The impact of Business environmental factors on marketing of general insurance products in Kenya: a case of Insurance Companies in Nairobi

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Abstract:

The environment under which the insurance sub-sector operates is quite complex as it consists of conditions and influences that affect the performance of the industry. The general insurance business accounts for 70% of the total gross direct premium written in the market while the remaining 30% is accounted for by life assurance. There has been a big problem in the insurance industry with the commissioner of insurance registering as many as 38 companies in the small Kenyan market. This has forced these companies to compete so aggressively with each other to achieve a reasonable market share. As a result of this cut-throat competition between insurance companies, four companies have gone under in a span of five years as indicated by the commissioner of insurance annual report of the year 2002. This study aimed at investigating the impact that the business environmental factors have on marketing of general insurance products in Kenya.

Environment has always been defined by the distinguished scholars as the surrounding of an object. Wilson (1989), Mathai (2002). The underlying principle follows that there is no environment that does not affect it's various interactive agents, this is even more particular to Kenyan Insurance sub-sector. The gist of the study was to investigate the impact of insurance business environmental factors on the marketing of general insurance products in Kenya. The internal and external business environmental factors were analyzed and their impact on the marketing of general insurance products determined. The above stated factors were used to propose the background of the study, problem statement, objectives formulation, development of conceptual framework, design of methodology, data collection instruments, presentation of analyzed data and summary of the study results. The study used exploratory research design and also adopted a descriptive design. Stratified sampling of the ratio 0.5 was used to select the insurance companies for the study while a purposive or convenient sampling of particular respondents was applied. The data collected were both primary and secondary. The questionnaire was used as the data collection instrument. The questionnaires were administered via personal visits where their researcher dropped them and latter collected them after a week. The study acknowledged the need for arbitration and revision of existing insurance laws and regulations in order to enhance the performance Kenya insurance companies. The suggestion put forward if implemented will highly enhance the integration of business operating environment and the productivity of insurance financial resources. This will be useful in reviving the performance of the entire industry into optimal level.