

# Factors that determine the slow growth of revenue amongst insurance brokerage firms in Kenya

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## **Abstract:**

Insurance plays an important role in any economy by covering economic and financial risk arising out of certain events. The role of Insurance brokers in Kenya was recognized by the Insurance Act Cap 487 of 1984 as revised in the year 2002 (Republic of Kenya). The eleventh schedule of the Act recognized the revenue as 25% maximum of the premium earned. It was expected that as the Insurance premium revenue grew, so should the brokerage commission. Insurable risks were placed directly by the Insured with the Insurer, but many risks were placed by intermediaries who acted as an interface between the two parties who were either brokers or agents. An insurance broker is an intermediary concerned with the placing of insurance business with an insurer or reinsurer for the expectation of payment by way of brokerage fee and or commission. The general objective of this study was to determine the factors that influence the slow growth of revenue among insurance brokerage firms in Kenya. The study was conducted amongst the insurance brokers who had operated in the industry for a period of 5 years and above. This was a descriptive survey study aimed at establishing the factors determining slow growth of revenue in the insurance brokerage industry in Kenya. Stratified proportionate random sampling technique was used to select the sample. From each stratum the study used simple random sampling to select 48 respondents. The questionnaires were self-administered drop and pick questionnaires were distributed among sampled employees currently employed by insurance brokerage companies in Kenya. The data was then coded to enable the responses to be grouped into various categories and presented in percentages and frequencies. The study concludes that effects of information technology on growth of revenue, customer satisfaction, employee benefits were the factors determining slow revenue growth in insurance brokerage firms in Kenya. Technology increased rate of revenue growth and technology strategy was a way to improve competitiveness growth of revenue. Lack of customer relationship has led to lack of innovations and poor customer relations which has led to few opportunities for revenue. Government policies also influenced the slow growth of revenue in the brokerage industry.