AN ASSESSMENT OF MICROENTREPRENEURS ATTITUDES TOWARDS MICROINSURANCE

BY
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DECLARATION

I hereby declare that this research project is my original work and that it has not been taken from the work of others, save and to the extent that such work has been cited and acknowledged within the text of my work. This research proposal has not been presented by any other person from any other institution known and unknown to me.

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Signed........................................

Date........................................

This research project has been submitted for examination with my approval as the Supervisor.

LECTURER: ANTHONY OSAMBO
Signed........................................

Date........................................
CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter introduces the subject matter of this research, and highlights background information of the research area, paving the way for the research questions and objectives. It also provides an overview of the benefits and contribution that will accrue from the results of this research.

1.1 Background of Study

Microfinance helps microentrepreneurs grow economically, allowing them to lift themselves out of poverty whereas micro-insurance is what helps them make this growth sustainable. (Microinsurance center, 2009) International Association of Insurance Supervisors (IAIS) define microinsurance as insurance that is accessed by low-income earners provided by a variety of different entities, for example Microfinance institutions (MFIs) or Insurance companies, but run in accordance with generally accepted insurance practices. (Grenham, 2010). Microinsurance is considered a solution to poverty alleviation because it prevents low income earners from falling back into poverty as a result of shocks such as death of the breadwinner or extreme weather events. In the absence of insurance, low income earners often have to put together resources from multiple sources in order to meet expenses related to these shocks and more often than not their resources are usually not sufficient to completely cover losses. (Cohen, Sebstad, & McGuinness, 2006)

In Kenya, there are a number of providers of microinsurance; formal insurers include CIC Insurance, Kenya Orient Ltd, Apollo Life Insurance (Mwanza, 2010). Despite there being many products in the insurance industry, 91% of Kenyans are still uninsured (Financial Sector Deepening, 2009) In Oct 2009, International Labor Offices’ (ILO) Microinsurance Innovation Facility carried out a landscaping survey in Africa to determine current outreach of microinsurance and found out that only 14.7 million people had access to microinsurance.