Effects of Information Communication Technology (ICT) On Collection of Premium a Case of Jubilee Insurance Company in Uashin Gishu County, Kenya

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Abstract: -

The purpose of this study was to examine the effect of Information and Communication Technology (ICT) on collection of premium by jubilee insurance companies' profitability. This study was guided by the following research questions: What are the factors that influenced the Jubilee Insurance to adopt the use of ICT in collection of premiums? How has this collection contributed to profitability of the insurance? To what extent does ICT affect the remittance of low- income households and micro-enterprises? This study adopted an ex-post facto research design; with target population of 105 consisting of branch manager, unit level managers, supervisors and sales agents. A sample of 45 was selected using simple random sampling procedure. With structured questionnaire, interview guide and observation as the main instrument of collecting primary and secondary data respectively. The study found that a positive correlation exists between ICT adoption and insurance companies' profitability in Kenya. The results also show that: ICT adoption is not a substitute for effective regulation of the insurance industry. The study concluded that, there is a positive relationship between ICT adoption and insurance companies' profitability in Kenya. Based on the findings the study made the following recommendations; Jubilee insurance company should steam line the organization structure in the line with ICT, A company should recruit employees with the necessary knowledge and skills in ICT know how. The company should engage in campaign to create awareness among policy holder on ICT.

Keywords: ICT, premium and Jubilee insurance.

INTRODUCTION

1.1 Background to the Problem

The use of ICT in the insurance industry is relevant and beneficial considering the significant role of insurance in the economy. Amongst other, insurance promotes business activity by providing financial intermediary services necessary to induce economy growth as asserted by (Ward &Zurbruegg, 2000; Liedtke, 2007). The insurance industry consolidation, particularly the recapitalization, seeks to ensure that the industry contribute positively to the economy (Obaremi, 2007). Osabuohien, Obasan asserted that ICT usage has considerately improved operations and performance of businesses in Nigeria (Osabuohien, 2008; Obasan, 2011). It is, therefore, expected that the impact of the consolidation will enhance the use of ICT by stimulating some form of competitive advantage, accuracy and efficient transactions to improve the quality of service delivery in the Nigerian insurance industry.

Since Kenya's independence in 1963, the economic focus has been concentrated on tourism and agricultural production. Over the years, resulting from a rising population growth and scarcity of land, these two centers of economic production have been deteriorating, posing a great threat to the country's economic well-being (World Bank, 2012). To address this critical issue, the Government of Kenya (GOK) developed a roadmap towards developing a viable, modern and sustainable economic. These led to the development of a blueprint towards making Kenya an industrial and service based economy by the year 2030. The blueprint has been labelled as the "Kenya Vision 2030" (Ministry of State for Planning, National Development and Vision 2030, 2008). This vision is based on six key pillars: Tourism, Agriculture, Wholesale and retail, Manufacturing, Business Process Outsourcing (BPO) and Financial Services. The focus of this study is on Information Communication Technology and how insurance sector in Kenya can benefit by adopting it.

Churchill (2006) also found that insurance is one of the tools that governments, donors, development agencies, and others should use for combating poverty. Many emerging markets are addressing the issue of widening the reach of insurance services to those segments of the population that have remained uninsured or underinsured. A central element in the promotion of inclusive financial systems is the development of micro-insurance the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost

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of the risk involved while continuing to foster a safe and sound financial system (Churchill 2007). A key aspect of the interest in micro-insurance is to explore ways of significantly increasing the number of poor households that have access to insurance while enhancing the benefits provided to insurance holders (McCord 2011). Makove (2011) argues that the growth and success of microfinance which was originally seen as the provision of savings, transactions (including remittances), and credit services to low-income households and micro-enterprises before the inclusion of micro-insurance has been responsible for creating a delivery channel to help regulated insurers target low-income segments of the population in an efficient manner. In some jurisdictions, new rules have motivated commercial insurers to move into the low-income market, or informal micro-insurers to formalize their operations. At the same time, insurers have also recognized the opportunity in this emerging market segment. The current insurance regulatory framework in Kenya is aimed at traditional insurance providers, with little recognition of cooperative/mutual and micro-insurance businesses as distinct from the mainstream insurance business (Makove 2011).

1.2 Statement of the Problem

Ideally Insurance provides the dual benefits of savings and security. Mark (2002) termed insurance as a key sector whose contribution to the development of Kenya's economy cannot be over-emphasized. Apart from giving security to the insured against exposure to risk, insurance mobilizes domestic savings, inculcates the culture of thrift, and helps to increase income and create wealth.

ICT has been a tool for premium collection in various insurance companies in Kenya because of its benefits as compared to manual deposit of the same to the bank or directly to the company. Jubilee Insurance Company has introduced ICT in premium collection. Insurance penetration in Kenya is still very low at 1.3% (AKI, 2012). This is quite low given that the population of Kenya now stands at over 40million. There are several factors that affect the penetration of life insurance in Kenya. It is therefore imperative to establish the effects of ICT in collection of premium by Jubilee insurance Company.

Competitive advantage related to information technology can be described as "the use of information (technology) to gain leverage in the marketplace" (McLeod & Schell, 2001). Wairegi (2003) established the nature of competition within life insurance companies in Kenya. IRA (2011) study looks at the growth opportunities for the industry while (KPMG, 2011) study dwells on the economic importance of life insurance. This study focuses on Effects of Information Communication Technology (ICT) on collection of Premium by Jubilee Insurance Company in Uasin Gishu County, Kenya

1.3 Research Questions

This study was guided by the following research questions:

> (i) What are the factors that influenced the Jubilee Insurance to adopt the use of ICT in collection of premiums?
> (ii) How has collection of premiums contributed to profitability of the insurance company?
> (iii) To what extent does ICT affect the remittance of low- income households and micro-enterprises?

1.4 Significance of the Study

The findings of the study were of immense benefit to the government, especially the ministry of finance, and the commissioner of insurance who were to use it to formulate policies that encourages the insurance in Kenya to adopt use of ICT on. Kenya government has encouraged members of the public to buy life insurance policies by waiving tax on the premium paid to a life insurance policy if insurance companies adopted ICT it was affordable for the low-income earners.

This research provides a basis for further research in this area among researchers who uses this report as a basis for further studies and lastly, this study also acted as a reference in the field of marketing and strategic management within its core concepts of strategic responses to customer's satisfaction.

1.5 Theoretical Framework

This study was guided by the theory of customer perceived value theory. The slow growth in life insurance in Kenya can be explained by the customer perceived value theory. Customer perceived value is the difference between the prospective customer's evaluation of all benefits and all the costs of an offering and the perceived alternatives. CPV = what customer gets (benefits) what he gives (costs). Total customer benefit is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel, and image involved. Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs (Kotler & Armstrong, 2010, p.161). This theory states that creating loyal customers is at the heart of every business because the only value that an organization will ever create is the value that comes from present and future customers. They propose an adoption of the modern customer oriented organization chart as opposed to the tradition organization chart which view customer perceived value as a trade -off between benefits and sacrifices according to (Flint et al., 2002; Grönroos, 2000). Benefits of this theory include and not limited to Economic benefits: monetary savings when purchasing services, Emotional benefits: effective gain to consumer for purchasing specific services, Social Benefits: consumer

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recognition of service as the referral choice, as their friends or relatives recommend a service to them and Relationship benefits: a state when consumers consider service providers as valuable source who attend to consumer's expectation and fulfill their need. However, it also has some weaknesses of which include: Price sacrifices: monetary costs as perceived by consumer (e.g. if consumer find the cost of service higher than expected, they need to decide if sacrificing the additional costs is worthwhile), Time sacrifices: entails the amount of time consumer have to spend on finding purchasing or consuming services and Risk: probability of negative consequences of purchasing or consuming a services.

Penetration of life insurance is only at 1.3% (AKI, 2012). This is quite low given that the population of Kenya now stands at over 40million. There are several factors that affect the penetration of life insurance in Kenya. As asserted by Yaari, (2009) attributes the low penetration of insurance in third world countries like Kenya to lack of disposable income. Life insurance companies have largely operated the traditional organization chart. This means that customer perceived value has remained very low hence affecting the growth of life insurance both in Kenya and other African countries, Kaguma (2011). Creating loyal customers is at the heart of every business. Businesses succeed by getting, keeping and growing customers. Customers are more educated and informed than ever and they need to feel they are getting value for their investment, (Kotler & Armstrong, 2010). The value for the policy holder is derived, not from an actual claim event, rather it is the value derived from the 'peace of mind' experienced by the policyholder, due to the negating of adverse financial consequences caused by the death of the life assured (Yaari, 2009). As asserted by Rejda, (2004) insurance companies are slow in settling claims. When an insured event occurs, Insurance companies have been slow in processing claims. This has eroded the confidence customers have on insurance leading to slow growth of the industry. This has made the purchasing or consuming service of insurance to be very risky in Kenya.

LITERATURE REVIEW

2.1 Review of Theories

2.1.1 Customer perceived value Theory
Total customer benefit is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel, and image involved. Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs (Kotler & Armstrong, 2010, p.161). This theory states that creating loyal customers is at the heart of every business because the

only value that an organization will ever create is the value that comes from present and future customers.

2.1.2 Criticism of this Theory
These findings both indicate that customer-perceived value in the context of information technology may both consist of different kinds of value and be affected by factors such as customer motivation and customers' previous experiences.

2.1.3 Strategic Management Theory
Strategic management encompasses the process of determining organizations mission and goals; managing strategy formulations; strategy implementation; and strategy control. Strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic formulation.

2.1.4 Criticism of the Theory
While defining strategic management plan, the business establishes strategic objectives formulating a strategy implementing and executing the strategic plan and evaluating performance accurately portray the conceptual elements in managing an enterprise's strategy. First managers do not necessarily or ever usually thought the sequence in rigorous lockstep fashion. Often there is interplay back and forth between elements for example consideration of what strategic action to take can provoke discussion of whether how the strategy can be implemented with real effectiveness. Secondly, the demand that strategy management puts on manager's time are irregular. Strategic issue new opportunities and bring ideas about strategy or its implementation do not appear according to some ordered timetable.

2.2 Empirical Review
Komira (2011) conducted a study to examine how Jubilee insurance company of Kenya is strategically responding to challenges posed by the competitive environment. The research was a case study of Jubilee insurance company of Kenya, a local company with subsidiaries in East Africa. The researcher used an interview guide as the primary data collection instrument. The interview guide was administered using face to face interviews to the departmental heads and other employees in management positions at Jubilee Insurance. Data collected was analyzed based on content analysis. The study found out that the operating environment in the insurance industry is very dynamic and volatile. The study further concludes that Jubilee Insurance had adopted various strategies to respond to the environmental changes such as improved customer service, expansion into new regions, operation cost reduction, restructuring and outsourcing of non-core activities. The study recommends that Jubilee Insurance should engage in more cost reduction as a response to its competitor's strategies whose products and services are much cheaper. The government should also reduce some of the regulatory measures to give the industry

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the power to regulate itself since the industry is heavily regulated.

In another study conducted by Makau (2008) which focused on all the 21 registered and licensed life assurance firms in Kenya, located within Nairobi. Through purposive sampling, 5 sales staff was identified from each of the life assurance firms, making a total of 105 respondents. A structured survey questionnaire was administered by the researcher to the respondents, who were required to complete them. The responses were analyzed using descriptive statistical techniques in form of frequency distribution tables, percentages; tables and graphs were used to present the data. The output was to establish the factors affecting the growth of life insurance business in Kenya and therefore came up with recommendations that will help in determining those indicators that the industry should focus on to enhance growth of life insurance business.

Karani & Cyrus (2013) in their study seek to establish the challenges facing the uptake of the yu Cover micro-insurance scheme in Kenya. Yu Cover is a loyalty-based insurance scheme that rewards yu Mobile subscribers with a life insurance scheme dependent on airtime usage. The operator introduced monthly life and disability coverage to its customers based on their expenditures on the network, but uptake still remains low. The study was guided by the general objective of determining the challenges facing the uptake of loyalty-based life insurance schemes.

The research design that was adopted for this study is a descriptive survey. The population of the study was yu Mobile subscribers, while the accessible population was made up of 2,000 yu Mobile subscribers sampled from the entire yu Mobile subscribers' population, which was further stratified according to the location of the relationship centers. A semi-structured questionnaire used to collect quantitative data, while qualitative data was collected through interviews. Data was analyzed in a thematic content analysis format based on the themes identified in the research. The study found that trust, product design, literacy and awareness, and demography are major factors which can explain the current low micro-insurance uptake and penetration in Kenya. The study also found that it was unclear as to whether education contributes to the low insurance penetration and the culture of purchasing insurance policies. The study further found that the regulatory framework in existence could not be linked to the current low rates of micro-insurance as it was contributing positively to uptake of insurance services.

Olajedi S, (2013) conducted a study to examine the impact of Information and Communication Technology (ICT) on insurance companies' profitability. It identifies the imperatives for adoption of ICT to promoting efficient and efficient service delivery in the insurance industry as a strategy for attainment of the profit maximization objectives

of insurance companies in Nigeria. The study is an empirical design which utilizes responses of structured questionnaire of 152 respondents from 18 insurance companies to explore the impact of ICT adoption on quality of service delivery and profitability of insurance companies in Nigeria. The study concludes that there is a positive relationship between ICT adoption and insurance companies' profitability in Nigeria. This implies that adoption of ICT by insurance companies can enhance their efficiency, their quality of service delivery, and their profitability. The implication of the findings for practice is that insurance companies should endeavor to update their ICT facilities regularly, in view of its impacts on quality of service delivery and profitability. The paper also highlights the need for regular training of insurance personnel to keep them abreast of the current innovations in the use of ICT to ensure that the industry contribute positively to the economy.

This study examines the relationship between claims cost and profitability in the Non –life sector of the Nigerian insurance industry. The study also develops two lines a regression models that can be used to forecast future events in the industry. Data were generated from the financial statements of ten (10) insurance companies covering a period of ten years (2002 –2011). These data were analyzed using descriptive statistics, coefficient of determination (R 2), ANOVA (F), standard error test, test of correlation (T), multiple linear regression and ordinary least square Regression techniques. In addition, two hypotheses were also tested. The results revealed that PBT (profitability) correlates directly with NC (Net Claims) and ER (Expense Ratio) but correlates inversely with LR (Loss Ratio). It also showed that for every one percent increase in NC, there will be a corresponding increase of 36.7% in LR. The policy implications of this study for the stakeholders of the insurance industry are numerous. Nigerian insurers should pay due attention to their underwriting activities to ensure objective risk selection and management. In addition, insurers need to invest more on human capital development and staff motivation as these enhance productivity and subsequently profitability.

Reni, Marline& DWI, P (2013) also did a study in Bandung Indonesia. This research was conducted to know the influence of Risk Based Capital (RBC) to profitability, especially Return on Assets (ROA) and Return on Equity (ROE) on Jacinto Insurance in the period of 2007-2010. The data used in their research was secondary data as Annual Reports. Especially the profit/loss account and balance sheet of the Jasindo Insurance in the period of 2007-2010.The researcher used Simple Linier Regression and Pearson correlation, with 95% confidence level. These results provide an explanation that the Risk Based Capital has impact on Return on Assets with a variable amount of the contribution is 11% and 29% for Return on Equity. The result shows there was no positive impact between RBC to

profitability, especially ROA and ROE on Jasindo Insurance in the period of 2007-2010.

In another study by Antonio (2010) Researcher in National Research Council, Institute for Service Industry Research and Professor of Insurance Marketing at Second University of Naples Naples-Italy, the aim of the paper was to discuss about theories and tools to interpret ICT-related changes and specifically how to recover (reuse) the insurer/insured relationship. In the changed competitive environment, the insurance companies' priority is to gain more control over final market, or lay hold of the relationship with the customer. The paper contributes to the call for research on a particular service sector by addressing the unexplored issue of one-to-one marketing strategies adopted by the insurance industry in the era of modern Information Technology and the relationships between ICT and business strategy. In this new scenario, the only way to keep customers is to offer quality services, creating differentiating elements of their proposals, adding customization and consulting. Antonio (2010) the policyholders, after all, have the insurance and financial solutions tailored to their specific needs. And they're not exploiting pre-standard packages.

(Maluwa& Nana, 2012) also did a study on Development of an Information and Communication Technology (ICT)-Driven Business Model for the Utility Sector in Ghana in their paper: Innovations in Information and Communication technologies (ICT) have created the convergence phenomenon, under which new mobile services are emerging and changing the way people live. It was possible for people to enjoy mobile services anywhere and anytime. Electricity Company of Ghana (ECG) as a distributing electricity company has its mandate to ensure quality, reliable and efficient supply of electricity to its numerous customers. In order to meet this target, the company must be financially sound. This was achieved through efficient and effective billing and revenue collection system. Currently, the company is plagued with deficiencies in bills distribution and revenue collection. In order to solve this problem, this paper aims and seeks to analyze a framework to develop an appropriate ICT-Driven Business Model for Revenue Collection showing how the various stakeholders involved can be organized in a multi-sided platform to reduce transaction cost for collection of revenue for the utility sector (ECG). Through literature review, qualitative and data collection research methodologies, the results of the study proposed a recommended Content Aggregator-Centric Mobile Operator Business Model after critical analysis.

In a study conducted by United Nations Conference on Trade and Development on; Measuring the Impacts of Information and Communication Technology for Development, the paper explored why measuring the impacts of information and communication technology (ICT) is important for development and why it was statistically challenging. Measuring impacts in any field is difficult, but for ICT there are added complications because of its diversity and rapidly changing nature. A number of impact areas are identified and their relationships explored, in the context of their place in the social, economic and environmental realms. The result was a complex web of relationships between individual impact areas, such as economic growth and poverty alleviation, and background factors, such as a country's level of education and government regulation. The research conducted found positive effects of ICT in the impact areas investigated. However, research has tended to focus on positive, rather than negative impacts; therefore, the latter tend to be indicated by anecdotal evidence. There was relatively little evidence from developing countries and there are indications that findings in respect of developed countries may not apply to developing countries. In respect of both developed and developing countries, there are few studies that provide internationally comparable evidence. (UNCTAD, 2008)

Mugadukha (2012) on the research micro finance industry in Kenya has experienced rapid growth over the years in an attempt to meet the large demand from the estimated 38 percent of Kenyans lacking access to financial services. The specific focus of this study was on the effects of competition among MFIs on different outcomes as well on the effects of ICT adoption in the institutional operations. It adopted a descriptive study research design to collect the required information from the population targeted after which the data collected was analyzed through quantitative methods to show the causation factor of the growth in MFIs in Kenya.

The target population included the financial institutions which are members of the Association of the Microfinance Institutions in Kenya. The sample included 34 institutions which have their operations within Nairobi. The sampling procedure applied was convenience sampling method. Both Primary and Secondary sources of data were used in the study where Primary data was collected with the use of a questionnaire and the secondary data collected from the MFI's annual reports and financial statements. Both descriptive and inferential methods were used in analysis. Measures of relative position and measures of relations and associations used were correlation and regression. The significance of the results was tested by the use of correlation coefficient (R) and the coefficient of determination (R2) as well as the F-test at 95% significance level.

The study findings included that; both competition and ICT use in MFIs influence their performance thereby affecting their growth. Competition was found to have negative effects on the organizational performance while ICT adoption and application in organizational operations was found to have a positive effect on growth. Thus, the competitiveness of microfinance systems relates positively

to the number of branches (networks) established in the country. Information technology contributes to the micro financial system in three different ways as follows: ICT saves the time of the customers and the employees conspicuously, ICT cuts down the expenses and ICT facilitates the network transactions. Therefore, the study recommends that; to ensure competitiveness of the microfinance sector, policies should be implemented which shall ensure fair competition to the young micro finance institutions hence facilitating their growth as well that advanced information system supported by a superior mechanism control is required to make certain that an information system has achieved the required processes.

Mbaluka (2013) also conducted a survey of Machakos. A survey by Kenya National Bureau of statistics, (2007) indicates that three out of five SME businesses fail within the first few months of operation. A gap exists in finding out the effect of Microfinance institutions and growth and development SMEs. This study therefore sought to establish the effect of microfinance institutions of growth and development of small and medium enterprises. The study was guided by the objectives; to find out the role of MFIs in financing, provision of financial literacy, development of management skills and facilitating market networking among SMEs in Machakos town. The study was expected to establish the practical role of perceived solutions provided by microfinance institutions and how this affects growth of SMEs. A survey design was used to accomplish the study objectives.

Data was gathered from managers of MFI institutions as well as SMEs within Machakos town. Stratified sampling was adopted to select 66 SMEs and five microfinance institutions to participate in the study. Data was collected via a questionnaire whose validity and reliability was established in the pilot test. Quantitative data analysis was undertaken to generate both descriptive and inferential statistics, this was done using statistical package for social sciences (SPSS). Presentation of data was done in tables and interpretation made based on research objectives. The study findings indicated that microfinance institutions provide a series of products and service that include small-scale business accounts, business management training, marketing services and financial literacy skills. Of all these, small-scale business loans are the major product offered by Microfinance institutions as indicated by 36.36% of the respondents. Small-scale business accounts, Business management training, and marketing services all rated 18.18% while financial literacy skills are the least offered represented by 9.1%. Among the financing facilities offered by the MFIs, provision of suitable loan products to SMEs, follow up programmers for the loans provided and favorable interest rate are the most benefiting facilities of financing. The study recommends MFIs to plan for seminars and workshops to train the SMEs on financial literacy,

management skills and facilitation of ICT use. Further, MFIs should develop a regular needs assessment among SMEs so as to provide relevant products. A related study can be done to analyze the economic factors affecting microfinance institutions in financing SMEs.

Several studies have been done on this area; Komoro (2011) conducted a study to examine how Jubilee insurance company of Kenya is strategically responding to challenges posed by the competitive environment. The research was a case study of Jubilee insurance company of Kenya. The researcher used an interview guide as the primary data collection instrument. The interview guide was administered using face to face interviews to the departmental heads and other employees in management positions at Jubilee Insurance. Data collected was analyzed based on content analysis. The study found out that the operating environment in the insurance industry is very dynamic and volatile. The study further concludes that Jubilee Insurance had adopted various strategies to respond to the environmental changes such as improved customer service, expansion into new regions, operation cost reduction, restructuring and outsourcing of non-core activities.

Reni. M & Dwi P, (2013) also did a study in Bandung Indonesia. This research was conducted to know the influence of Risk Based Capital (RBC) to profitability, especially Return on Assets (ROA) and Return on Equity (ROE) on Jasindo Insurance in the period of 2007-2010. The data used in this research is secondary data as Annual Reports, the result shows there is no positive impact between RBC to profitability, especially ROA and ROE on Jasindo Insurance in the period of 2007-2010, while Mugadukha (2012) did a study on the micro finance industry in Kenya has experienced rapid growth over the years in an attempt to meet the large demand from the estimated 38 percent of Kenyans lacking access to financial services.

Mbaluka (2013), sort to establish a gap exists in finding out the effect of Microfinance institutions and growth and development SMEs. The study therefore sought to establish the effect of microfinance institutions of growth and development of small and medium enterprises. However, this study will use both questionnaire and interview guide which will be administered to the sample under the study, the study will also focus on Effects of Information Technology (ICT) on collection of Premium by Jubilee Insurance Companies' profitability in UasinGishu County, Kenya. While Reni &Dwi P, (2013) did their study in Bandung Indonesia, this study will be conducted in Eldoret Kenya with a low population which might not be similar to that of their country and in terms of culture and economic and political factors.

2.3 Knowledge Gap
Several researchers have looked at the idea of outsourcing in Kenya, a case in point; Kinyua (2000) concluded that

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companies need to conduct careful analysis before engaging in outsourcing to minimize risks (Kinyua, 2000). In addition, Kirui, (2001) concludes in his study that outsourcing of noncore logistics activities is triggered by the need to eliminate duplication of roles, efforts, and the dysfunction existing within the organization. Competitive advantage related to information technology can be described as "the use of information (technology) to gain leverage in the marketplace" (McLeod & Schell, 2001). Price Water Coopers conducted a survey in the United States among America's fastest growing companies, the conclusion arrived at was that businesses that outsource were growing faster, were larger and made more profits than those that did not.

The survey further revealed that, of the companies that outsourced, 70 percent claimed to save money and 25 percent had improved focus on core business. The goals of outsourcing often include reducing labor and overhead costs, maximizing profits, dominating a market, and gaining a competitive advantage (PWP, 2000). Kaguma (2011) study focused on the quality of customer service in life insurance companies. The study concentrates on the elements of service that customers consider to be quality service in life insurance. Wairegi (2003) study focused on the nature of competition within life insurance companies in Kenya. IRA (2011) study looks at the growth opportunities for the industry while (KPMG, 2011) study dwells on the economic importance of life insurance. The literature reviewed; therefore, showed that there exist gaps in literature (in study contexts and methodology) which warranted a study to investigate the Effects of Information Technology (ICT) on collection of Premium by Jubilee Insurance Companies' profitability in UasinGishu County, Kenya.

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design
This study adopted an ex-post facto research design to examine Effects of Information Technology (ICT) on collection of Premium by Jubilee Insurance Companies' profitability in Uasin Gishu County, Kenya. An ex-post facto research design was suitable in this study owing to the fact that researcher studied cause and effect relation in reference to effect of ICT on collection of premium by Jubilee insurance company Uasin Gishu Kenya.

3.2 Target Population
Targeted population under this study was 105 which included management staff, supervisors and sales representatives in Jubilee insurance company in Eldoret branch Kenya.

Targeted population will be categorized as follows:

Table 3.1: Targeted Population

Level	Total Number of Staffs
Branch Manager	1
Unit Managers	8
Supervisors per unit (4)	32
Sales Representatives	64
Total	**105**

Source: jubilee staff record

3.3 Descriptions of Sample and sampling procedures
When conducting this study, the researcher applied stratified sampling technique on 45 respondents which is 43% of 105.

3.4 Description of Research Instruments
The researcher used questionnaires, interview guide and observation as data collection instruments. Both quantitative and qualitative data was sought.

3.4.1 Questionnaire
The questionnaire for data collection was designed by the researcher according to the study research question areas: effects of ITC, profitability and remittance. The questionnaire was prepared for managers. The questionnaire consisted of open and close-ended questions. The instrument was structured in four sections; Section A contained demographic information, gender, age, level of education, experience Section B contains questions on the adoption of ICT on collection of Premium, Section C consists of questions on profitability of the insurance, Section D, contains questions on how the collection affects the remittance of low- income households and micro-enterprises?

3.4.2 Interview Guide
According to Yin (2003), one of the basic tools that are used to obtain information for a qualitative study is an interview. The purpose of the interview was to make an in-depth study of management staff on the extent to which adoption of ICT in Insurance have effects on the premium collection. The interview guide was also structured according to the research questions.

3.4.3 Observation
During data collection, the researcher visited established enterprises to obtain first-hand information to be related to information collected through interviews and questionnaires.

3.5 Validity and Reliability
The questionnaire and interview guide were being given to research expert to check whether the instrument reflects what it sought to measure through content validation measurement. Suggestions and comments made were incorporated in the final document before reliability testing and final administration in the field.

To ensure reliability test, a pilot study was conducted in two insurance companies within Uasin Gishu County. The

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questionnaires was pre tested two times in each of the selected insurance companies by involving 10 respondents since the number required for pre-tests should not to be too large. Here, the subjects involved in pre testing the research instruments will be encouraged to make comments and suggestions concerning the instructions, clarity of questions and relevance. A reliability test was carried out to establish whether the questionnaires met the desired outcome. The parts that were tested for reliability was section B to D of the questionnaire. The Cronbach's Alpha reliability co-efficient was used in computing the reliability value with the help of SPSS.

3.7 Description of data Analysis Procedures
After the collection of data from the field, the data were edited, coded, categorized and tabulated. Editing of data was made to detect errors and omissions and to make sure that the data was prepared for tabulation. Descriptive statistics including means, percentages and standard deviations was used to enable the researcher to come up with clear counts concerning the response.

DISCUSIONS

4.1 Presentation of Findings
4.1.1 Demographic Data of Respondents
The respondents were asked to indicate their gender, age bracket, educational background and work experience on the questionnaire. The results are given in Table 4.1 below;

Table 4.1: Demographic Data of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	23	51
	Female	22	49
	Total	**45**	**100.0**

Age Bracket		Frequency	Percentage
20 years and below		4	9
21-30 years		20	44
31-40 years		12	27
40 years and above		9	20
Total		**45**	**100.0**

	Primary	8	18
Educational	secondary	18	40
background	College	19	42
	Total	**45**	**100.0**

	0-5	14	31
Experience	6-10	13	29
in the business	11-15	5	11
	Over 15	13	29
Total		**45**	**100.0**

Results showed that 23(51%) of the respondents were male while 22 (49%) were female. The low number of female enterpreneurs is attributed to the attitude of the locals towards access to credit.Findings also showed that respondnts 12(27%) were aged between 31-40 years, 20 (44%) were 21-30 years, 9 (20%) were 40 years and above while only 4 (9%) reported to be 20 years and below. This implies that all categories of enterpreneurs were involved in answering the study research questions. Results on education status revealed that 19 (42%) went upto collage level, 18(40%) went to secondary school while 8(18%) only attende primary. Regarding their experience in business 14(31%) have less than 5 years, 13(29%) have 6-10 years, 5(11%) have 11-15 years 13(29%) have 15 and above years. This experience is important in determining the extent to which respondents have ICT knowledge on collection of Premium by Jubilee Insurance Companies' profitability in Uasin Gishu County, Kenya.

4.2.1 Customers served Staff
The study targeted a sample size of 45 customer service staff respondents from which 40 filled in and returned the questionnaires making a response rate of 89%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to (Mugenda&Mugenda, 1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to be excellent.

Table 4.2 Response rate Customers served Staff

Customer Served staff	frequency	percentage rate
Respondent	40	89
Non respondent	5	11
Total	**45**	**100.0**

Source: Researcher (2016)

4.2.1 Insurance Sales Agents Respondents
The study targeted insurance agents to get their responses on factors that influence jubilee insurance to adopt the use of ICT to contribute to the premium. The study targeted a sample size of 39 agent respondents from which 36 filled in and returned the questionnaires making a response rate of 92.3%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to (Mugenda, 1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to excellent.

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Table 4.3 Response rate of Insurance Sales Agents

Sales agent	frequency	percentage rate
Respondents'	36	92.3%
Non respondents	3	7.7%
Total	39	100.0

Source: Researcher (2016)

4.2.2 Insurance Managers

The study targeted 9 insurance managers to get their responses on how has the collection contributed to the profitability of insurance. The response rate was satisfactory with 7 (78%) returned back questionnaire and two never responded. This response rate was satisfactory to make a conclusion of the study.

Table: 4.3 how has the collection contributed to profitability

of jubilee insurance company

Table: 4.4 Respondents rate of Insurance Managers

Insurance managers	frequency	percentage rate
Respondents	7	78
Non respondents	2	22
Total	9	100.0

Source: Researcher 2016

4.3.3 Analysis of Variance

Analysis of variance shows the relationship between the two variables. This section shows you the p-value ("sig" for "significance") of the predictor's effect on the criterion variable. P-values less than .05 are generally considered "statistically significant. In this case the researcher observed the relationship between profitability and ICT performance.

Table 4.5: ANOVA

Model	sum of squares	Df	mean squares	F	Sig
1.Regression	2.107	4	.5268	5.2314	.0000a
Residual	3.122	31	.1007		
Total	5.229	35			

a.   Predator constant (ICT)

b.   Dependent variables ,Profitability

From the ANOVAs results, the probability value of 0.000 was obtained implying that the regression model was statically significant in predicting the relationship between Profitability and performance of ICT in premium collection in Jubilee insurance company in UasinGishu County and the predictor variables as it was less than α=0.05. By the help of the F-Test table (5%, 4) tabulated value was 3.472 which was less than F= 5.2314 as well indicated that the model was significant.

Table 4.6 Coefficients[a]

Model	Un standardized Coefficients B	STD Error	Standardized coefficients Beta	t	sig
1. (Constant)	1.215	1.013	.002	3.145	.000
Uses of ICT	.001	.335	.102	1.101	.005
profitability	.224	.103	.128	.725	.002
remittance	.301	.657	.123	.345	.004

a. Dependent variable: R.O.A

The researcher conducted a simple regression analysis so as to determine the relationship between profitability in jubilee insurance in Uasin Gishu County (dependent variable) and effects of ICT in premium collection in Uasin Gishu County. The following regression equation was obtained:

$ROA = 1.215 + .001X_1 + .224X_2 + .302X_3$

From the regression model obtained above, holding all the other factors constant, performance of SMEs in Uasin Gishu County. The obtained regression equation further implied that there was a direct relationship between profitability and effects of ICT in premium collection in Uasin Gishu County. The analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the corresponding probability value obtained and

α=0.05. If the probability value is less than α, then the predictor variable is significant. Therefore, from the above analysis profitability was significant in the model as its corresponding predictor variables were less than 5%.

FINDINGS

5.1 Summary of findings

The study investigated how effective is Information and communication Technology on the profitability of premium collection in UG County. Data was collected by use of questionnaires, interview and observation guide. 45respondents participated in answering research questions. The demographic data results showed that most respondents had been to the business for a period of 0-5 years. Most of them had studied upto secondary level. With majority up to college level.

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Results showed that 89% responded while 11% never responded. Study showed that 92.3% of 36 respondents were satisfied with the ICT in collection of premium services, while 7.7% had no knowledge of insurance services. Study shows that 9 insurance managers were targeted to get their responses on how the collection has contributed to the profitability of insurance. The response indicated that 7 (78%) and 2(22%) indicated that they can collect premium through other means.

Study showed that profitability in this study contributed to 98.3% of the variation in performance of ICT in premium collection of jubilee insurance in Uasin Gishu County as explained by adjusted R2 of 87.3.Study showed that majority of the respondents were aware 78% about the premium and were satisfied. 22% had no idea of the ICT use. Lack of access to ICT has limited customers to access the use of premium collection via information technology and this has limited the expansion of the use of ICT in premium collection in Jubilee insurance company.

5.2 Conclusions

The study obtained significant results which answered the research questions that the study sought to answer. Based on these findings therefore, the researcher makes conclusions which are as presented below; Information communication technology has been of great essence in the jubilee insurance financial system. The findings then proved that Information technology contributes to the jubilee insurance financial system in three different ways as follows: ICT saves the time of the customers and the employees conspicuously, ICT cuts down the expenses and ICT facilitates the network transactions.

Utilization of information communication technology has been magnificently increased in service industries, particularly, the Insurance industry, which by using Information Technology related products such as internet insurance, electronic payments, security investments, information exchanges, financial organizations can deliver high quality services to client with less effort and consequently increased performance and growth.

Relationship concerning Information technology and insurance's performance has two encouraging outcomes; Firstly, Information technology can bring down the operational costs of the Jubilee insurance (the cost advantage) where internet technology facilitates and speeds up premium collection to accomplish standardized and low value added transactions such as bill payments and balance inquiries processes via online network. Consequently, this technology helps the insurance company concentrating their capitals on exceptional, high-value added transactions such as personal trust services and investment banking via branches. The second encouraging outcome is that Information Technology can promote transactions between customers within the same network (the network effect).

And so there is appositive relationship between effects of Information and communication technology and premium collection in the jubilee insurance company.

5.3 Recommendations

Based on the findings of the study, the following recommendations are made: From the discussions and conclusions in this chapter, the study recommends that although Jubilee Insurance has been successful in neutralizing the challenges posed by the competitive environment, the company should streamline the organization structure. Clear reporting lines should be stated as this will ensure staff motivation and reduce the employee turnover rate which is a direct cost to the company. The company should recruit employees with the necessary knowledge and skills in the business to minimize on the induction and training costs particularly in ICT knowhow. The management should further enhance ways of developing and retaining competent staff to ward-off staff poaching by competitors.

The study also recommends that the organization should engage in heavy advertisement of their insurance products and services, a strategy that is employed by a number of companies within the insurance industry. The need to engage in campaigns to create awareness cannot be over emphasized. This strategy will increase the penetration rate into major markets, both locally and internationally so that use of ICT can be adopted and made applicable and accessible from anywhere.

The study findings indicated that due to competition from different insurance, the company had been forced to cut on its premium rates due to the pressure posed by competitors to lower their rates. The study recommends to the industry players to widen their strategies while competing. Cut throat competition on low pricing should be checked and minimum acceptable premium rates offered be set for the players. Low cost strategy is just one of the strategies identified by Porter (1980). However, other strategies like differentiation and market segmentation (focus) strategies should be adopted where competition is very stiff. There is a point beyond which the premiums rates may not be cut. The company should focus 50 on service delivery and developing wide range of products that meet the customer needs and direct them to the target market.

The study identified that one of the major challenges within the industry was heavy regulation and poor reputation. The study recommends that the regulation within the industry should be eased by removing unnecessary sections in the insurance Act that do not add value, and also, the annual changes in the finance bills should be reduced to give the industry players ample time to adapt to the changes recommended. All the industry players including Jubilee insurance management through the regulator should employ strategies on the industry reputation by improving their code

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of conduct. The regulator should ensure that all the players adhere to the professional code of Ethics.

The study found that the industry has the highest number of fraudulent claims recorded. This has soured the relationship between the customers and the insurers because the distrust relationship is extended even to the genuine customers. The Insurance Regulation Authority should educate the public on the needs and purposes for taking insurance covers and also to inform them of the effect of making fraudulent claims. Never the less, the speed of processing customer claims should be improved and the regulator should take action to the companies that fail to honor genuine claims. The Insurance Regulation Authority should educate the public on the actions to take should the individual insurance companies fail to pay up their claims. This will improve the relationship between the insurers and the insured. Employee attitude towards change and organization success through implementation of the formulated strategies should be checked.

5.4 Suggestion for Further Research

The study recommends that further studies should be done on the effect of information nad communication technology on the collection of premium in Jubilee insurance company. This study should also be done on other companies in the insurance industry so as to get comprehensive information on how the other players in the industry have responded to the challenges posed by competitive changing environment.

Another study should be carried out to establish the extent in which the industry has been regulated and which impacts it can have on the industry should the regulations be reduced. More research can be done on the company to establish the relationship between ICT and the profitability of Insurance Company within Uasin Gishu County Kenya.

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