

**FACTORS INFLUENCING THE FINANCIAL PERFORMANCE OF  
INSURANCE COMPANIES IN KENYA.**

**(A Case of Britam Insurance Company in Embu Branch in Embu County)**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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## ABSTRACT

The purpose of this study was to investigate the factors that influence the financial performance of insurance companies in Kenya a case study of Britam insurance company in Embu County. The study explored the key factors that determine financial performance and the extent to which they influence financial performance of insurance companies. This study was conducted using a descriptive survey design. The target population for this study comprise of 50 respondents working with Britam insurance company. The study used purposive sampling method to get a sample size of 32 respondents who consisted of top and middle level management. Questionnaires were used as the tool for data collection. Data was analyzed through descriptive statistics and results presented in frequency tables, bar graphs and pie charts. Based on the findings of the study, it was concluded that fluctuations in interest rates affect the financial performance of insurance companies both ways. This is because it affects the rate of borrowing as well as the rate of return on investments. Most of the companies based interest on the market. Most insurers use futures to manage interest rate risks. In order to profit from changes in interest rates, most insurers diversify their investment portfolio through buying bonds, investing in property, equity, shares as well as increasing their borrowed capital when rates fall. Based on the findings of this study, the researcher recommended that insurers should invest in financial analysts so that they can gauge when interest rates can work in their favor in increasing their income. This would enhance their financial performance hence they would be able to settle all claims irrespective of the amount of money involved.