SOCIO-ECONOMIC FACTORS AND THE PERFORMANCE OF ISLAMIC MICRO-INSURANCE COMPANIES IN KENYA

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ABSTRACT

Performance of Islamic micro insurance companies play an important part in the economic development of the insurance sector and the economy at large by providing insurance services to benefit the low-income part of a given society. However, all these benefits may encounter challenges as a result of social economic factors among other factors. It is on this basis that the current research examined the impact of socio-economic factors on performance of Islamic micro insurance in Kenya. The precise objective of the study was: to ascertain the effects of income level on the performance of Islamic micro insurance in Kenya. The study was anchored using Agency theory, expected utility theory and fundamental cause theory. This study used descriptive survey design. The targeted respondents were 105 respondents comprising of 5 managers and 100 Takaful agents. The study utilized census. The study revealed that income level had a positive and significant effect on the performance of Islamic micro insurance in Kenya. The study concluded that low-income individuals have little access to formal financial services for the management of risks. This research advised Islamic micro insurance operators to offer training to their workers in order to strengthen their human capital base and advance the Takaful agenda in the insurance industry. There is a need for public education on the Islamic micro-insurance options that are now available and how they might help reduce risk. The results of this research were useful for Kenyan insurance firms and policy makers as they enabled them to comprehend and recognize the advantages of micro insurance and how to overcome obstacles caused by socioeconomic variables that impact their performance.

Keywords: Education Level, Income Level, Premium Price, Household Level, Performance and Socio-Economic Factors.

INTRODUCTION

The insurance segment is an essential portion of the global financial market with insurance firms playing a large role as institutional investors. Like other financial services, the insurance industry has increased in economic significance in recent decades. This expansion may be ascribed to factors such as increased insurance demand and revenue, expanding employment in the insurance industry, and expanding financial intermediary services for policyholders, notably in the pension industry (Wekesa, 2010). Since they often lack proper insurance or none at all, sudden and unexpected hazards like serious injury, sickness, natural disasters, and the loss of the family breadwinner typically damage the poor family's income flow and earning capacities and push them into deeper poverty.

According to Morduch, (2016); Dercon. S, (2016, 2014); Rosenzweig and Binswanger, (2013); Elbers *et al.,* (2017); Pan, (2018), the welfare cost associated with shock and missed possibilities for profit is significant and contributes to persisting poverty. In the event that the aforementioned unanticipated risks materialized, microinsurance may significantly lessen the burden on persons with low incomes. Additionally, risk-management for low-income earners is less cost-effective than mainstream insurance; therefore microinsurance may lessen the beneficial effects on poverty reduction and capital input into the economy as well as economic development.

Globally, more than 90% of Indians live without any kind of social protection. This leads to uninsured economic losses and losses of Lives. The Pandemic has further widened this gap owing to job losses and the movement of Labour. Although some categories like health insurance are picking up, this spurt is limited to the middle class and above, leaving the most vulnerable population still uninsured and exposed to a myriad of risks.

Despite the fact that 263 million individuals globally are covered by micro insurance, the industry is still young and a source of learning for many stakeholders in this sector. Low-income communities face a wide range of challenging issues. Offering micro insurance to these segments entails all the intricacies of their everyday lives, including their educational levels, family budgeting, behavioral economics, choice, preferences, and financial capabilities experienced by the low to medium income sector (Da Costa, 2013). These complexities also serve as barriers to their very access to funds not only in micro insurance but in other sectors. These barriers differ greatly from those experienced by the more conventionally serviced consumers in established insurance markets and vary from society to society and territory to territory (Da Costa, 2013). These difficult and often stubborn hurdles have called for innovation, especially in product distribution, leveraging alternative channels, and locating new partners.

Technology is becoming more and more important in inventive distribution since millions of clients increasingly utilize mobile network operators to obtain insurance. Insurance is thus made more accessible to people based on their locality, economic status and access to technology (Asmare & Worku, 2018). The index-based insurance movement was started in an effort to save administrative expenses by harnessing technology as enabler of efficiency in areas such as claims validations and approval. With a single objective in mind—a sustainable micro insurance sector that covers low-income persons from risk—it is crucial that major participants in the sector continue to learn from one another (Asmare & Worku, 2018).

Regionally, according to a 2012 World Bank estimate, between 4 and 5 billion people worldwide depend on an income with a daily purchasing power of less than $8 US. Slightly over half of them are in actuality outside the corporate financial system since they are so impoverished that they need assistance. Tanzania included, there are still around 2.3 billion people who might need micro insurance services. Currently, 135 million people, or 5% of the population, have insurance for themselves, their homes, or their crops. According to estimates, there might be a market of 4 billion policies with a potential annual premium income of $30 to $50 billion. In addition to premium hikes, overall demand is increasing at a rate of over 10% annually. Several nations, including Tanzania, have begun to create a regulatory framework to encourage the creation of creative micro insurance products while guaranteeing the security of their customers. However, due to the participation of several players, including microfinance, and the fact that its operation differs across various locations and situations, micro insurance is still a growing and complicated market.

Since micro insurance is a new trend in the East African market, the current Insurance Law does not address its regulation. With the products being created as commercial insurance products that are completely supported by the premiums paid, it is supplied by a range of institutions and should be given in a manner that is suited to low-income families (Franzke, 2017). Because micro insurance is a component of the larger insurance market, it should be administered by insurers and other providers in conformity with commonly recognized insurance principles and practices. However, it stands apart because to its emphasis on the low-income sector, which has a variety of effects on how it is given and accessible (Asmare & Worku, 2018).

Locally, 32.6 million individuals in Kenya are thought to subsist on less than $5 per day, according to Osero (2009). Further estimates place the potential market for micro insurance products at 9.6 million people with daily incomes of $2 to $5. To promote their products in this market, existing micro insurance efforts work through informal savings organizations, insurance companies, SACCOs, and banks in addition to more conventional strategies like using insurance brokers. Recently, efforts have been made to capitalize on digital technology as mode of dispersal; the accomplishment of these measures will soon become apparent.

Smith *et al* (2015) indicated that 60% of formally employed Kenyan do not have any kind of insurance, including compulsory insurance. According to McCord (2017), many Kenyans do not have insurance since they are unaware of it and do not have enough money to buy insurance goods. It is obvious that several socio-economic elements are contributing to the insurance industry's growing issues. Despite the fact that underwriters are becoming vigorous and unofficial "underwriters" are integrating into the official assurance system, Kenya's micro insurance sector is still undeveloped when compared to certain other African nations (Franzke, 2017). Kenya, like many other developing nations, has recognized micro insurance as a crucial facilitator for promoting financial inclusion and managing risks since access to insurance, particularly microinsurance, is restricted.

Only 7% of Kenyans have any kind of insurance, according to a 2009 survey by FinAccess, and the rate of insurance penetration is less than 3% of GDP. Moreover, it was found that the majority of individuals with insurance came from the structured sector, which comprises around 5% of the whole populace (Asmare & Worku, 2018). Because of this, conventional insurance does not provide enough coverage for the majority of Kenyans employed in the informal segment. Therefore, a new insurance model is needed to enable the necessary expansion by using the potential present in the unorganized sector.

The unexplored micro insurance market in Kenya is made up of smallholder farmers, small dealers, small manufacturers, and those whose means of support are modest and often unstable. in East Africa. The banking sector has been active in entering this market via savings societies and microfinance organizations, but the insurance sector has not yet had a significant influence. With this understanding, microinsurance continues to be a means of gaining access to the financial system and financial inclusion, both of which are requirements for boosting the penetration of insurance (Asmare & Worku, 2018). The administration's fiscal sector plan purposes in accordance with Vision 2030 will be supported by the microinsurance agenda by providing low-income and economically disadvantaged families with access to insurance.

Statement of the Problem

Performance of Islamic micro-insurance firms contribute a lot to the development insurance sector and by extension the country’s economic development wellbeing. This contribution is worthy but

can be derailed due to slow penetration to the market as a result of various reasons, among illiteracy, income level, pricing of premiums and so forth. According to Taylor (2016), micro insurance in Kenya is quite low, with the current statistics indicating that 60% of formally employed Kenyan does not have any kind of insurance, including compulsory insurance. Islamic insurance corporations in Kenya are also limited and hence unable to offer the much-anticipated affordable insurance cover that locks out most Kenyans from affording the much-needed insurance cover.

According to Morelli *et al*. (2010), a large number of low-income Africans do not know what insurance is or how it operates, which contributes to the low insurance penetration rate. In previous research by Roth et al. (2017) that looked at the 100 poorest nations, it was discovered that Uganda, excluding South Africa, had over half of the continent's microinsurance coverage. The majority of low-income markets in developing nations, according to The Microinsurance Centre (2007), remain untouched by underwriters. The study found that 135 million people, or 5% of those who were poor, utilized microinsurance products in developing countries. However, the research came to the conclusion that there is a sizable insurance market for low-income groups, with 1.5 to 3 billion potential customers. Despite the fact that underwriters are becoming vigorous and unofficial "underwriters" are integrating into the official insurance system, Kenya's micro-insurance sector is still in its infancy. According to research by Cenfri - A. Smith, et al. (2016), the voluntary microinsurance market in Kenya has between 150,000 and 200,000 policyholders, which is a conservative estimate. The majority of developing nations' insufficient microinsurance coverage has been primarily ascribed to the point that these insurance marketplaces are still emerging (Arun & Steiner, 2008). The major commercial and social insurance systems in Kenya often disregard the low-income target market, and this group has long lacked access to suitable microinsurance products (Mbogo, 2019). Njuguna & Arunga (2015) reference Tucker (2013), whose research revealed that without the benefit of insurance, impoverished urbanites strive to decrease catastrophe risk with roughly 9.2% of their income. Numerous national and international research on insurance and microinsurance have been done. In their 2015 research on microinsurance in India, Ahuja & Guha-Khasnobis concentrated on trends and plans for continued expansion and came to the conclusion that assistance from the regulator and the government is necessary for microinsurance to expand. A 2012 study by Ghana's National Insurance Commission looked at microinsurance as a way to improve the insurance industry and concluded that it needed its own regulatory structure.

Therefore, this study sought to investigate how socio-economic factors affect performance of Islamic micro insurance in Kenya.

General Objective of the Study

To establish the effect of socio-economic factors on the performance of Islamic micro insurance in Kenya.

Specific Objective

To establish the effects of family income level on the performance of Islamic micro insurance in Kenya

THEORETICAL REVIEW

Agency Theory

Jensen and Meckling (1976) formulated the agency theory. They put out a theory outlining how conflicts of interest between management, large debt lenders, and the shareholders (the owners) of a firm serve as the cornerstone of the governance structure of the business. It describes the connection between two parties, one of whom is the principal and the other the agent who deals

with third parties on the principal's behalf. When the principals employ the agent to carry out a task on their behalf, agency relationships are created. Agents are often given decision-making power by the principals. Inefficiencies and inaccurate data may generate challenges for an organization. The principal agent theory, which Jensen and Meckling created in 1976 and is grounded on the division of tenure and control of economic activity between the agent and the principal, serves as the theoretical foundation for this research. They clarify that the agency theory focuses on creating the most effective contract regulating the principal-agent relationship on the supposition that individuals and companies are self-interested. The agent hypothesis makes unfavorable behavioral assumptions about the agent. Since the principle may spread their risk via investments, it is presumed that they are risk averse. As a result, the principal implements a variety of incentive programs, including outcome-based ones that reward agents for achieving goals by giving them stock options or behavior-based ones that provide rewards. According to the theory, several agency issues might occur, including asymmetry in knowledge amongst the prime and the agent, competing goals, disparities in risk aversion, outcome ambiguity, self-interested conduct, and constrained rationality. The idea goes on to say that the agreement amongst the principal and the agent regulates their association, and its goal is to create an agreement that may reduce possible agency issues and boost performance. Therefore, the theory underpins performance of Islamic micro insurance firms.

Fundamental Cause Theory

Willson and Erfani (2009) explained the fundamental cause theory as a theory that suggests that socio-economic status of insurance clients have influence on the purchase on insurance products. The theory indicates that the more economically stable a person can be the more they can comfortably enjoy insurance products and thereby ensure their protection. Although the risk and the poor may face the same risks, there exist health disparities. It is clear from this theory that there exists inequality in the capacity to purchase insurance products. The study found the theory useful when considering the socio-economic factors as determinant of performance of microinsurance. When the majority of the citizens are low-income earners, then there would be low or no performance of micro insurance in Kenya, since only the few rich would be able to purchase the product, it addressed the family income level of policy holders.

Empirical literature Review

Family Income Level and Performance of Micro Insurance

Campbell (2010) asserts that there are a number of reasons why insurance use should increase with income. First, when one's income rises, their spending and human capital usually do too. As a result, there may be a higher need for insurance to protect the insured's future income and the dependents' anticipated expenditure. Second, insurance may be a better good in as much as rising income may explain a growing capacity to allocate a larger portion of income toward life insurance products connected to investments and retirement. Additionally, bigger size plans cost less per shilling of insurance in force, which decreases the cost of life insurance policies. These overhead expenses are related to administering and marketing insurance (Campbell 2010).

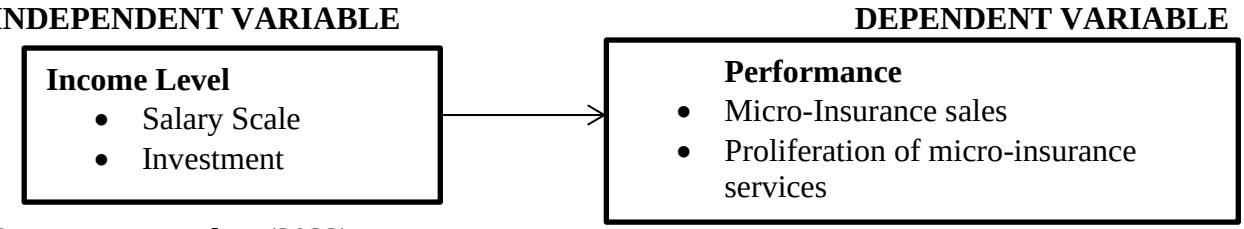
The gap between the minimum income a person requires and the revenue you can expect after retirement may be filled by the purchase of a special contract from a life insurance company. Such contracts usually called annuities are designed to provide a guaranteed income, which cannot be outlived. Diacon and Carter (2009) define an annuity as a ‘’contract under which the purchaser, in turn for either a lump sum or a series of payments, receives a guaranteed income, often for the rest of his life’’. The insurer undertakes to repay in installments the annuities capital plus any interest that has been earned on it.

The insurance sector is an essential part of the global financial system, and insurance corporations are important institutional investors. The significance of the insurance industry to the economy has increased recently along with other financial services. Numerous variables, including but not limited

to rising income and insurance demand, rising employment in the insurance industry, and rising financial intermediary services for policyholders, notably in the pension market, may be credited for this rise (Ward & Zurbruegg, 2002). Expanding on the link between Gross Domestic Product (GDP) and the growth of the insurance market, it is crucial to remember that the insurance sector's main duty is to provide people and organizations with protection against specific risks by sharing losses among the group of policyholders (Ward & Zurbruegg, 2002).

Santomero and Babbel (2007) assert that investment income is the second source of profitability that has to be factored into the study. An insurer's revenue is derived mostly from investments, as was already established. Examine the company's asset allocation plan (often included in the financial statements' notes) to gauge how well it is managing this area. Bonds, stocks, or money market instruments with minimal risk should comprise the bulk of the investment portfolio. A significant number of certain insurers' assets are placed in real estate.

Figure 1: Conceptual Framework



Source: Researcher (2023)

Research Design

The work utilized a descriptive survey research approach, which, as stated by Mugenda and Mugenda (2003), involves gathering data in order to test hypotheses or provide research questions with responses based on the existing condition. The study was done using the design since it allowed for the use of techniques for gathering data from a small sample that was representative of a broad population.

Target Population

Five insurance businesses that provided Takaful products (microinsurance products) in Kenya served as the research's unit of analysis. In a takaful insurance contract, the operator (insurer) agrees to serve as a representative for the participants (policyholders who are insured) and pay the participant (insured) of the beneficiary a certain amount of money or any other indemnity when the risk that the contract is designed to cover materializes. The contributor (insured) makes a charitable gift of the contribution (premium) to the insurer (Ahmed, 2016). These include Metropolitan Insurance, Jubilee Insurance, Takaful Insurance of Africa (TIA), and Cannon Insurance, which offers Takaful products and UAP insurance in partnership with First Community Bank. The unit of observation was 105 participants involving 5 executives each from the five insurance companies offering Takaful products and 100 Takaful agents operating under the five insurance companies. This is because the figure represents a percentile of above 10% from the staff situated at the headquarters in each of these organizations, who bear significant knowledge about the prevailing insurance services offered to the micro-insurance sector. This target population was small, the researcher used a census approach.

Data Collection Instruments.

The scholar utilized both primary and secondary data. To get around the sensitivities connected with revealing information about Kenyan companies, primary data was gathered through a questionnaire. Based on the financial success of microinsurance, secondary data was obtained from recorded and

documented data. Information from the managers was gathered via interviews. Interviews provide more accurate, valid, and theoretically sound answers than a questionnaire, according to Orodho (2005), particularly in civilizations where contact is highly customized. One method of learning about a group's attitudes and beliefs is via interviews. All of the study's goals were covered by the interview questions. Based on the study's research topics, the interview schedules allowed for questioning respondents to extract meaningful information.

Data Collection Procedure

The researcher in this study first met with the management of the sampled insurance corporations in order to confirm his desire to conduct the study on the organization and to explain its relevance and the level of commitment needed from the management. The respondents were given the surveys online since mailing them out was not an option, particularly for organizations without email addresses.

Data Analysis and presentation

Data was analyzed utilizing descriptive statistics, which include mean and standard deviation, and SPSS version 20.0 was used for this. Graphs, charts and frequencies were utilized to show the quantifiable data. To examine qualitative data, a content analysis approach will be employed. Frequency distribution tables, pie charts, and bar graphs were employed to effectively convey the results of the data analysis to the customers. To illustrate the link between an independent variable and a dependent variable, multiple regression analysis was utilized.

The regression equation was of the form:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \varepsilon}$$

Whereby

$Y = \text{Performance of Islamic Micro Insurance in Kenya}$

$X_1 = \text{Family Income Level}$

$\beta_0, \beta_1 = \text{Coefficients of determination}$

$\varepsilon = \text{The Error Term}$

RESEARCH FINDINGS AND DISCUSSIONS

Descriptive Statistics

Family Income Level

The initial objective aimed to ascertain the impact of income level on the performance of Islamic micro insurance in Kenya. The study determined that bulk (34.5%) of the responders who had the highest contribution towards growth of Islamic micro insurance business in Kenya in terms of performance were contractors followed by those employed (31.0%), 13.8% self-employed and dependents respectively and 6.9% unemployed with a mean of 3.41 and a stan dev of 1.376. This is exhibited in Table 1.

Table 1: Performance of Islamic Micro Insurance Business in Kenya

		Frequency	Valid Percent
Valid	Dependants	18	18.4
	Unemployed	15	15.3
	Contractors	23	23.5
	Self employed	18	18.4
	Employed	24	24.5
	Total	98	100.0

Source: Research Data (2023)

Majority (24.5%) of the respondents who had the highest contribution towards renewal of Islamic insurance business in Kenya were employed, followed by contractors (23.5%), 18.4% dependents and self-employed respectively and unemployed (15.3%).

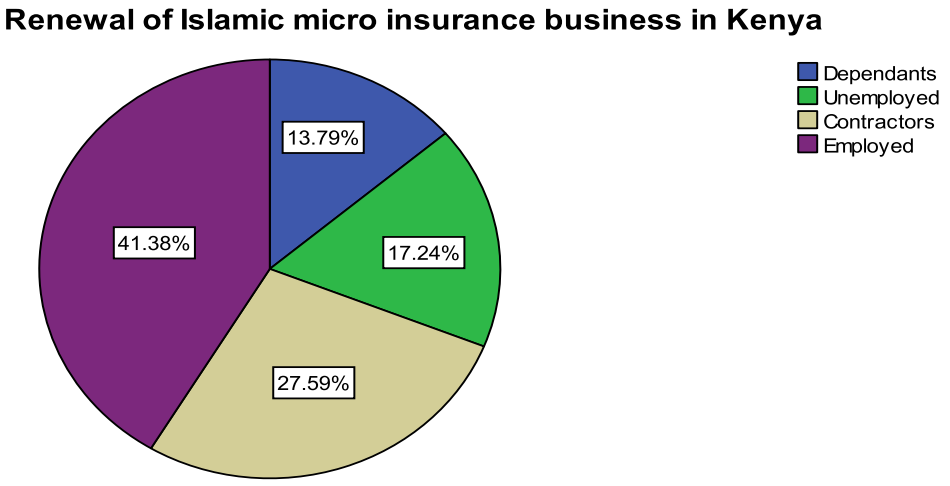


Figure 2: Islamic Micro-insurance Business in Kenya

Source: Research Data (2023)

These results concur with those of Campbell (2010), who emphasized that for a number of reasons, insurance consumption should increase as income levels do. First, when one's income rises, their spending and human capital usually do too. As a result, there may be a higher need for insurance to protect the insured's future income and the dependents' anticipated expenditure. Second, insurance may be a better option inasmuch as rising income may explain a growing capacity to allocate a larger portion of income to investments and retirement goods relating to life insurance.

Table 2: Income Earning Bracket

		Frequency	Percentage
Valid	Not exceeding 10000	6	23.5
	10000 – 20000	7	24.5
	21000 – 30000	7	24.5
	Over 30000	9	27.6
	Total	98	100.0

Source: Research Data (2023)

The respondents further indicated in Table 4.8 that income earning bracket who had the highest contribution towards performance Islamic micro insurance in Kenya were majority (27.6%) over 30000, 24.5% 21000 – 30000 and 10000 – 20000 respectively and 23.5% not exceeding 10000.

Expanding on the link between Gross Domestic Product (GDP) and the growth of the insurance market, The primary goal of the insurance sector, according to Ward and Zurbruegg (2002), is to protect individuals and companies against certain risks by dispersing losses throughout the pool of policyholders.

From the interviews, managers said that people with low incomes had limited access to formal financial services for risk management. The provision of insurance services to low-income families via Islamic micro-insurance, on the other hand, is a crucial instrument for lowering risks for the already disadvantaged population. Managers also said that the low-income target market is often disregarded by the mainstream commercial and social insurance schemes and has not had access to suitable micro-insurance products for a long time.

Performance of Islamic Micro Insurance

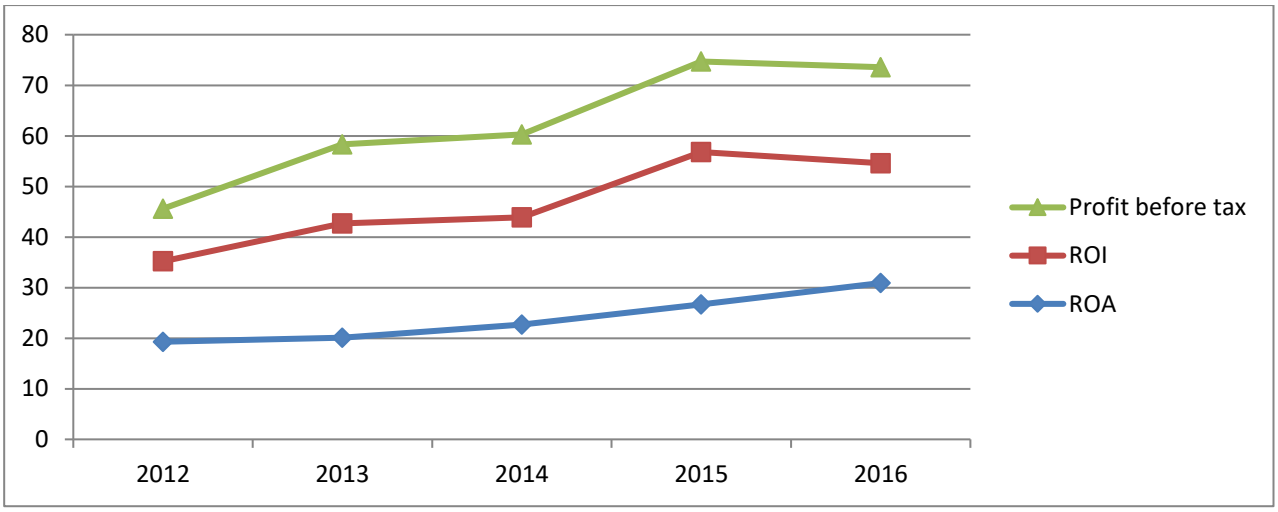


Figure 3: Performance of Islamic Micro Insurance
Source: Research Data (2023)

Figure 3 demonstrate that the performance of Islamic Micro Insurance in terms of Return on Assets (ROA) grew from 19.3% in the year 2012 to 30.9% showing a 11.6% increase. Return on Investment (ROI) grew from 15.9% in the year 2012 to 30.1% in the year 2015 but dropped slightly by 6.4% in the year 2016. Profit before tax was at 10.4% in the year 2012 but grew to 19.0% after 5 years (2016).

Peter (2014) claimed that the production and premium reporting results of insurance businesses were closely correlated with the success of micro insurance. A step toward its acknowledgment in the insurance books was the classification of this class as distinct from other enterprises while making the reports that the Kenyan regulator mandates. The firm's size, reliance on reinsurance, resource accessibility, and favorable corporate policy frameworks all has a significant impact on this connection. Peter (2014) also noted that the bigger the organization, the stronger the policies tailored to the growth of micro insurance and the higher the underwriting profits.

Regression Analysis

Multiple regression analysis was utilized to demonstrate the link between the independent and dependent variables. This was essential for figuring out how much variations in one or more variables affected variations in another. The outcomes of the model test are on Table 3.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.913[a]	.833	.805	.399	.833	29.920	4	98	.000

Source: Researcher (2023)

a. Predictors: (Constant), Education Level, Income Level, Premium Price, Household Level,

b. Performance of Islamic Micro Insurance

R is the association coefficient that depicts the link amongst the research variables, and it is evident from the discoveries in Table 3 that this correlation is very favorable, as shown by the value of 0.913a. The coefficient of determination (adjusted R squared) demonstrates the change in the output variable caused by variations in the explanatory variable. According to the outcomes, the adjusted r squared value was 0.805, which means that there was a variance of 80.5% in the performance of Islamic microinsurance in Kenya as a result of variations in household level, income level, education level, and premium price. Additionally, this suggests that 19.5% of the performance of Islamic microinsurance in Kenya is contributed by elements not examined in this study, and additional analysis should be done to learn more about these other factors (19.5%) that influence this performance. The results are congruent with those of Hammond et al. (2010), who observed that an improvement in income levels has been proven to serve as an incentive for identifying alternatives to individual life insurance on the financial market, and life insurance becomes relatively less expensive.

Table 4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.015	4	4.754	29.920	.000[a]
	Residual	3.813	94	.159		
	Total	22.828	98			

Source: Researcher, (2023)

a. Predictors: (Constant), Predictors: (Constant), Income Level

b. Performance of Islamic Micro Insurance

The model is statistically significant in determining how household level, income level, premium price, and education level impacted the performance of Islamic microinsurance in Kenya since the significance value is 0.000[a], which is <0.05. The F calculated at 5% level of significance was 29.920. This demonstrates that the model as entirety was significant since F calculated >F critical (p value = 4.754). The results support Babbel's (2011) assertion that one of the economic factors influencing the consumption of life insurance in many nations is the overall level of prices in an economy. Customers have been shown to be very sensitive to both projected and present inflation rates, as seen by their decreased use of life insurance products.

Table 5: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1(Constant)	0.567	.809		1.645	.000	.297	2.959
Family Income Level	.608	.154	.313	3.945	.001	.051	.672

Source: Researcher, (2023)

a. Dependent Variable: Performance of Islamic Micro Insurance

From the above regression model, holding independent variables (education level, income level, premium price and household level constant, performance of Islamic micro insurance in Kenya would be 0.567. The study's determined regression equation was:

$Y = 0.567 + 0.608X_2$

Whereby:

$Y =$ Performance of micro insurance in Kenya

$X_1 =$ Income level

As shown in table 5, According to beta values, income level had a favorable and substantial impact on organizational performance in Kenya. From this study findings in Table 5 family income level contributed to (60.8%) and had (0.001) significance level.

All the connections are significant (p 0.05) with income level ($t = 3.945$, $p < 0.05$). In our nation, there is relatively little demand for life insurance due to a lack of understanding of its significance. The public's perception that insurance is a luxury rather than a need and residents' low-income levels had an impact on the expansion of life insurance. The results are consistent with Beenstock *et al*. (2010), who reported a positive association between education and life insurance demand because those with greater education prefer to safeguard their dependents from the untimely passing of the family head.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study also concluded that individuals with low incomes have limited access to formal financial services for risk management. The provision of insurance services to low-income families via Islamic micro-insurance, on the other hand, is a crucial instrument for lowering risks for the already disadvantaged population. Since a long time ago, the mainstream commercial and social insurance schemes have mostly overlooked the low-income target market and have not provided them with access to suitable micro-insurance products.

Recommendations

In order to develop more cutting-edge and pertinent products that not only meet customers' expectations but are also accessible to the majority of the population, Islamic micro insurance should expand their partnership to include the IRA, AKI, and Insurance Institute of Kenya.

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