering. Everywhere respondents were concerned about why they were being asked questions and what the interest of the researcher really was. Real fear emanated from possibility of collected information being passed on to their competitors. The time within which the study was conducted was not sufficient to obtain necessary permit to conduct open interviews using questionnaires. This limited the number of people that could be interviewed. The conservative nature of corporate entities and financial institutions and oaths of secrecy by personnel not to disclose information that is strategic in nature was also a limitation. Information on performance contributed by banc assurance was considered strategic by some insurance companies.

5.6 Suggestions for Further Studies

The study suggests that this research should be done on all insurance companies on their views regarding alternative and emerging new distribution channels in relation to insurance penetration.
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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

University Of Nairobi, School Of Business, MBA Programme

To Whom It May Concern

The bearer of this letter Ombonya, Erick Ochieng  Registration No. D61/76084/2009 is a bona fied continuing student in the Master of Business Administration (MBA) degree programme in this University.

He is required to submit as part of his coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

As a partial fulfillment of his degree, he is conducting a research project to assess ‘Banc assurance as a penetration strategy used by insurance companies in Kenya’.

Kindly therefore, complete the attached questionnaire with accurate information that will be used entirely for this research while observing utmost confidentiality.

Your assistance is highly valued. Thank you in advance.

MBA Co-ordinator, School of Business
APPENDIX II: QUESTIONNAIRE

Please give answers in the spaces provided and tick () in the box that matches your response to the questions where applicable.

PART A: GENERAL INFORMATION

1. For how long has your organization been existence?

   Under 5 years ()

   6-10 years ()

   11-15 years ()

   Over 16 years ()

2. For how long has your company been transacting business via bancassurance?

   Tick where appropriate

   0-5 years ()

   5-10 years ()

   More than ten years ()

3. Do you operate in other countries outside Kenya? Yes() No()

   If yes, do you use bancassurance as a channel of distribution______________?

4. Position of the respondents within the Organisation
PART B: COMPANY AND INDUSTRY INFORMATION

5. Does your company underwrite both life and general insurance? Tick where appropriate

- General
- Life
- Composite

6. Which of the above uses bancassurance most?

Please list the lines sold via banc assurance

7. How many banks do you transact business (banc assurance)?

If more than one please give reasons

8. Does your insurance company use bancassurance as a strategy to reach more potential customers?

Yes [ ] No [ ]

If yes, explain methods/ strategies employed and if no, give an explanation – what do they use it for?

9. Does your insurance company make profit due to bancassurance and to what extent has bancassurance increase the profitability of your insurance company?

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

10. What are the direct benefits that the Insurance Company enjoys due to bancassurance?

…………………………………………………………………………………………

11. Kindly comment on how bancassurance can be used to enhance profitability of insurance companies? ……………………………………………………………………………

12. Please fill in the below table for gross written premium in Kenya Shillings (Millions) for the period 2008 – 2012 from each channel of distribution.

<table>
<thead>
<tr>
<th>Year</th>
<th>Bancassurers</th>
<th>Agents</th>
<th>Brokers</th>
<th>Others (include direct sales)</th>
<th>Total premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non life</td>
<td>life</td>
<td>Non life</td>
<td>life</td>
<td>Non life</td>
</tr>
<tr>
<td></td>
<td>life</td>
<td></td>
<td></td>
<td></td>
<td>life</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 2012
2 2011
3 2010
5 2009
6 2008

THANK YOU FOR PARTICIPATING
APPENDIX III: LIST OF INSURANCE COMPANIES IN KENYA

2013

1. AAR Insurance Kenya Limited
2. Africa Merchant Assurance Limited Company
3. AIG Kenya Insurance Company
4. APA Insurance Company Limited
5. Apollo Life Insurance Limited
6. British American Insurance Company Limited
7. Cannon Assurance Company Limited
8. Capex Life Assurance Company Limited
9. CFC Life Assurance Company
10. CIC General Insurance Company Limited
11. CIC Life Insurance Company Limited
12. Corporate Insurance Company Limited
13. Directline Assurance Company Limited
14. Fidelity Shield Insurance Company Limited
15. First Assurance Company Limited
16. GA Insurance Company Limited
17. Gateway Insurance Company Limited
18. Geminia Insurance Company Limited
19. Heritage Insurance Company Limited
20. ICEA-Lion General Insurance Company Limited
21. ICEA-Lion Life Assurance Company Limited
22. Intra Africa Assurance Company Limited
23. Invesco Assurance Company Limited
24. Jubilee Insurance Company Limited
25. Kenindia Assurance Company Limited
26. Kenyan Alliance Insurance Company
27. Kenya Orient Insurance Company
28. Madison Insurance Company
29. Mayfair Insurance Company
30. Mercantile Insurance Company Limited
31. Metropolitan Life Insurance Kenya Limited
32. Monarch Insurance Company Limited
33. Occidental Insurance Company Limited
34. Old Mutual Life Assurance Company Limited
35. Pan Africa Life Assurance Company Limited
36. Pacis Insurance Company Limited
37. Phoenix of East Africa Assurance Company Limited
38. Pioneer Life Assurance Company
39. Real Insurance Company
40. Resolution Insurance Company Limited
41. Shield Assurance Company
42. Takaful Insurance of Africa
43. Tausi Assurance Company
44. Trident Insurance Company
45. UAP Insurance Company
46. UAP Life Insurance Company
47. Xplico Insurance Company Limited
APPENDIX IV: LIST OF INSURANCE COMPANIES IN KENYA

PRACTICING BANC ASSURANCE IN KENYA

1. Africa Merchant Assurance Limited Company
2. AIG Kenya Insurance Company
3. APA Insurance Company Limited
4. British American Insurance Company Limited
5. CIC General Insurance Company Limited
6. CIC Life Insurance Company Limited
7. Fidelity Shield Insurance Company Limited
8. First Assurance Company Limited
9. Geminia Insurance Company Limited
10. Heritage Insurance Company Limited
11. Jubilee Insurance Company Limited
12. Kenindia Assurance Company Limited
13. Kenya Orient Insurance Company
14. Madison Insurance Company
15. Occidental Insurance Company Limited
16. Pacis Insurance Company Limited
17. Real Insurance Company
18. Trident Insurance Company
19. UAP Insurance Company
20. UAP Life Insurance Company
APPENDIX V: LIST OF BANKS PRACTICING BANC ASSURANCE IN KENYA

1. Chase Bank Limited
2. Co-operative Bank of Kenya
3. Commercial Bank of Africa
4. Diamond Trust Limited
5. Equatorial Bank Limited
6. Equity Bank Limited
7. Family Bank Limited
8. First Community Bank Limited
9. Housing Finance Company of Kenya
10. Kenya Commercial Bank Limited
12. National Industrial Credit Bank