

**THE PRACTICE OF CORPORATE GOVERNANCE TOWARDS
ORGANIZATIONAL PERFORMANCE IN THE INSURANCE INDUSTRY
IN TANZANIA: THE CASE OF JUBILEE INSURANCE COMPANY
LIMITED**

**IMPACT OF FINANCIAL INTERMEDIARIES ON THE
GROWTH OF INSURANCE INDUSTRY IN TANZANIA
A CASE STUDY OF ASTRA INSURANCE BROKERS (T) LTD**

BY

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of the Requirements for The Award of Masters of Business Administration
Degree of Mzumbe University, Tanzania.**

2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled; ***The impact of Financial intermediaries on performance of Insurance industry in Tanzania*** being a partial fulfillment for the degree of Master of Business Administration in Cooperate Management of Mzumbe University.

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DECLARATION

I, **EMMANUEL JEREMIAH TEMU**, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature.....

Date.....

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DEDICATION

This dissertation is dedicated to my beloved wife Lillian S Nsimba and my lovely children Lauryn and Leroy for their love and care, it is also dedicated to my beloved Parents Mr. and Mrs. Jeremiah N Temu for their support and building up a good foundation of my education up to this level.

ABBREVIATIONS AND ACRONYMS

GDP	–	Gross Domestic Product
SPSS	-	Statistical Package for Social Sciences
TIRA	-	Tanzania Insurance Regulatory Authority

ABSTRACT

This study aimed to examine the impact of financial intermediaries on the performance of the insurance industry in Tanzania. Specifically, the study aimed to: First to determine and assess the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania, Secondly to describe and examine the forms of financial intermediaries used by the insurance industry in Tanzania, Thirdly to identify factors that influence the use of financial intermediaries in the insurance industry in Tanzania, Fourthly to evaluate the challenges facing the insurance industry in Tanzania and Lastly to examine the determinants for the growth of the insurance industry in Tanzania. The study employed a case study research design.

The data were collected using questionnaires, interview and document analysis techniques. Data obtained from the fields were analyzed and presented graphically and in frequency distribution table with the help of SPSS version 17.00.

The finding from this study shows that financial intermediaries perform their roles on the insurance industry. Also it was identified that the financial intermediaries' increase of sales and delivering of insurance services was also one among the roles performed by financial intermediaries on the insurance industry in Tanzania.

The conclusion made on the forms of financial intermediaries used by the insurance industry in Tanzania; the conclusion made was that one form of financial intermediaries used by the insurance industry in Tanzania was insurance brokers as suggested. It was revealed that an insurance agent was also considered by the respondents as one among the forms of financial intermediaries used by the insurance industry in Tanzania.

In response to the factors that influence the use of financial intermediaries in the insurance industry in Tanzania, the conclusion drawn was that majority of the respondents conclude that one factor that influences the use of financial intermediaries in the insurance industry in Tanzania is because of the speed of delivery of insurance services. Results from the field continue to conclude that accessibility of insurance services was also considered to be one among the factors

that influences the use of financial intermediaries in the insurance industry in Tanzania.

It is recommended that Insurance Brokers should prepare different professional presentations according to the specializations with prospective customers to share views, challenges, ideas, and suggestions for improving services at the Insurance industry that will results into increased number of Insurance customers, Insurance Brokers should advice directors to open branches to the remote areas in order to cover customers who located in remote areas but are able and capable of covering their problems through Insurance and officer should conduct periodic visit to customers premises to identify the status of complaints' and see customers if were satisfied with the insurance services covered to them.

TABLE OF CONTENTS

CERTIFICATION	i
DECLARATION	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
ABBREVIATIONS AND ACRONYMS	v
ABSTRACT.....	vi
TABLE OF CONTENTS.....	viii
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
1.1 Introduction	1
1. 2 Background to the study.....	1
1.3 Statement of the problem	4
1.4 Research objectives	5
1.4.1 General objective	5
1.4.2 Specific research objectives	5
1.6 Significance of the study.....	6
1.7 Scope of the study.....	7
1.8 Definition of the key terms	8
CHAPTER TWO.....	9
LITERATURE REVIEW.....	9
2.1 Introduction	9
2.2 Insurance	9
2.2.1 Insurance as a service.....	9
2.3 Roles of financial Intermediaries on the performance of insurance	10
2.4 Types or forms of financial Intermediaries used by insurance	13
2.5 Agency Theory.....	15
2.6 Empirical literature review.....	18

2.8 Research Gap	20
2.7 Conceptual Framework	20
CHAPTER THREE	26
RESEARCH METHODOLOGY	26
3.1 Introduction	26
3.2 Research Design.....	26
3.3. Geographical Area of Study.....	27
3.4 Target Population	27
3.5 Sample Size	27
3.6 Sampling Frame and Sampling Technique	28
3.6.1 Sampling Frame	28
3.6.2 Sampling Technique.....	29
3.7 Types of Data and Data Collection methods.....	29
3.7.1 Primary data	29
3.7.2 Secondary data	30
3.8 Data collection methods	31
3.8.1 Questionnaires.....	31
3.8.1.1 Pre-testing of the Questionnaire	32
3.8.1.2 Administration of the Questionnaire	33
3.9 Data Analysis	33
3.10 Reliability and Validity of Research design.....	34
3.11 Ethical Considerations	35
CHAPTER FOUR.....	36
PRESENTATION OF THE FINDINGS.....	36
4.1 Introduction	36
4.2 Background of respondents.....	36
4.3 Presentation of Research Findings	41
4.3.1 The extent to which financial intermediari	41
4.3.2 The forms of financial	43
4.3.3 The factors that influences the	45

4.3.4 The challenges facing insurance industry in Tanzania	47
4.3.5 The determinants for the growth of insurance industry in Tanzania	48
CHAPTER FIVE.....	52
DISCUSSION OF THE FINDINGS.....	52
5.1 Introduction.....	52
5.2 Respondents' Profile	52
5.3 The extent to which financial intermediari	52
5.4 The forms of financial intermediaries	53
5.5 The factors that influence the use of financial	54
5.6 The challenges facing insurance industry in Tanzania	55
5.7 The determinants for the growth of insurance industry in Tanzania	56
5.8 Limitations of the study	57
CHAPTER SIX	59
CONCLUSION AND POLICY IMPLICATION	59
6.2 Policy Implication	60
6.3 Suggestions for further research.....	61
REFERENCES.....	63
APPENDICES	67
QUESTIONNAIRE	68

LIST OF TABLES

Table 2. Target Population of the study by size/number	27
Table 4.1 categories of respondents	37

LIST OF FIGURES

Figure 4.7 The factors that influences the use of financial intermediaries	47
figure 4.9 The determinants for the growth of insurance industry in Tanzania	50

CHAPTER ONE

1.1 Introduction

This chapter provides the background to the study, statement of research problem, significance and justification for research. It also presents the research objectives and research questions, scope and delimitations of the study as well as definitions of key terms.

1. 2 Background to the study

According to Biglaiser (1993), a financial intermediary is usually a specialist who is better than others in the market to differentiate the quality of products. Hence, financial intermediaries may provide efficiency to the market by providing consultancy services to market participants (Fichte, Richter & Schiller 2009,). The last two decades have seen accelerated growth in global insurance markets.

Total written real premiums for all countries increased by 82 percent between 1997 and 2004 (104 percent in the life insurance business and 60 percent in the non life insurance one) (Albert, 2007). Besides with the rapid emergence and continuing evolution of a global economy, any country that intends to play an important role in world trade must ultimately remove the protection and restrictions on its insurance market (Sumegi and Haiss , 2008)

Despite the high growth in insurance penetration, the total penetration level is incomparably low to the developing countries because of poor political, legal, and cultural components as well as differences in financial markets, taxation, regulatory systems, insurer investment strategies, and insurance distribution systems (Jeffee, D, 2009). The market for insurance products, like many other markets, is characterized by imperfect information by each party to the transaction significant search costs to find the “best” deal, and asymmetric bargaining power (Pearson & Robinson, 2007).

Many companies in Tanzania have changed their focus of insurance service offering by formulating different marketing strategies such as increased speed of delivery, customized services, promotions, and customer focused strategy to win customers and to overcome the fiercer competition. The strategic ways to beat competition such as define your brand – what does your business stand for? , what’s different about your business in comparison to other businesses in your industry? What do you want to be known for in the market place? Is there anything special about your business? Apart from that also another strategy is to choose a competitive advantage such as areas to focus on when choosing a competitive advantage – Quality of your services/product so that you can beat the competition by offering a superior quality than others. Another strategy is to create a customer database as you know that it cost 20 times to get new customers than it cost to keep an old customer. Hence it needs to have the strategy of communicate with and to your customers.

Insurance is one of the fast growing industries in Tanzania because currently people are becoming more aware of the benefits of insuring against loss and the insuring sector is seizing an increasing percent of the country’s growing economy. In Tanzania, insurance industry grew by 17.1 percent to TZS 474.1 billion in 2013 from TZS 406.6 billion in 2012 (TIRA, 2014). The number of players has increased and there has been increased trust from the general public on the ability of insurance companies to honour their promise.

In competitive environment in the insurance services has resulted in pressure to develop and utilize alternative delivery channel like Insurance brokers, Loss adjusters/assessors and Insurance agents. By the end of 2013 in Tanzania, there were 90, 44 and 301 Insurance brokers, Loss adjusters/ assessors and Insurance agents respectively (TIRA, 2014).Financial Intermediaries play an important role in fostering competition in the market because insurance companies have achieved to extend their geographical and client reach through these intermediaries.

Schick, (2009) indicated that, insurance financial intermediaries have helped insurance companies to overcome the information asymmetry faced by clients because financial

intermediaries are constantly in the marketplace and aware of the latest developments in terms of capacity, pricing, quality of carriers. In addition, financial intermediaries typically discuss with the client the pros and cons that give idea for client to decide in dialog which option to choose.

Several studies have been conducted on the subject relating to impact of financial intermediaries on the performance of insurance industries. For example, Sweden, (Pension snyheterna 2011), in UK, (Heffernan, 2007), Canada, (Choi & Weiss 2005) Australia, (Brooks 2008), Japan, (Hayakawa & Fischhoff, 2000), German, (Martina Eckardt, 2007).

These studies indicated that financial intermediaries in insurance company help to overcome the information asymmetry faced by clients, ensure effective marketing strategies, negotiate, minimize distribution cost, provide speed of insurance service delivery, training ground of customers, discuss with the client the pros and cons of insurance services, pricing and to overcome capacity problem. Moreover, no study has been conducted in Tanzania about impact of financial intermediaries on the performance of insurance industries.

Therefore this study bridges the knowledge gap by examining the impact of financial intermediaries on the performance of insurance industries, a case Astra Insurance Brokers (T) Ltd in its areas of operations.

The aim of conducting this research is to bring transformation in insurance industry into sound and competitive agent for national savings mobilization and development investment channeling, promoting insurance sector as an effective catalyst for enhanced economic growth, strengthening and promoting the industry health and orderly growth through establishment of operating performance standards and prescriptions and developing efficient, cost effective, comprehensive and customer/client driven insurance services.

The achievements of conducting this research enhanced efforts for public education on insurance products and services and rural areas provide substantial growth for the industry.

1.3 Statement of the problem

In Tanzania these days there are opportunities for Insurance Company to flourish because of increased number of demand for several companies and individuals to cover against risk for insurance services. Insurance companies in Tanzania are privately owned except for National Insurance Corporation and Zanzibar Insurance Corporation.

This has caused insurance companies to utilize aggressive marketing strategies like promotions, differentiation of services, online service ordering and delivery channel (Insurance brokers and Insurance agent) to ensure successful service delivery regardless of geographical location and for growth purpose as well as to overcome the stiff competition prevailing in the current markets.

At current as a result of privatization and modernization of Tanzania insurance business since the introduction of Insurance Act 2006, more companies are trying to win the market by utilizing different marketing mix strategies. One of them is delivery strategy (place utility). Companies in Tanzania have opened more branches to capture customers regardless of geographical location but this is not yet completely the solution for achieving target customers particularly for insurance industry because current customers need unique and value adding services than before and not merely delivering of services.

Therefore the findings of this study may be used to add value by showing facts on the impact of financial intermediaries on performance of insurance industries using a case study of Astra Insurance Brokers (T) Ltd in order to find the insight of this problem. After this study marketers of insurance industries may have a better view on important issues and suggestions to be studied by examining the impact of financial intermediaries on performance of insurance industries in order to improve and make

necessary changes that hinder the performance of financial intermediaries on performance of insurance industries.

In Tanzania, insurance financial intermediaries could be influenced by geographical location, level of economy and technological level. Therefore, performance of insurance financial intermediaries in one country may differ from other countries. For instance the issue of poor claims servicing practices by some insurer brings the potential for negative image of the industry and exposure to reputational risks.

Shortage of insurance professionals in the industry especially in a certain key disciplines including actuarial science due to lack of local professional institution which offer relevant qualification. Another practical problem the industry face is premium rate undercutting which some insurers charged unreasonably low premium rates for a certain classes of insurance, especially motor insurance. This has potentially eroded the capacity of the insurers in serving contractual financial obligations such as payment of admitted insurance claims due to poor reserving practices.

Therefore, the current study aims at examining the impact of financial intermediaries on the growth of insurance industry, a case of Astra Insurance Brokers (T) Ltd in its areas of operations.

1.4 Research objectives

1.4.1 General objective

The general research objective is to examine the impact of financial intermediaries on performance of Insurance industry in Tanzania.

1.4.2 Specific research objectives

The study intends to achieve the general objective by using the following specific research objectives;

- (i) To determine the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania.
- (ii) To describe and examine the forms of financial intermediaries used by insurance industry in Tanzania.
- (iii) To identify factors that influences the use of financial intermediaries in the insurance industry in Tanzania.
- (iv) To evaluate the challenges facing insurance industry in Tanzania
- (v) To examine the determinants for the growth of insurance industry in Tanzania

1.5 Research questions

The study was guided by the following research questions;

- (i) What is the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania?
- (ii) What are the forms of financial intermediaries used by insurance industry in Tanzania?
- (iii) What are factors that influence the use of financial intermediaries in the insurance industry in Tanzania?
- (iv) What are the challenges facing insurance industry in Tanzania?
- (v) What are the determinants for the growth of insurance industry in Tanzania?

1.6 Significance of the study

Insurance is one of the fast growing industries in Tanzania since at currently people are becoming more aware of the benefits of insuring against loss. Companies nowadays involve financial intermediaries in delivering their services and particularly

insurance industry is recognized as the growing research interest because of increased demand for insurance services. Moreover, there is no study which has been conducted to reveal currently the impact of financial intermediaries on the performance of insurance industry in Tanzania.

The result of this provide a theoretical baseline data that contribute to the new knowledge required by the companies (private & Public) and the government about the impact of financial intermediaries on the performance of insurance industry. It add a new knowledge most of companies on the impact of financial intermediaries on the performance of insurance industry in order to to improve delivery channels for the purpose of increasing insurance services, sales and profitability while satisfying customers.

The finding from the study can be used to guide insurance companies on the processess, policies and strategies involved in formulation of financial intermediaries. This study provide marketing/sales managers of the organizations with the useful tools for designing and accessing the efficiency of insurance financial intermediaries.

This study provide useful information about the impact of financial intermediaries on the performance of insurance industries which will be beneficial to both research scholars and Service provider (Insurance companies) for better future decision making. The study add literature to the existing body of knowledge which will help other researchers to use it in their research projects as part of their literature review and also the study suggest other areas for further researches to allow scholars in concentrating on areas to be studied

1.7 Scope of the study

The study examined the impact of financial intermediaries on the performance of insurance industries in Tanzania; a case study of Astra Insurance Brokers in its areas of operations (Dar es Salaam, Mwanza, Arusha, Dodoma & Tanga). The study was confined within the period of 2011-2014; therefore all findings of the study was limited within this period.

1.8 Definition of the key terms

Insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of a specified premium (Focht & Schiller, 2010)

Insurance broker is an independent insurance agent who works with many insurance companies to find the best available policies for his or her clients (Cummins & Doherty, 2006)

Insurance agent means a person who solicits applications for insurance, collects moneys by way of premium and acting in accordance with his agency agreement and may find the registered insurer for who he acts in the issue of insurance cover and the term “agent” shall be prescribed accordingly.

Broker” means the same as “insurance broker (Wikipedia, 2010)

Intermediary is a firm or person (such as a broker or consultant) who acts as a mediator on a link between parties to a business deal, investment decision or negotiation (Tregenna, 2009)

Agent for Broker means a person who transacts insurance business on behalf of registered insurance broker.

Agent of Insurer means a person who transacts insurance business on behalf of a registered insurer and shall have the same meaning as insurance agent.

Loss Adjuster means a natural person who possesses knowledge and skill to assess the accident and adjust compensation to the injured persons.

Loss assessors means a natural person who assesses accidents on behalf of the insurer.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to present review of the literature and other research related to impact of financial intermediaries on the growth of insurance industry. This chapter first discusses the Insurance as a service; second part focuses on the roles of financial intermediaries on the insurance industry in Tanzania. The third part examines forms of financial intermediaries used by insurance industry in Tanzania. The chapter also identifies factors that influence the use of financial intermediaries in the insurance industry and the effectiveness of financial intermediaries on the growth of insurance industry in Tanzania. It further provides review of empirical studies in relation to impact of financial intermediaries on the growth of insurance industry.

2.2 Insurance

2.2.1 Insurance as a service

Services are special characteristics which require particular marketing strategies for its implementation. Ahmed *et al*, (2002) indicated that service is not a physical thing, hence cannot be touched, smell, tasted, stored and possessed hence services have got four mainly distinctive characteristics from goods mainly; intangibility, variability, perishability and simultaneous production and consumption.

Insurance is associated with high service risk when selecting insurance company to cover because intangibility of service hinders effective communication of services to the customers. Patterson *et al*, (2001) found that insurance is a pure service, which is characterized by the greater amount of interpersonal contact, complexity, divergence and customization as compared to other business services. Therefore, effectiveness of insurance services cannot be perceived, felt and tested in advance.

2.3 Roles of financial Intermediaries on the performance of insurance industry

Martina, (2008) suggested that financial intermediaries perform mainly three functions. First is transactional functional which includes contracting, promotion, negotiating, and risk taking. The second is logistical function which includes physically distributing, sorting, storing. Third on is facilitating functions which also includes researching and financing. This study indicated that selling through financial intermediaries is usually much more efficient and cost effective than direct sales to consumers.

Eckardt, M., (2007) suggested that financial intermediaries reduce the search costs to insurance buyers looking for the right coverage and the right insurer for their risks, and they reduce sales and marketing costs to insurance companies in search of insurance buyers. Financial intermediaries know the insurance marketplace. They know their clients' risks; they know the insurers willing to cover those risks; and they know the best way to secure that coverage. In addition, financial intermediaries know the insurance marketplace, they solicit and provide information on insurance purchasers and companies, and they make the information more easily understood to both parties to a transaction

Insurance markets are characterized by incomplete and asymmetric information between insurance companies and consumers. Due to the complexity of insurance coverage consumers need information about their risks, insurance product and contract design as well as about claims settlement, investment behavior and financial stability of insurance companies. This requires special skills and expert knowledge in many different areas, like insurance mathematics or contract law (Cummins, 2006; Eckardt 2007).

Moreover, in order for the whole transaction to take place, other activities beyond information search must be carried out like bargaining and administrative activities, which arise whenever the terms of the insurance contract are (re-)negotiated and/or loss settlement takes place, are the most important ones. Like information acquisition and assessment, these activities also require special knowledge and skills. These

activities can be performed either personally or with the help of financial intermediations, who are specialized in providing such informational, bargaining and administrative services. Generally, consumers and insurance companies will turn to financial intermediaries whenever intermediated exchange creates greater net gains from trade than direct exchange (Spulber 1999).

Baranoff and Sager (2003), stated that independent financial intermediations have incentives to provide better services to consumers than exclusive agents so that a separating equilibrium arises despite profound information asymmetries. In particular, independent financial intermediaries seem to be of advantage in mitigating agency problems between shareholders and policyholders which result from organizational form. In contrast to that, vertical integration and thus reliance on exclusive agents seems to be more profitable for insurance companies to induce a high level of sales efforts from agents.

According to Regan & Tennyson, (2000), insurance financial intermediaries bring innovative marketing practices to the insurance marketplace. This deepens and broadens insurance markets by increasing consumers' awareness of the protections offered by insurance, their awareness of the multitude of insurance options, and their understanding as to how to purchase the insurance they need. Moreover, financial intermediaries gather and evaluate information regarding placements, premiums and claims experience.

When such knowledge is combined with a financial intermediary's understanding of the needs of its clients, the financial intermediary is well-positioned to encourage and assist in the development of new and innovative insurance products and to create markets where none have existed. In addition, dissemination of knowledge and expansion of markets within a country and internationally can help to attract more direct investment for the insurance sector and related industries.

Trigo, (2007) define captive insurer as an insurance company that is wholly owned by a non-insurance organization, typically a large company or group of companies in the

same business. A financial intermediary may help a client to establish a captive and/or manage the captive once it is up and running. A captive's primary purpose is to insure or reinsure the risks of the parent organization, but they can also cover risks of non-related parties. A well-run captive can provide insurance coverage at lower rates than are generally available in the traditional insurance marketplace. Captives rely on reinsurance to spread the risk, just as traditional underwriters do.

According to Watson (2003), showed that since services are intangible, their quality cannot be measured in an objective way. Therefore, we estimate four different performance measures in markets for insurance financial intermediation. The first three are as follows; Information index, additional services and service index are input-oriented, measuring information and additional services are provided by financial intermediaries. In addition, Insurance financial intermediaries serve as the critical link between insurance companies seeking to place insurance policies and consumers seeking to procure insurance coverage.

Monayery (2014), shows that quality of business is important to all insurers for a number of reasons including profitability, regulatory compliance, and, ultimately, financial survival. Insurance companies need to make sure the risks they cover are insurable – and spread these risks appropriately – so they are not susceptible to catastrophic losses. Financial intermediaries help insurers in the difficult task of spreading the risks in their portfolio.

Financial intermediaries work with multiple insurers, a variety of clients, and, in many cases, in a broad geographical spread. They help carriers spread the risks in their portfolios according to industry, geography, volume, line of insurance and other factors. This helps insurers from becoming over-exposed in a particular region or a particular type of risk, thus freeing precious resources for use elsewhere.

Most of insurance services are very complex experience and credence goods. Therefore, an assessment of their features and the ability to choose among many diverse offers requires specialized knowledge. Because of high information

asymmetries, insurance financial intermediaries play an important role in mediating between the two market sides.

By reaping economies of scale and scope, they are able to reduce transaction costs and information asymmetries between insurance companies and customers. Neither insurance agents nor brokers are required to have any minimum vocational skills in order to handle these market complications (Weigelt, 2001).

2.4 Types or forms of financial Intermediaries used by insurance industry in Tanzania

Cummins and Doherty, (2006), showed that insurance financial intermediaries have been categorized as either insurance agents or insurance brokers. The distinction between the two relates to the manner in which they function in the marketplace. Insurance agents are, in general, licensed to conduct business on behalf of insurance companies.

Agents represent the insurer in the insurance process and usually operate under the terms of an agency agreement with the insurer. The insurer-agent relationship can take a number of different forms. On the other hand, Insurance brokers typically work for the policyholder in the insurance process and act independently in relation to insurers.

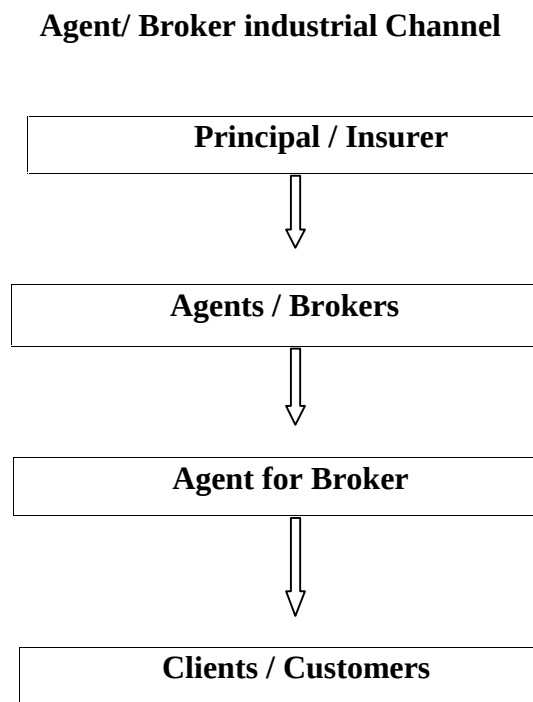
Brokers assist clients in the choice of their insurance by presenting them with alternatives in terms of insurers and products. Acting as “agent” for the buyer, brokers usually work with multiple companies to place coverage for their clients. Brokers obtain quotes from various insurers and guide clients in determining the adequate policy from a range of products.

Grundmann & Kerber, (2001) indicated that insurance agent is tied to a certain insurance company whose products he or she sells. In contrast to that, an insurance broker is free to choose from the products of various companies. These differences are reflected by the law. Insurance agents act as commercial agents in the name of a particular insurance company, whereas insurance brokers act as commercial brokers.

This also implies different legal duties and liability rules. As they are free to sell the products of different companies, they are to be expected to have a better overview of the insurance market and not only of the products of a certain company. They provide information with respect to more companies and their products, thus economizing more on transaction costs. The legal incentives induce insurance brokers to provide more high-quality advisory services than insurance agents as the former are more independent from insurance companies than the latter

Baranoff, and Sager, (2003), indicated that financial intermediaries are set of practices or acts necessary to transfer the services or goods from the point of production to the consumers. These are underwriters, Agent of a broker and Agent/Brokers

Figure 2. 1 showing all players (Financial intermediaries) used in the marketing distribution of services or products.



Source: Developed by the researcher, (2015)

- **Insurer-** means a person carrying on an insurance business otherwise than as a broker or agent, and includes an association of underwriters who is not exempt from the provision.
- **Agent for Broker** means a person who transacts insurance business on behalf of registered insurance broker.
- **Agent of Insurer** means a person who transacts insurance business on behalf of a registered insurer and shall have the same meaning as “insurance agent”.
- **Insurance Broker** means a person who acting with complete freedom as to his choice of undertaking and for commission or other compensation and not being an agent of the insurer, bring together, with a view to the insurance or reinsurance of risks, persons seeking insurance or reinsurance undertaking, carry out work preparatory to the conclusion of contracts of insurance or reinsurance, and, where appropriate, assists in the administration and performance of the contracts, in particular in the event of a claim.
- **Insurance Agent** means a person who solicits application for insurance, collect Moneys by the way or premium and acting in accordance with agency agreement and may find the registered insurer for whom he acts in the issue of insurance cover and term “agents” shall be construed accordingly.

2.5 Agency Theory

But the services provided by insurance financial intermediaries are again experience and credence goods. So the relationship between insurance financial intermediary and customer is itself characterized by information asymmetries. To assess the quality of the services provided by the financial intermediary again requires special knowledge and hence search efforts of the individual decision maker.

Information asymmetries exist with respect to the extent to which a financial intermediary has actually acquired the available information about insurance

companies and their products and to the extent that his or her recommendations are not distorted by self-interest. Again quality uncertainty and behavioral uncertainty exist.

Traub (1994), indicates that the relationship between insurance financial intermediaries and individual decision-makers is a typical agency relationship, where the welfare of the person seeking insurance (= principal) depends in part on the actions of the insurance financial intermediary (= agent) (Jensen/Meckling 1976; Fama 1980; Fama/Jensen 1983; Macho-Stadler/Pérez-Castrillo 1997; Salanié 1997).

Because of the information asymmetries and market uncertainty, the financial intermediary has discretionary scope to pursue his or her own objectives, which may lower the welfare of the principal. Thus, a conflict of interests exists between insurance financial intermediaries and their clients. Information asymmetries result in hidden characteristics, hidden action, and hidden information.

As the consumers have only incomplete information about the qualifications and skills of the insurance financial intermediaries (hidden characteristics), they have only limited ability to assess the quality of the information processing done by the financial intermediary to recommend specific insurance products. Besides, the consumers have only limited information about the search efforts in acquiring and processing information about product characteristics by the financial intermediaries (hidden action), which may result in moral hazard behavior.

Moreover, the consumers do not know whether the financial intermediary uses all the information on hand in the interest of the consumer or whether he or she has additional information which is not used although it would be of interest to the consumer, but not to the financial intermediary (hidden information). In particular, remuneration practices play an important role in this respect. Insurance companies use them by granting high acquisition commissions to set incentives for the financial intermediaries to promote their products.

In the end, they are paid by the insuree as part of the insurance premium. But as the contract terms are not specific in this respect, consumers are very poorly informed.

Thus, the information and advice given by the financial intermediary might be distorted due to his or her self-interest in favor of such insurance policies which grant him or her high commissions. Whether hidden characteristics, action, and information are more relevant with respect to insurance agents than to insurance brokers is mainly an empirical question.

Insurance companies which have invested in reputation will have stricter requirements to the qualifications and control mechanisms of the services provided by the financial intermediaries which distribute their products to prevent a loss of reputation due to low-quality services of their marketing channels. Market share of insurance brokers in Tanzania is relatively small compared to insurance agents. Therefore, insurance brokers have to build up reputation to compete successfully with insurance agents.

Thus, strong incentives exist for them not to cheat with respect to their efforts in searching and processing information as this is their main competitive advantage to insurance agents. Besides, the remuneration design also sets incentives for insurance brokers to distort information in favor of those insurance companies that reward them with high acquisition commissions.

Like insurance agents, they get a commission (courtage) which is included in the insurance premium and paid by the insurance company. To the insuree there are no visible costs for the intermediary services, as these acquisition costs are part of the insurance premium. Even if a customer contracts directly the insurance company without using a financial intermediary, he or she has no cost advantage, as the insurance companies prorate the acquisition costs to all contracts.

The difference between insurance agents and brokers is, however, that the latter are free to negotiate the terms of an insurance policy with different insurance companies. By cooperating with other brokers they can further improve their bargaining position and negotiate for better terms for their clients.

As these options do not exist for insurance agents, insurance brokers may provide their customers with relatively better insurance policy- Furthermore, for both insurance agents and brokers there is a ban on charging a fee for advice. To sum up, agency theory also gives well-founded arguments for the hypothesis that those financial intermediaries provide more high-quality information and advisory services that are less dependent from insurance companies. On the whole this is the case for insurance brokers compared to insurance agents, even if the former also have broad discretionary scope to pursue their self-interest opposed to the interests of their customers.

2.6 Empirical literature review

This section presents several studies which were conducted by different researchers on the Impact of financial intermediaries on the growth of insurance industries. The finding of those researchers identified multiple impacts as described below;

JaeBin *et al* (2010), Performed a study on functions of financial intermediaries towards performance of insurance industries. The study was conducted in Columbia and the main purpose of the study was to evaluate the effectiveness of financial intermediaries on performance of insurance industry. The research interviewed 55 brokers and 95 agents of insurance companies.

The findings of the study found that brokers and agents as financial intermediaries reduce the search costs to insurance buyers looking for the right coverage, and they reduce sales and marketing costs to insurance companies in search of insurance buyers. Financial intermediaries know the insurance marketplace. They know their clients' risks; they know the insurers willing to cover those risks; and they know the best way to secure that coverage.

Martina, (2002) carried out a study about roles of financial intermediaries in performance of insurance industry. The purpose of the study was to evaluate the impact of financial intermediaries on the growth of insurance companies. The study was carried out in German by using face to face interviews and Self- administered

questionnaires as method of data collections. The study found that Insurance agents and brokers reduce transaction costs and information asymmetries. Besides the procurement of insurance products and the provision of services related to contract fulfillment, like claims settlement, they acquire, process, and disseminate information and provide advisory services.

Goldberg & Khandelwal, (2008), examined extensive qualitative study in India about the effect of insurance agents and brokers on the growth of financial institutions. The main purpose of the study was to explore the impact of agents and brokers in the performance of financial institutions. The qualitative research was conducted through semi-structured interviews that involved 120 Private financial institutions. The study indicated that agents and brokers bring innovative marketing practices to the insurance marketplace, increasing consumers' awareness of the protections offered by insurance. Moreover, brokers and agents gather and evaluate information regarding placements, premiums and claims experience. In addition, they disseminate knowledge about the services offered and help to attract more direct investment for the insurance sector and related industries.

Dimitri Vittas, (1997), conducted a research non- bank intermediaries on growth of Egypt economy. The purpose of the study was to identify the roles of non bank intermediaries on the performance of Egypt economy. The study was conducted from eight non- bank intermediaries' local using a total of 350 participants who were mailed with questionnaires.

The study concluded that intermediaries help non-bank organizations in the difficult task of spreading the risks in their portfolio. Financial intermediaries work with variety of clients, and, in many cases, in a broad geographical spread. They help carriers spread the risks in their portfolios according to industry, geography, volume, and other factors

2.8 Research Gap

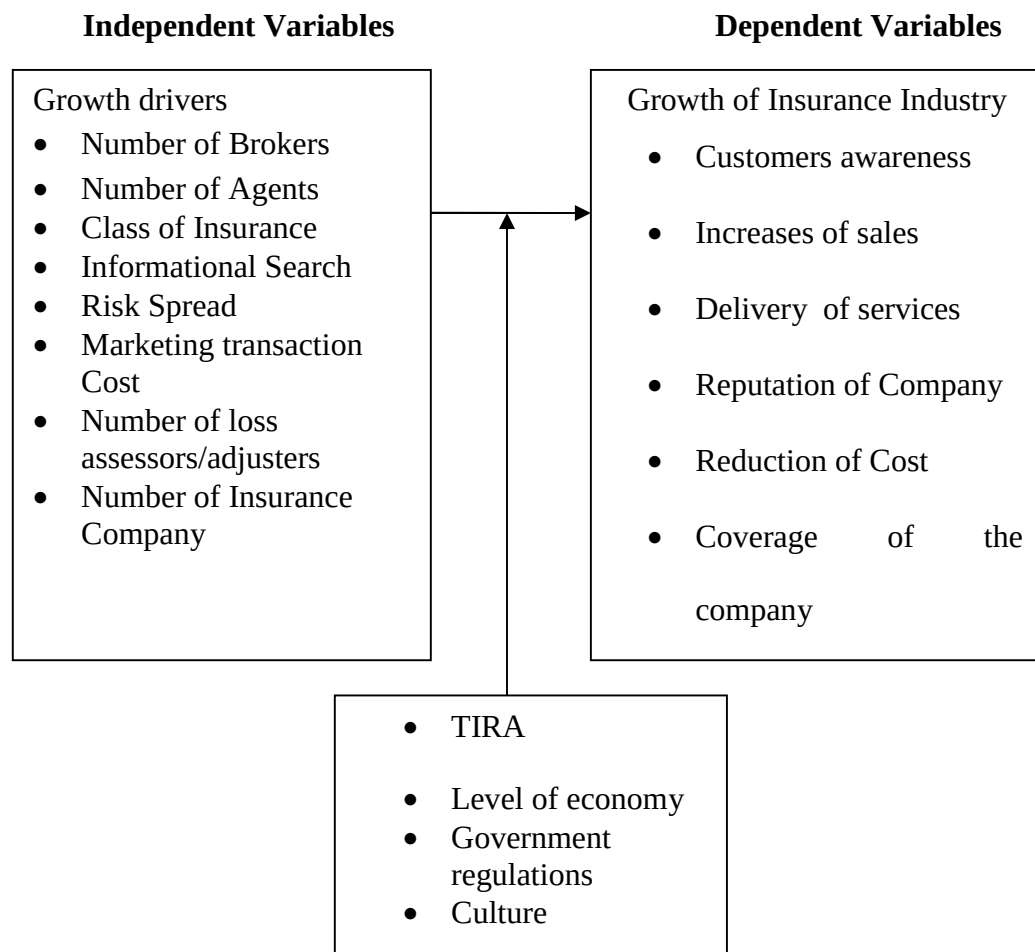
Empirical review indicates that the vast majority of literature as reviewed in section 2.6 on Impact of financial intermediaries on insurance performance has been written in developed countries which could be quite different to that of developing countries and also most of these studies focused on impact of financial intermediaries towards performance of telecommunication companies and Transportation companies and few focused on insurance industries.

The study realized that there is a need for conducting a similar research on impact of financial intermediaries on performance of insurance industry in Tanzania context where the issue is more serious since Insurance is one of the important inputs in the growth of national GDP than the wider finance intermediation sector. The current study bridges the gap by conducting a study on Impact of financial intermediaries on the performance of insurance industry in Tanzania, a case of Astra Insurance Brokers (T) Ltd.

2.7 Conceptual Framework

The purpose of this section is to develop a conceptual framework to guide the researcher in the study. The conceptual framework explains the main issues under the study in either graphically or in a narrative form (Miles and Herberman, 1994). The conceptual framework also explains the relationships between variables. This study focus on important variables, their relationship in order to be well understood and guide the information to be collected and analyzed

Figure 2. 2 Conceptual frameworks for this study



Source: Developed by the researcher (2014)

The conceptual framework in the figure 1.1 above show the relationship between independent and dependent variables as well as intervening variables. The independent variables are conceptualized as number of Brokers, number of agents, class of Insurance, informational search, risk Spread, Marketing transaction Cost, number of loss assessors/adjusters, number of Insurance Company. In contrast, the dependent variables are responses or outcomes of independent variables which are conceptualized as consumer awareness, increases of sales, delivery of services, reputation of company, reduction of Cost.

In additional, the intervening variables which TIRA, Level of economy, Government regulations and culture values taken into consideration for their moderating effect on the independent variables. The research aimed to find whether these variables interact

to influence the growth of insurance industry in Tanzania with the aim of addressing the research problem.

Number of brokers means the total number of registered brokers; Insurance brokers typically work for the policy holder in the insurance process and act independently in relation to insurer. Brokers assist in the choice of their insurance by presenting them with alternative in terms of insurers and products. Acting as “agent” for the buyer, broker usually work with multiple companies to place coverage for their clients.

Number of agents is the number of registered insurance agents in the industry. In general, licensed to conduct business on behalf of insurance companies. An agent represents the insurer in the insurance process and usually operates under the terms of an agency agreement with the insurer.

Class of insurance is the types of the products or cover of insurance provided by the insurance companies in the market/industry. Insurance business is divided into two main classes, namely (i) General insurance business which comprises the following classes: accident, sickness, land, vehicle, railway rolling , aircraft, ships, goods in transit, fire and natural forces, damage of property, motor vehicle liability, aircraft liability, liability for ships, general liability, credit, surety ship, miscellaneous, legal expenses, and assistance and (ii) Long term assurance business is defined as meaning life and annuity business, marriage and birth business, linked long term business, and permanent health insurance business.

Risk Spread is the selling of insurance in multiple areas to multiple policyholders to minimize the danger that all policyholders will have losses at the same time.

Number of loss adjusters/assessors is the number of registered loss adjusters/assessor in the insurance industry whose work is to make the assessment/adjustment or inspection the genuine of any claims arising.

Number of insurance company is the number of registered insurers to transact insurance business in the insurance industry.

Customers/Clients awareness is the facts of people knowing about a business and its products and services. Or is an efficient way of raising customers understanding of your business.

Reduction of cost is the process of looking for, finding and removing unwarranted expenses from a business to increase profits without having a negative impact on product quality. Many business managers will engage in periodic cost reduction drives in order to make their company's operations more efficient and to boost profits.

Delivering of insurance services is an assessment of how well a delivered service conforms to the client expectations. Service business operator often assesses the service quality provided to their customers in order to improve their service to quickly identify problems, and to better assess clients satisfaction.

Increase of sales is the quantity or number of goods or services sold in the normal operations of a company in a specified period.

Reputation of the company is the overall quality or characteristics seen or judged by people in general. This defines how the good name of the company is in a public image in terms of services render to the clients wise.

Table 1.1 Variables and their measurements

Variable	Conceptual definition	Measurements
Number of Brokers	Means the total number of registered brokers; Insurance brokers typically work for the policy holder in the insurance process and act independently in relation to insurer.	Whether the number of brokers have an impact of financial intermediaries on performance of Insurance industry in Tanzania
Number of agents	the number of registered insurance agents in the industry	Whether the number of agents have an impact of financial intermediaries on performance of Insurance industry in Tanzania
Class of insurance to other non	the types of the products or cover of insurance provided by the insurance companies in the market/industry	To what extent do Class of insurance to other non on impact of financial intermediaries on performance of Insurance industry in Tanzania
Risk Spread	the selling of insurance in multiple areas to multiple policyholders to minimize the danger that all policyholders will have losses at the same time	To what extent do Risk Spread impact of financial intermediaries on performance of Insurance industry in Tanzania
Number of loss adjusters/assessors	the number of registered loss adjusters/assessor in the insurance industry	Whether the Number of loss adjusters/assessors the impact of financial intermediaries on

	whose work is to make the assessment/adjustment or inspection the genuine of any claims arising.	performance of Insurance industry in Tanzania
Customers/Clients awareness	The facts of people knowing about a business and its products and services. Or is an efficient way of raising customers understanding of your business.	Whether the Customers/Clients awareness had an impact of financial intermediaries on performance of Insurance industry in Tanzania

Source: Researcher's own construct (2015)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was employed to carry out the study. Specifically, it highlights the research design, the geographical study area, target population, sample size and the sampling techniques. It also gives the sources and methods of data collection and analysis. It further presents validity and reliability of research design and ethical considerations.

3.2 Research Design

Research design is defined as “the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure” (Kothari 2008). That is, it is the conceptual structure/plan within which research is conducted and constitutes the blueprint for collection, measurement and analysis of data (Kothari 2008; Malhotra 2004).

All research can be classified into three categories: exploratory, descriptive and casual or diagnostic (Easwaran & Singh 2010). This study adopted both descriptive and explanatory case design, which according to Easwaran and Singh (2010) is concerned with the description and explanation of the market characteristics (defining who, where, when, how and what) through survey of target population and recording their responses for analysis. Within the descriptive and explanatory case study design, this study incorporated both qualitative (why) and independent variables (Financial Intermediaries) and dependent variables (growth of the insurance industry) quantitative (how many) research approaches (strategies) to better understand the relationship between variables in the research problem (Easwaran & Singh 2010). The use of a combination of qualitative and quantitative is recommended when the nature of the research is to fully investigate the issue as is in this research (Easwaran & Singh 2010).

3.3. Geographical Area of Study

This study was conducted on financial intermediaries of insurance services using the case of Astra Insurance Brokers (T) Ltd within its areas of operations in Tanzania (Dar es Salaam, Mwanza, Arusha, Dodoma and Tanga).

3.4 Target Population

The research targeted management of Astra Insurance Brokers who operate their business in the five regions of Tanzania (Dar es Salaam, Mwanza, Arusha, Dodoma & Tanga) and its loyal customers. They ought to have been running or managing their insurance services since June 23rd 1997 under the Companies Ordinance (Cap 212). The target population of this research study consist of 200 for five regions of Tanzania, whereby 150 being workers within insurance brokers, 50 being loyal customers of insurance brokers in the study area.

In brief, the study included these categories of the population because the researcher felt these respondents (workers within insurance brokers and loyal customers of insurance brokers) could have given the relevant information concerning the impact of financial intermediaries on performance of Insurance industry in Tanzania. Details of each population category are given in table 3.1

Table 2. Target Population of the study by size/number

S/N	Categories of respondents	Sample size
1	Management of Astra Insurance Broker	150
2	Loyal Customers of Astra Insurance Broker	50

Source: Astra Insurance Broker Annual Report (2014)

3.5 Sample Size

Cooper & Schindle (2006) defines a sample is the total collection of elements about which inferences are to be made. Samples are selected because it is not possible at times to study the entire population due to various limiting factors such as lot of time, cost and other research resources (Mugenda and Mugenda; 1999).

There are many methods of determining a sample size such as the use of mathematical sampling formula (Malhotra 1996), use of statistical tables (Bartlett, Kortlink and Higgins 2001), general rule of 40 % (Huysamen, 1991) and Roscoe (1975) rule of thumb of greater than 30 and less than 500 respondents is adequate provided the sample are to be broken into sub-samples (males/females, juniors/seniors etc) and a minimum of 30 for each category is necessary.

Another approach is by use of formula $n = \frac{N}{1 + N(a)^2}$ by Yamane (1967) where n = sample size, N = Population, a = the margin of errors. Furthermore, Godfrey (1977) proposed a general rule of 25% of the population if the target population contains 400 to 1000 research participants and when they are highly dispersed.

The choice of methods to be used to determine samples depends on several factors such as representativeness, how diverse target population and researcher's preference.

Since the target population was diverse and had different identifiable strata (wards), this research used Roscoe (1975) rule of thumb of greater than 30 and less than 500 respondents and selected a minimum of 30 from each ward each category. That is sample sizes of 200 respondents were selected.

3.6 Sampling Frame and Sampling Technique

3.6.1 Sampling Frame

Sampling is that part of statistical practice concerned with the selection of individual observations (unit of analysis) intended to yield some knowledge about the population of concern, especially for the purpose of statistical inferences (Kothari 2008). There are two major categories of sampling designs/techniques: probability sampling and non-probability sampling. In probability sampling, the sample frame reflects the target population (Finn et al. 2000), while in a non-probability sampling there is no assurance that every one of the sample units has the same chance to participate in the research.

Kothari (2008) recommends that if the population from which a sample is to be drawn does not constitute a homogenous group as in this study then stratified random sampling should be applied so as to obtain a representative sample. Thus, this research used stratified random sampling and purposeful sampling designs (techniques) to obtain samples in each population.

3.6.2 Sampling Technique

(i) Stratified random sampling

This stratified random sampling technique implemented as follows: first organizing the target population before sampling and then drawing a sample from each subset using the ward data base (list) as the sampling frame by taking every third next Astra insurance brokers customers from the list. This technique is also in synch with the concept of dividing respondents based on their demographic characteristics that is underpinning this research effort.

(ii) Judgement sampling

For interviewees, the researcher has used judgment sampling to purposively select a sample of Astra insurance brokers management and loyal customers of Astra insurance brokers for in-depth interview. These are participants who are believed to be reliable and information resourceful for the study. This involved using personal judgment by the researcher's perception that they are in the better position to provide the information for the study and ensure a better quality of response (Easwaran & Singh 2010).

3.7 Types of Data and Data Collection methods

Data are facts and other relevant materials, past and present, serving as the basis for study and analysis (Krishnaswami and Ranagnatham 2006). In this research, types of data that will be used are primary and secondary data.

3.7.1 Primary data

Easwaran and Singh (2010) defined primary data as those data collected specifically for the purpose of providing information on decision under question. In this study, various data collection methods were used to collect primary data and these included

self-administered questionnaires and in-depth interview.

3.7.2 Secondary data

Secondary data are the data that already exists in published reports, books and internet and that which was not collected specifically for providing information on the decision under the question (Saunders et al 2003; Easwaran and Singh 2010)). According to Krishnaswami and Ranagnatham (2003), secondary data consist of readily available compendia and already compiled statistical annual reports that data may be used by researchers for their studies. In this research, the secondary data was collected from reviewing existing annual insurance performance reports, News papers, Journals, Brochures and other relevant documents show the impact financial of intermediaries on performance of insurance industry.

Data collection methods

One method was used in this research to collect data and each is described in the following sections;

(i) Documentary Review

The researcher also took precautions to corroborate data from questionnaire and in-depth interview with data from other sources such as documents and report. In this study, the secondary data were obtained from documentary review annual insurance market performance reports about financial intermediaries of insurance industry. By using the variety of sources of data as shown above, the researcher get a broad picture about the impact of financial intermediaries on the performance of insurance industry.

Table 3.2 Sources of the data on documentary review

Type of document	Period covered	Type of information
1. Annual insurance market performance report	For the year ended 31 st December 2011	- Challenges facing the industry. - Registration position - Market growth and impact on the economy
2. Annual insurance market performance report	For the year ended 31 st December 2012	- Challenges of the industry. - Registration position during the year under review. - Market growth and impact on the economy.
3. Annual insurance market performance report	For the year ended 31 st December 2013	- Challenges of the industry. - Market growth and impact on the economy. - Registration position during the year. - Future outlook.

3.8 Data collection methods

Two methods were used in this research to collect data and each is described in the following sections;

3.8.1 Questionnaires

The first data collection method used in this research is a self administered questionnaire. A questionnaire is a data collection technique in which each person is asked to respond to the same set of questions in a predetermined order (Saunders et al 2003, p. 486). The aim of using this method is to get a broad-based view of the respondents about the role of financial intermediaries on the performance of insurance industry.

In this study, questionnaire comprised open ended questions and closed questions. The researcher was carefully develop these questions basing on the information presented in the literature review and to cover all the research objectives as possible. The questionnaires were both structured and unstructured in order to allow respondents to present their views and to provide detail information regarding to open ended in brief. The researcher tested the questionnaire with a convenience sample of 50 Astra insurance brokers' customers and 150 Astra Insurance Brokers' management.

Comments from respondents who were incorporated and re-tested prior were considered to make a final version. Only respondents who are accessible, willing to participate, located in the convenient area and those who have knowledge of the subject under the study was selected for pilot study. Details of questionnaire for Astra Insurance Brokers' Management and Astra Insurance Brokers' Customers are indicated in Appendix I and Appendix II respectively.

The questionnaires were written in English and in Swahili version because some of respondents of this study are fluent in English language and others are not like Astra Insurance Brokers' Customers.

The researcher used this tool of collecting data because the information were collected from large sample which is widely spread, therefore, questionnaires are less expensive to the researcher and it is free from bias of the researcher because answers are in respondents' own words. Moreover, with questionnaires respondents get adequate time to provide detailed and well thought answers.

3.8.1.1 Pre-testing of the Questionnaire

Questionnaires were pre- tested before being used. The aim was to test whether the instrument would elicit responses required to achieve the research objectives, to test whether the content of the instrument is relevant and adequate, to test whether the wording of questions is clear and suited to the understanding of the respondents and to develop appropriate procedure for administering the instrument with reference to field conditions (Krishna, 2006). Also pre testing assesses whether the questions are clear, specific, answerable, interconnected and substantially relevant (Punch, 2000). The exercise helped to 'fine-tune' the questionnaires. Some ambiguous questions were

removed and others were re-phrased. After revision, the questionnaires were duplicated ready for use.

After a pre-test, the questionnaire was revised and makes them more understandable. The time for pre-testing was about 25 minutes per respondents which was done by the researcher.

3.8.1.2 Administration of the Questionnaire

The researcher visited the studied schools. The questionnaire was administered personally with a researcher or person administering them having the opportunity to establish rapport and to explain the purpose of the study as well as to clarify the meaning of the items that may not be clear (Gay,1981; Best and Khan,1993).

(ii) In-depth Interview

The second primary data collection instrument is semi-structured, in-depth interview used to collect qualitative data. In-depth interview is one-to-one interview session between one informant and investigator and is initiated for the purpose of obtaining information to a specific study (Krishnaswami and Ranganatham 2003, Easwaran and Singh 2010). This tool was used by the current researcher in order to give chance to the respondents who are not willing to read but want to give their opinions about the study. In this study both Astra Insurance Brokers' Management and Customers were interviewed. Details of the interview guides are provided in Appendices II.

This data collection instrument gave the researcher an opportunity to explore more information about the research question from respondents. It helps to supplement and support data from questionnaires. Furthermore, with interview the researcher controlled the accuracy and dependability of information according to the research needs from respondents

3.9 Data Analysis

Data analysis is defined as a critical examination of the assembled and grouped data for studying the characteristics of the object under study and for determining patterns and relationships among the variables relating to the study topic (Krishnaswami and Ranganatham 2003). This study used quantitative and qualitative techniques to analyze the collected data from questionnaires and interview respectively.

(i) Quantitative data analysis

In this technique, descriptive statistics (such as frequency tables and mean) were conducted on the data collected from the returned questionnaires. In particular, Statistical Package for Social Sciences (SPSS) software version 17.0 was used to generate charts, frequency tables as a means of presenting data.

(ii) Qualitative data analysis

Qualitative data from interview scripts, notes and statements were systematically coded, and classified into broad descriptive categories regarding themes, meanings and/or issues that emerged from the information gained from interviewing. These data further linked to the research objectives/questions to generate meaning about the study topic as well as supplement data from questionnaires.

3.10 Reliability and Validity of Research design

The quality of research depends on the design of research instruments as well as application of these instruments in data collection in the field. There are several criteria or tests for judging the quality of any empirical research. These include validity and reliability (Easwaran and Singh 2010) and how each was achieved is discussed.

(i) Validity

Validity is the extent to which the instruments used during the studies to measure the issues they are intended to measure (Amin, 2005). To ensure validity of instruments, the questionnaires and interview protocols were developed under close guidance of the supervisor. Questions were designed and then pre-tested with participants from target population. This helped to identify ambiguous questions in the instruments;

their comments were incorporated into the final version of questionnaires and be able to re-align them to the objectives.

(ii) Reliability

Reliability as the degree to which a survey instrument is considered reliable if its repeated application results in consistent scores (Joseph et al 2000). That is, this reliability refers to whether “the measurement obtained from variables of interest is constant”. In this study, reliability was achieved by first pre-testing structured questionnaires and semi structured interview protocol with 165 respondents from the target population and experts in the field to obtain consistency and accuracy.

3.11 Ethical Considerations

Ethics are important to all parties associated with research as they affect the merits of individuals and ultimately the quality of data obtained (Emory and Cooper 1995). Thus, the application of ethical procedures to research activities should be primarily designed to protect the rights of participants from harmful or adverse consequences (Patton 1990; Miles and Huberman 1994). This research applied the following strategic addressed ethical matters.

The researcher first obtained a letter from the sponsoring University (Mzumbe University) to introduce himself to management before the commencement of the study.

The researcher assured the respondents that whatever they answered was treated with much confidentiality. The researcher also assured the informants that the gathered data were presented as aggregate report rather than individual analysis. Finally, the researcher conducted himself in professional manner throughout the data collection so as to protect the reputation of the university and the informant.

CHAPTER FOUR

PRESENTATION OF THE FINDINGS

4.1 Introduction

The purpose of this study was to examine the impact of financial intermediaries on the growth of insurance industry, a case of Astra Insurance Brokers (T) Ltd in its areas of operations (Dar es Salaam, Mwanza, Arusha, Dodoma & Tanga). This chapter includes the findings from questionnaires and interview which were conducted to management of Astra Insurance Broker (T) Ltd in areas of operations and its loyal customers. The results of this study were divided into five major categories of research objectives. These are;

- (i) To determine and assess the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania.
- (ii) To describe and examine the forms of financial intermediaries used by industry in Tanzania.
- (iii) To identify factors that influences the use of financial intermediaries in the insurance industry in Tanzania.
- (iv) To evaluate the challenges facing insurance industry in Tanzania
- (v) To examine the determinants for the growth of insurance industry in Tanzania

4.2 Background of respondents

This study involved two categories of respondents' namely employees of Astra Insurance Company in its areas of operations (Dar es Salaam, Mwanza, Arusha, Dodoma & Tanga) and loyal customers. The numbers of respondents were 150 from Astra Insurance Brokers and 50 loyal customers of Astra Insurance Brokers. Therefore a total of 200 questionnaires were sent to respondents and only 165 were returned

complete and usable. These represents 86.5% response rate. Mugenda and Mugenda (2003) indicated that the industry level of respondent should range from 40% - 60% which is above the industry level. Therefore, 86.5% of the response rates obtained by the researcher from the target sample size were satisfactory. Categories of respondents and their response rate were shown in the table 4.1 below;

(i) Categories of respondents and response rate

Table 4.1 categories of respondents

S/N	Categories of respondents	Sample size	Questionnaires returned complete and useable	Response rate (%)
1	Management of Astra Insurance Broker	150	125	83.3
2	Loyal Customers of Astra Insurance Broker	50	40	80

Source: Field data, 2015

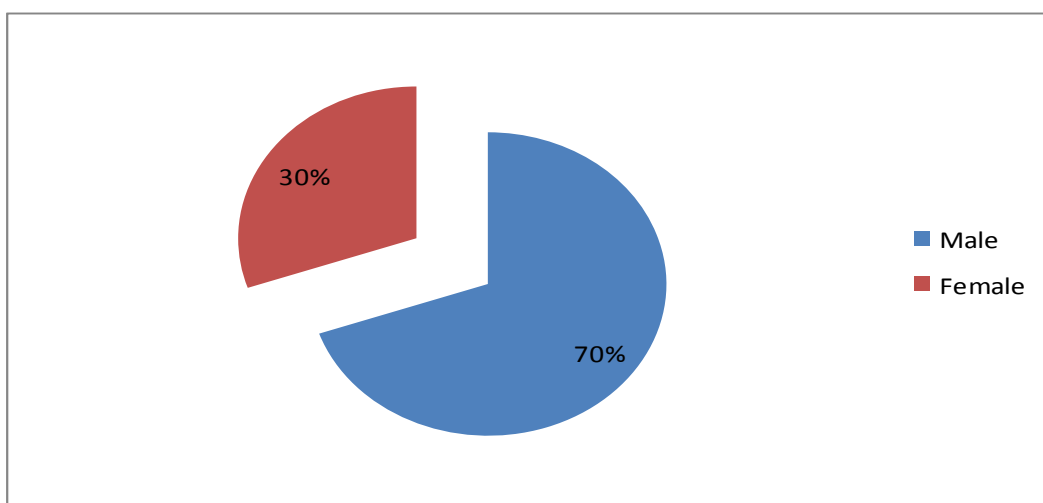
(ii) Characteristics of respondents

(a) Respondents' gender Gender of respondents

Gender	Frequency	Percent	Cumulative percent
Male	115	69.7	69.7
Female	50	30.3	100.0
Total	165	100.0	

Source: Field data, 2015

Figure 4 1 Gender of respondents



As indicated in table 4.2, 69.7% of respondents were male and 30.3% of respondents were female. This means that males are the majority of respondents from Astra Insurance Broker in its areas of operations.

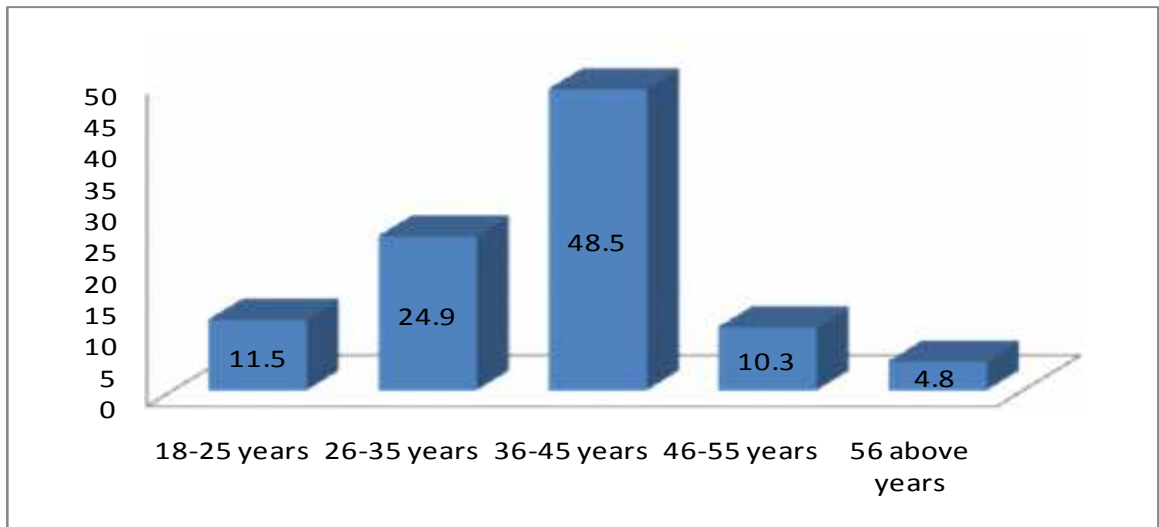
(b) Respondents' age

4.3 Age of respondents

Age	Frequency	Percent	Cumulative percent
18-25 years	19	11.5	11.5
26-35 years	41	24.9	36.4
36-45 years	80	48.5	84.9
46-55 years	17	10.3	95.2
56 above years	08	4.8	100.0
Total	165	100.0	

Source: Field data, 2015

Figure 4.3 Age of respondents



As shown in Table 4.3, most of the respondents (83.7%) have range between 26 to 55 years followed by age of 18-25 years (11.5%) and a small percent (4.8.%) have age above 56 years.

(c) Occupation

Table 4.4 Occupation of respondents

Respondents	Frequency	Percent	Cumulative percent
Underwriting Officer	35	21.2	21.2
Claims Officer	24	14.5	35.7
Principal Officer	25	15.2	50.9
Training Officer	15	9.1	60
Marketing officer	26	15.8	75.8
Loyal customers of Astra Insurance Broker	40	24.2	100
Total	165	100	

Source: Field data, 2015

Figure 4.4 Occupation of respondents

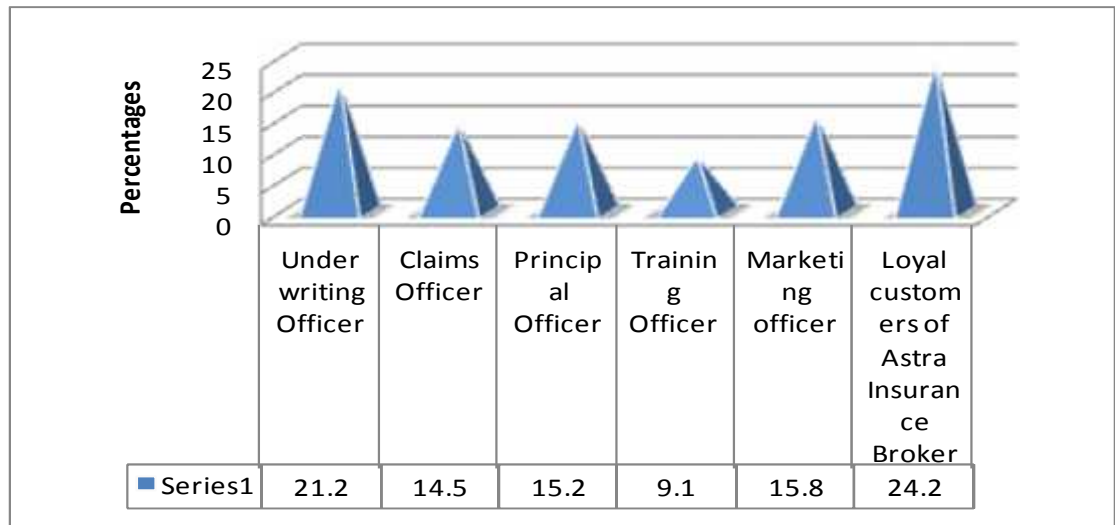


Table 4.4, shows that most of the respondents (51.9%) employees Astra Insurance Broker while (24.2%) were loyal customers of Astra Insurance Broker. These results suggest that most of findings of this study were from employees of Astra Insurance Brokers

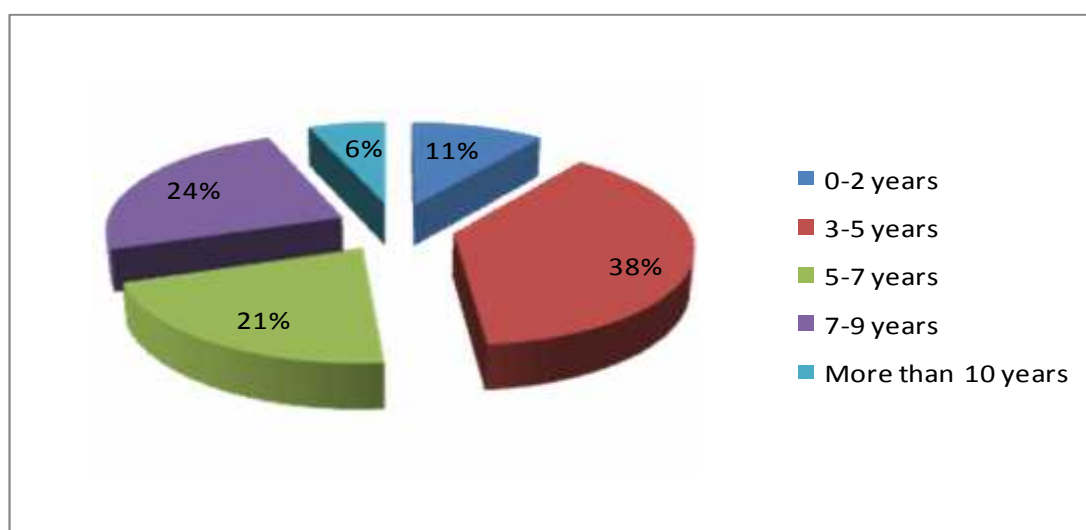
(iii) Experiences with financial intermediaries of Insurance Industries

4.5 Experiences with financial intermediaries of insurance industries

Experience	Frequency	Percent	Cumulative percent
0-2 years	17	10.3	10.3
3-5 years	63	38.2	48.5
5-7 years	35	21.2	69.7
7-9 years	40	24.2	93.9
More than 10 years	10	6.1	100
Total	165	100	

Source: Field data, 2015

Figure 4.4 Experiences with financial intermediaries of insurance industries



As indicated in Table 4.5, 83.6.% of the respondents have experiences of 3-9 years with Astra Insurance Broker while 10.3% have experience of 0-2 years and only 6.1% of respondents have experiences of more than 10 years.

4.3 Presentation of Research Findings

4.3.1 The extent to which financial intermediaries perform their roles on the insurance industry in Tanzania.

Respondents (Management of Astra Insurance Broker and Loyal Customers of Astra Insurance Broker) were required to state the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania. In their response to this question, the findings show that financial intermediaries perform their roles on the insurance industry in Tanzania as indicated in the table below;

Respondents were required to state the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania, in their response to this question, majority of the respondents said that financial intermediaries perform their roles on the insurance industry. Data field show that majority of the respondents (Management of Astra Insurance Broker and Loyal Customers of Astra Insurance Broker) 50 (30% of all respondents) said that increase of sales was one among the

roles performed by financial intermediaries on the insurance industry in Tanzania, results further continue to reveal that delivering of insurance services was also one among the roles performed by financial intermediaries on the insurance industry in Tanzania and this was supported by 45 (28%) of the total respondents. Results obtained from the field show that customers /clients awareness was also regarded by the respondents as the roles performed by financial intermediaries on the insurance industry in Tanzania and this was suggested by 28 (17%).

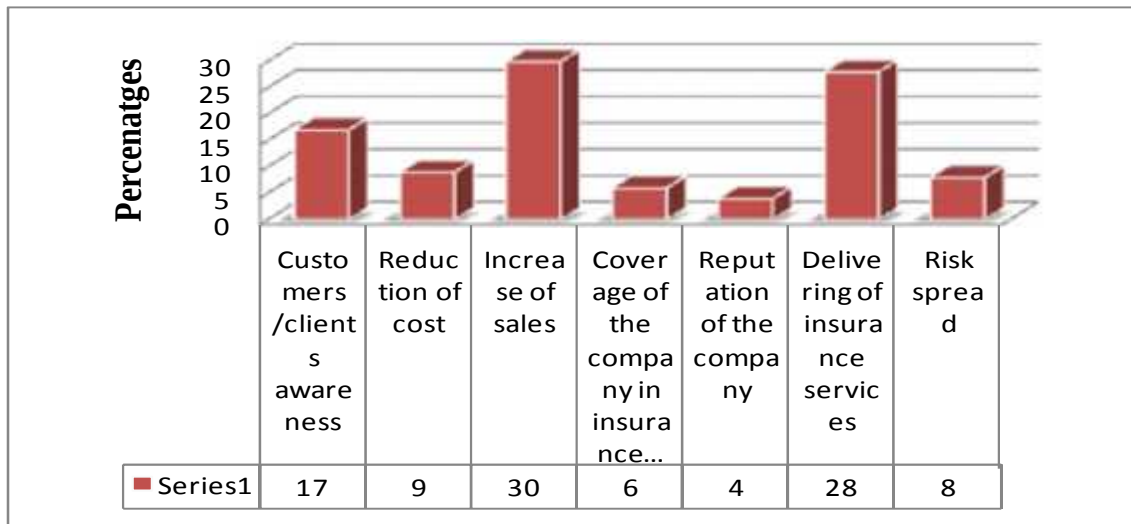
It was discovered that financial intermediaries play an important role in fostering competition in the market because insurance companies have achieved to extend their geographical and client reach through these financial intermediaries.

Table 4.6: The extent to which financial intermediaries perform their roles on the insurance industry in Tanzania.

The extent to which financial intermediaries perform their roles on the insurance industry in Tanzania (N=165)	Frequency	Percentage (%)
Customers /clients awareness	28	17
Reduction of cost	15	9
Increase of sales	50	30
Coverage of the company in insurance services	9	6
Reputation of the company	6	4
Delivering of insurance services	45	28
Risk spread	12	8
Total	165	100

Source: Research findings, 2015.

Figure 4.5: The extent to which financial intermediaries perform their roles on the insurance industry in Tanzania



4.3.2 The forms of financial intermediaries used by insurance industry in Tanzania

Respondents in the field were asked to identify the forms of financial intermediaries used by insurance industry in Tanzania. Four forms of financial intermediaries used by insurance industry in Tanzania were mentioned by the respondents as insurance brokers, insurance agents, loss adjusters / assessors and Brokers agents or agents for broker.

Data from the field indicates that one form of financial intermediaries used by insurance industry in Tanzania was insurance brokers as suggested by majority of the respondents and this was supported by 62 (39%). It was revealed that an insurance agent was also considered by the respondents as one among the form of financial intermediaries used by insurance industry in Tanzania which was supported by 44 (27%). Further more, results from the field continue to reveal that 40 (25%) of the respondents said that brokers agents or agents for broker was among the form of financial intermediaries used by insurance industry in Tanzania.

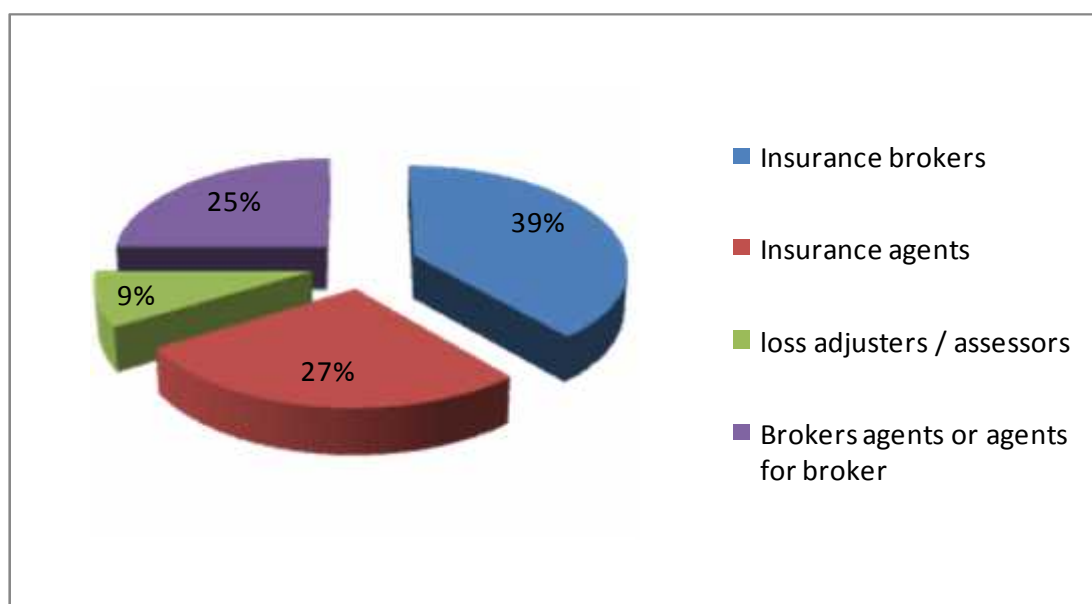
In Tanzania these days there are opportunities for Insurance Company to flourish because of increased number of demand for several companies and individuals to cover for insurance services.

Table 4.7: The Forms Of Financial Intermediaries Used By Insurance Industry In Tanzania

forms of financial intermediaries used by insurance industry in Tanzania (N=165)	Frequency	Percentage (%)
Insurance brokers	62	39
Insurance agents	44	27
loss adjusters / assessors	14	9
Brokers agents or agents for broker	40	25
Total	165	100

Source: Research findings, 2015.

figure 4.6 1The forms of financial intermediaries used by insurance industry in Tanzania



4.3.3 The factors that influences the use of financial intermediaries in the insurance industry in Tanzania

The study wanted to understand the factors that influence the use of financial intermediaries in the insurance industry in Tanzania. In their response to this question, majority of the respondents 51 (31%) said that one factor that influences the use of financial intermediaries in the insurance industry in Tanzania is because of the speed of delivery of insurance services.

Results from the field show that accessibility of insurance services was also considered one among the factor that influences the use of financial intermediaries in the insurance industry in Tanzania and this was supported by 46 (28%) of the respondents. It was further revealed that good negotiation with insurance service providers also influences the use of financial intermediaries in the insurance industry in Tanzania which was supported by 35 (21%) of the total respondents.

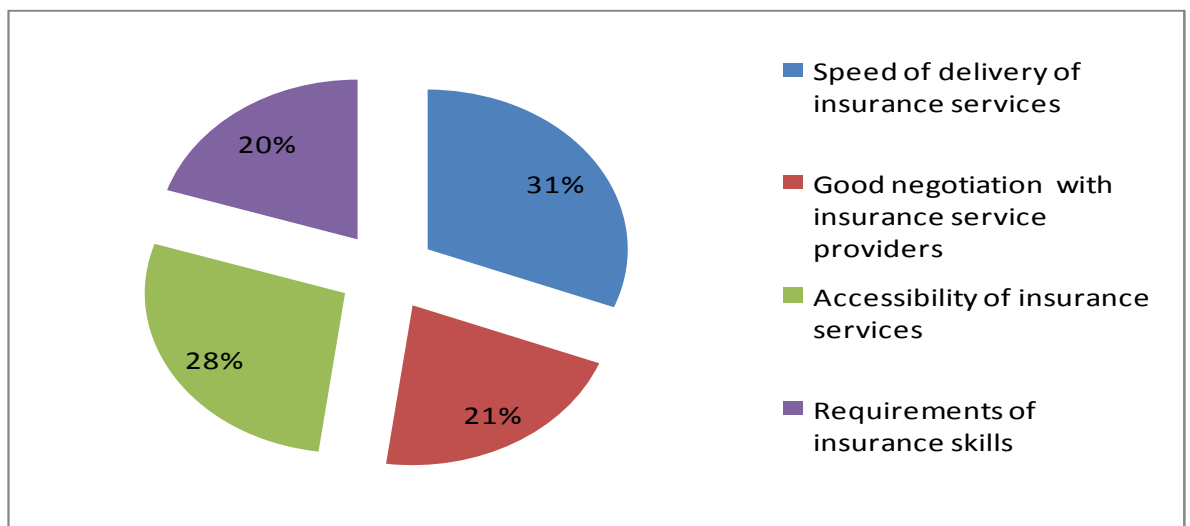
Companies in Tanzania have opened more branches to capture customers regardless of geographical location but this is not yet completely the solution for achieving target customers particularly for insurance industry because current customers need unique and value adding services than before and not merely delivering of services. The use of financial intermediaries in insurance industries is becoming the big deal among service providers to overcome the problem but there are still complications among top management and marketers in formulating and motivating financial intermediaries in order to increase their performance.

Table 4.8: The factors that influences the use of financial intermediaries in the insurance industry in Tanzania

factors that influences the use of financial intermediaries in the insurance industry in Tanzania (N=165)	Frequency	Percentage (%)
Speed of delivery of insurance services	51	31
Good negotiation with insurance service providers	35	21
Accessibility of insurance services	46	28
Requirements of insurance skills	33	20
Total	165	100

Source: Research findings, 2015.

Figure 4.7 The factors that influences the use of financial intermediaries in the insurance industry in Tanzania



The findings presented above concur with the study done by (Martina, 2007). These studies indicated that financial intermediaries in insurance company help to overcome the information asymmetry faced by clients, ensure effective marketing strategies, negotiate, minimize distribution cost, provide speed of insurance service delivery,

training ground of customers, discuss with the client the pros and cons of insurance services, pricing and to overcome capacity problem.

4.3.4 The challenges facing insurance industry in Tanzania

Respondents were required to state the challenges facing insurance industry in Tanzania. Four challenges were mentioned by the respondents in the field as Poor claims servicing practices by some insurers, Shortage of insurance professionals in the industry, Absence of a national policy on insurance and premium rate undercutting.

Respondents were required to state the challenges facing insurance industry in Tanzania, in their response to this question, majority 63 (38%) of the respondents said that one of the challenge facing the insurance industry is the issue of absence of a national policy on insurance, results from the field further revealed that 56 (34%) of the respondents said that in Tanzania, there is poor claims servicing practices by some insurers which hinders the good performance of insurance.

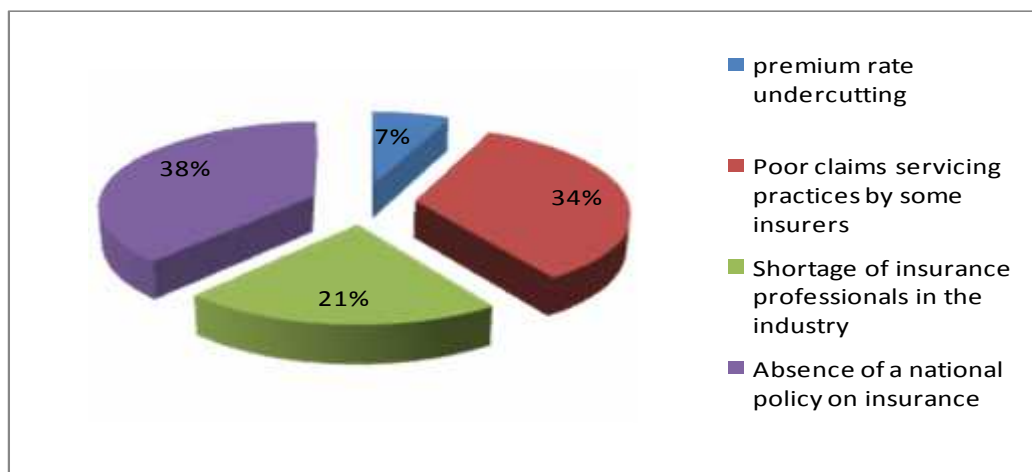
Data field indicates that in Tanzania, there is a shortage of insurance professionals in the industry and this was supported by 35 (21%) of the respondents. Results indicates that despite the high growth in insurance penetration, the total penetration level is incomparably low to the developing countries because of poor political, legal, and cultural components as well as differences in financial markets, taxation, regulatory systems, insurer investment strategies, and insurance distribution systems.

Table 4.9: The challenges facing insurance industry in Tanzania

The challenges facing insurance industry in Tanzania(N=165)	Frequency	Percentage(%)
premium rate undercutting	11	7
Poor claims servicing practices by some insurers	56	34
Shortage of insurance professionals in the industry	35	21
Absence of a national policy on insurance	63	38
Total	165	100

Source: Research findings, 2015.

Figure 4.8 Challenges Facing Insurance Industry In Tanzania



4.3.5 The determinants for the growth of insurance industry in Tanzania

The study wanted to understand the determinants for the growth of insurance industry in Tanzania. Nine determinants were identified by the respondents in the field as the number of Agents, number of brokers, classes of Insurance, information search, extent of risk spread, marketing transaction cost, number of loss assessors/adjusters, number of Insurance Companies, and customer/client awareness

Data from the field indicates that there were different determinants for the growth of insurance industry in Tanzania. In their response to this question, majority of the respondents 41 (25%), said that customer/client awareness was one among the

determinant for the growth of insurance industry in Tanzania, results further revealed that 31 (19%) of the respondents suggested on the number of brokers as the determinant for the growth of insurance industry in Tanzania.

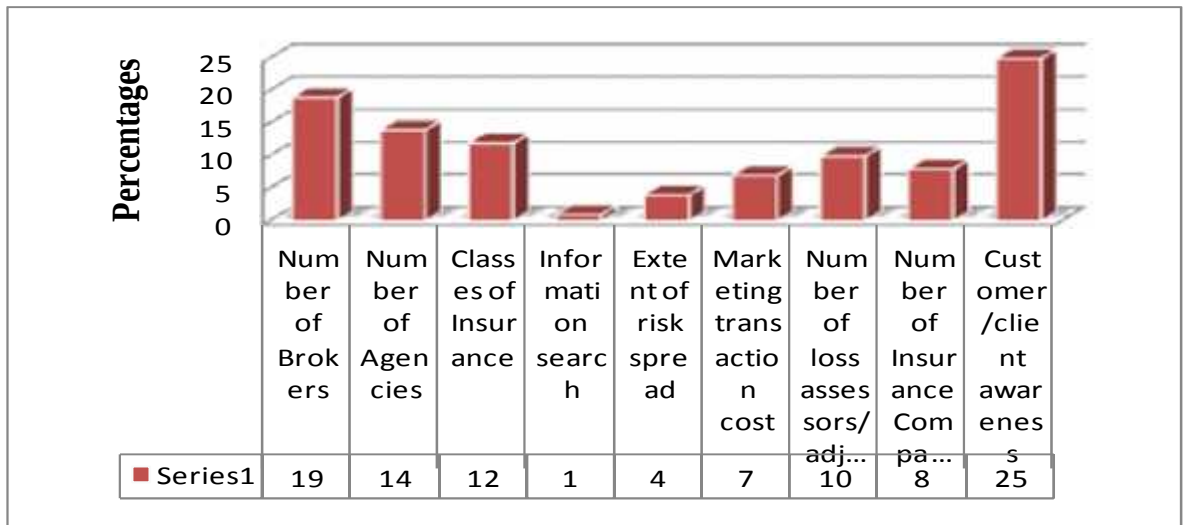
Data from the field revealed that number of Agents was also among the determinant for the growth of insurance industry in Tanzania and this was supported by 23 (14%) of the total respondents. Other determinants were revealed by the respondents in the field as indicated in the table below.

Table 4.10 The determinants for the growth of insurance industry in Tanzania

determinants for the growth of insurance industry in Tanzania (N=165)	Frequency	Percentage (%)
Number of Brokers	31	19
Number of Agencies	23	14
Classes of Insurance	19	12
Information search	2	1
Extent of risk spread	6	4
Marketing transaction cost	11	7
Number of loss assessors/adjusters	17	10
Number of Insurance Companies	14	8
Customer/client awareness	41	25
Total	165	100

Source: Research findings, 2015.

Figure 4.9 The determinants for the growth of insurance industry in Tanzania



The above findings concur with the study done by (Pearson & Robinson, 2007) who argued that the market for insurance products, like many other markets, is characterized by imperfect information by each party to the transaction significant search costs to find the “best” deal, and asymmetric bargaining power. Many companies in Tanzania have changed their focus of insurance service offering by formulating different marketing strategies such as increased speed of delivery, customized services, promotions, and customer focused strategy to win customers and to overcome the fiercer competition.

Insurance is one of the fast growing industries in Tanzania because currently people are becoming more aware of the benefits of insuring against loss and the insuring sector is seizing an increasing percent of the country’s growing economy. In Tanzania, insurance industry grew by 17.1 percent to TZS 474.1 billion in 2013 from TZS 406.6 billion in 2012 (TIRA, 2014). The number of players has increased and there has been increased trust from the general public on the ability of insurance companies to honour their promise.

In today’s competitive environment in the insurance services has resulted in pressure to develop and utilize alternative delivery channel like Insurance brokers and

Insurance agents. By the end of 2013 in Tanzania, there were 90, 44 and 301 Insurance brokers, Loss adjusters/assessors and Insurance agents respectively (TIRA, 2014). Intermediaries play an important role in fostering competition in the market because insurance companies have achieved to extend their geographical and client reach through these intermediaries. Schich, (2009) indicated that, insurance financial intermediaries have helped insurance companies to overcome the information asymmetry faced by clients because intermediaries are constantly in the marketplace and aware of the latest developments in terms of capacity, pricing, quality of carriers. In addition, financial intermediaries typically discuss with the client the pros and cons that give idea for client to decide in dialog which option to choose.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter provides an in-depth discussion of the findings in relation to the stated objectives in chapter one. The discussion made a synthesis between the research findings, the literatures on the matter and researcher's own point of view. Each research objective was thoroughly discussed for the purpose developing logical remarks and recommendations thereafter this chapter.

5.2 Respondents' Profile

The profile of the respondents was found to be heterogeneous in terms of age, sex, education level, job category and working experience. These sub-variables seemed to have the impact on the responses of the respondents and this show that there was equal participation of the respondents.

5.3 The extent to which financial intermediaries perform their roles on the insurance industry in Tanzania

The first objective was to make examine the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania. The findings as presented in 4.2 in chapter four.

Results from the field show that majority of the respondents (Management of Astra Insurance Broker and Loyal Customers of Astra Insurance Broker) 50 (30% of all respondents) said that increase of sales was one among the roles performed by intermediaries on the insurance industry in Tanzania, results further continue to reveal that delivering of insurance services was also one among the roles performed by financial intermediaries on the insurance industry in Tanzania and this was supported by 45 (28%) of the total respondents.

Results obtained from the field show that customers /clients awareness was also regarded by the respondents as the roles performed by financial intermediaries on the insurance industry in Tanzania and this was suggested by 28 (17%). It was discovered that financial intermediaries play an important role in fostering competition in the market because insurance companies have achieved to extend their geographical and client reach through these financial intermediaries.

Hence, Financial intermediaries may provide efficiency to the market by providing consultancy services to market participants (Fichte, Richter & Schiller 2009,).Insurance is one of the fast growing industries in Tanzania because currently people are becoming more aware of the benefits of insuring against loss and the insuring sector is seizing an increasing percent of the country's growing economy.

The findings above correlate with the study done by Schich, (2009) who indicated that, insurance financial intermediaries have helped insurance companies to overcome the information asymmetry faced by clients because financial intermediaries are constantly in the marketplace and aware of the latest developments in terms of capacity, pricing, quality of carriers. In addition, financial intermediaries typically discuss with the client the pros and cons that give idea for client to decide in dialog which option to choose. Biglaiser (1993), a financial intermediary is usually a specialist who is better than others in the market to differentiate the quality of products.

5.4 The forms of financial intermediaries used by insurance industry in Tanzania

The second objective of the study was to examine the forms of financial intermediaries used by insurance industry in Tanzania.

The findings discussed in chapter four indicate that one form of financial intermediaries used by insurance industry in Tanzania was insurance brokers as suggested by majority of the respondents and this was supported by 62 (39%). It was revealed that an insurance agent was also considered by the respondents as one among the form of financial intermediaries used by insurance industry in Tanzania which was supported by 44 (27%).

Further more, results from the field continue to reveal that 40 (25%) of the respondents said that brokers agents or agents for broker was among the form of financial intermediaries used by insurance industry in Tanzania. In Tanzania these days there are opportunities for Insurance Company to flourish because of increased number of demand for several companies and individuals to cover for insurance services.

Insurance companies in Tanzania are privately owned except for National Insurance Corporation and Zanzibar Insurance Corporation. This has caused insurance companies to utilize aggressive marketing strategies like promotions, differentiation of services, online service ordering and delivery channel (Insurance brokers and Insurance agent) to ensure successful service delivery regardless of geographical location and for growth purpose as well as to overcome the stiff competition prevailing in the current markets.

In today's competitive environment in the insurance services has resulted in pressure to develop and utilize alternative delivery channel like Insurance brokers, Loss adjusters/assessors and Insurance agents. By the end of 2013 in Tanzania, there were 90, 44 and 301 Insurance brokers, Loss adjusters/assessors and Insurance agents respectively (TIRA, 2014).

5.5 The factors that influence the use of financial intermediaries in the insurance industry in Tanzania

The researcher further extended the factors that influence the use of financial intermediaries in the insurance industry in Tanzania. 51 (31%) of the respondents said that one factor that influences the use of intermediaries in the insurance industry in Tanzania is because of the speed of delivery of insurance services. Results from the field show that accessibility of insurance services was also considered one among the factor that influences the use of financial intermediaries in the insurance industry in Tanzania and this was supported by 46 (28%) of the respondents. It was further revealed that good negotiation with insurance service providers also influences the use of financial intermediaries in the insurance industry in Tanzania which was supported by 35 (21%) of the total respondents.

Companies in Tanzania have opened more branches to capture customers regardless of geographical location but this is not yet completely the solution for achieving target customers particularly for insurance industry because current customers need unique and value adding services than before and not merely delivering of services. The use of financial intermediaries in insurance industries is becoming the big deal among service providers to overcome the problem but there are still complications among top management and marketers in formulating and motivating financial intermediaries in order to increase their performance.

The findings presented above concur with the study done by (Martina, 2007). These studies indicated that financial intermediaries in insurance company help to overcome the information asymmetry faced by clients, ensure effective marketing strategies, negotiate, minimize distribution cost, provide speed of insurance service delivery, training ground of customers, discuss with the client the pros and cons of insurance services, pricing and to overcome capacity problem.

5.6 The challenges facing insurance industry in Tanzania

The fourth objective of the study was to examine the challenges facing insurance industry in Tanzania.

Findings show that majority 63 (38%) of the respondents said that one of the challenge facing the insurance industry is the issue of absence of a national policy on insurance, results from the field further revealed that 56 (34%) of the respondents said that in Tanzania, there is poor claims servicing practices by some insurers which hinders the good performance of insurance. Data field indicates that in Tanzania, there is a shortage of insurance professionals in the industry and this was supported by 35 (21%) of the respondents.

Results indicates that despite the high growth in insurance penetration, the total penetration level is incomparably low to the developing countries because of poor political, legal, and cultural components as well as differences in financial markets, taxation, regulatory systems, insurer investment strategies, and insurance distribution systems.

Despite the high growth in insurance penetration, the total penetration level is incomparably low to the developing countries because of poor political, legal, and cultural components as well as differences in financial markets, taxation, regulatory systems, insurer investment strategies, and insurance distribution systems (Jeffee, D, 2009). The market for insurance products, like many other markets, is characterized by imperfect information by each party to the transaction significant search costs to find the “best” deal, and asymmetric bargaining power (Pearson & Robinson, 2007).

5.7 The determinants for the growth of insurance industry in Tanzania

The last objective of the study was to examine the determinants for the growth of insurance industry in Tanzania.

Findings from the field show that there were different determinants for the growth of insurance industry in Tanzania. In their response to this question, majority of the respondents 41 (25%), said that customer/client awareness was one among the determinant for the growth of insurance industry in Tanzania, results further revealed that 31 (19%) of the respondents suggested on the number of brokers as the determinant for the growth of insurance industry in Tanzania.

Data from the field revealed that number of Agencies was also among the determinant for the growth of insurance industry in Tanzania and this was supported by 23 (14%) of the total respondents. Other determinants were revealed by the respondents in the field as indicated in the table below.

The above findings concur with the study done by (Pearson & Robinson, 2007) who argued that the market for insurance products, like many other markets, is characterized by imperfect information by each party to the transaction significant search costs to find the “best” deal, and asymmetric bargaining power. Many companies in Tanzania have changed their focus of insurance service offering by formulating different marketing strategies such as increased speed of delivery, customized services, promotions, and customer focused strategy to win customers and to overcome the fiercer competition.

Insurance is one of the fast growing industries in Tanzania because currently people are becoming more aware of the benefits of insuring against loss and the insuring sector is seizing an increasing percent of the country's growing economy. In Tanzania, insurance industry grew by 17.1 percent to TZS 474.1 billion in 2013 from TZS 406.6 billion in 2012 (TIRA, 2014). The number of players has increased and there has been increased trust from the general public on the ability of insurance companies to honour their promise.

5.8 Limitations of the study

- i. Some respondents were not be willing to provide requested data.
- ii. Questionnaire respondents may take too long to return the filled questionnaires; some may not be filled and returned or they may not be fully filled.
- iii. Officials earmarked for interview were not available for interview due to their busy work schedules.
- iv. Some respondents do not participate in the study fearing of researchers exposing their names.

Measures to be taken to address the anticipated limitations are:

- i. Using multiple sources of data collection helped to address the limitations of individual methods of data collection.
- ii. To encourage cooperation of respondents to feel and return questionnaires, whereby the purpose of the study was clearly explained to them, stressing the importance of the study for education or policy and national development.
- iii. Reminders in terms of cell phones and physical ways are to be made so that all respondents fill and return the questionnaires and all scheduled interview are carried out.

- iv. Questionnaires should be clearly written by avoiding complex terms and should not be too long; such measures will enhance the response rate.
- v. Make sure respondents names are not disclosed to the public for their own security and identity concealed. This promise when stated well will promote or enhance respondents' participation in the study and that nobody will be associated with any statement or data provided (Creswell, 2007).

CHAPTER SIX

CONCLUSION AND POLICY IMPLICATION

6.1 Conclusions

Conclusions in this study are made according to the research findings, whereby in determining the impact of financial intermediaries and performance of Insurance industry in Tanzania. Furthermore, the conclusion is made that financial intermediaries perform their roles on the insurance industry. Data field concludes that financial intermediaries increase of sales and delivering of insurance services was also one among the roles performed by financial intermediaries on the insurance industry in Tanzania

The conclusion made on the forms of financial intermediaries used by insurance industry in Tanzania; the conclusion made was that one form of financial intermediaries used by insurance industry in Tanzania was insurance brokers. It was revealed that an insurance agent was also considered as one among the form of financial intermediaries used by insurance industry in Tanzania.

In response to the factors that influences the use of financial intermediaries in the insurance industry in Tanzania, the conclusion drawn was concludes that one factor that influences the use of financial intermediaries in the insurance industry in Tanzania is because of the speed of delivery of insurance services.

Results from the field continue to conclude that accessibility of insurance services was also considered to be one among the factor that influences the use of financial intermediaries in the insurance industry in Tanzania. Companies in Tanzania have opened more branches to capture customers regardless of geographical location but this is not yet completely the solution for achieving target customers particularly for insurance industry because current customers need unique and value adding services than before and not merely delivering of services.

In response to the challenges facing insurance industry in Tanzania, the conclusion drawn was that concludes that one of the challenge facing the insurance industry is the issue of absence of a national policy on insurance, results from the field further concludes that in Tanzania, there is poor claims servicing practices by some insurers which hinders the good performance of insurance. It was indicated that despite the high growth in insurance penetration, the total penetration level is incomparably low to the developing countries because of poor political, legal, and cultural components as well as differences in financial markets, taxation, regulatory systems, insurer investment strategies, and insurance distribution systems

On the issue of determinants, the study concludes that there were different determinants for the growth of insurance industry in Tanzania. Customer/client awareness was one among the determinant for the growth of insurance industry in Tanzania, results further concludes that the number of brokers was the determinant for the growth of insurance industry in Tanzania. Data from the field concludes that number of Agencies was also among the determinant for the growth of insurance industry in Tanzania.

6.2 Policy Implication

The results of this study highlighted several issues which require special attention and strategies if the financial intermediary need to become marketable, competitiveness and for growth of Insurance Industry in Tanzania. The followings are the recommendations for addressing the issue at hand:

The research revealed that financial intermediaries have several roles in the Insurance industry such as client awareness, Reduction of cost, Coverage of the company in the insurance services and Risk spread. Marketers of Astra Insurance Brokers in conjunction with finance committee should to prepare training about Insurance services to customers from different company, business community and government organizations in order to create confidence, independence and ability that will enable Insurance customers to use insurance services with maximum confidence of covering their problems with Insurance

In connection to that Astra Insurance Brokers should prepare different professional presentations according to the specializations with prospective customers to share views, challenges, ideas, and suggestions for improving services at the Insurance Company that will results into increased number of Insurance customers.

Since the research study identified factors that influences the use of financial intermediary in the insurance industry in Tanzania such as speed of delivery of insurance services, and accessibility of insurance services. Therefore, Marketer and finance managers of Astra Insurance Brokers should advice directors to open Insurance registration point to the remote areas in order to cover customers who located in remote areas but are able and capable of covering their problems through Insurance.

Moreover, Complaints officer should conduct periodic visit to customers' premises to identify the status of complaints' and see customers if were satisfied with the insurance services covered to them. In addition, Complaints officer can identify new insurance services required by the loyal customers in advance.

6.3 Suggestions for further research

The study identified other areas for further research as discussed next.

This study examined only the impact of financial intermediaries on the growth of insurance industry.

Another further research on the impact of financial intermediaries towards expectations and perceptions of Insurance services. The study could reveal the service quality gaps in all service dimensions.

The research focused on the impact of financial intermediaries on the growth of insurance industry in its areas of operations only. An extensive research on the same topic should be conducted in different regions where other Insurance companies are offering insurance services for generalization purposes.

In addition, this study was cross-sectional research on the impact of financial intermediaries on the growth of insurance industry at one point in time. There is a need to conduct longitudinal research to gauge any changes on the impact of financial intermediaries on the growth of insurance industry over time.

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APPENDICES

Appendix 1: Questionnaires

Dear respondent,

I am a student of Mzumbe University in Masters of Business Administration in Corporate Management. As part of my course I am conducting a research on Impact of Intermediaries and Growth of Insurance Industry in Tanzania, A case study of Astra Insurance Brokers (T) Ltd. In order to obtain data on this research, a questionnaire has been designed.

I kindly ask for your support to participate in the questionnaire provided and interview. Your answers to this questionnaire will be of high value to the conclusion of the research. I wish to assure you that your answers will absolutely be used for an academic purpose and not otherwise.

If you face any difficult, please do not hesitate to contact me either by phone +255713546599 or by email ejetemu@yahoo.com .

I thank you in advance for your cooperation.

Emmanuel Temu, J (MBA Corporate Management Student)

QUESTIONNAIRE

(AGENCY / BROKERS MANAGEMENT)

SECTION A: PERSONAL INFORMATION OF RESPONDENTS

1. Gender

☐ Male

☐ Female

2. Age (Years)

☐ 18- 25

☐ 26- 35

☐ 36- 45

☐ 46- 55

☐ 56 and Above

3. Occupation

☐ Underwriting Officer

☐ Claims Officer

☐ Marketing Officer

☐ Principal Officer

☐ Training Officer

☐ Other (Please specify):

4. For how long have you worked in financial intermediaries of insurance industry?

- ☐ 0-2 years
- ☐ 3-5 years
- ☐ 5-7 years
- ☐ 7-9 years
- ☐ More than 10 years

5. Which of the following types of financial intermediaries of insurance industries do you consider in insurance services?

- ☐ Agency
- ☐ Brokers
- ☐ Agent for Broker
- ☐ Other (Please specify)

SECTION B: RESEARCH OBJECTIVES

6. What are the roles of financial intermediaries on the growth of insurance industry in Tanzania?

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Customers/Clients awareness					
Reduction of cost					
Increase of sales					
Delivering of insurance services					
Reputation of the company					
Coverage of the company					
Risk spread					
Other reasons (Please specify).....					

7. What factors do you consider as important determinants for the growth of insurance industries?

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Number of Brokers					
Number of Agencies					
Classes of Insurance					
Information search					
Extent of risk spread					
Marketing transaction cost					
Number of loss assessors/adjusters					
Number of Insurance Companies					
Customer/client awareness					
Other factors (Specify):					

08. Do financial intermediaries have any contribution to the growth of insurance industry in Tanzania?

Strongly disagree	Disagree	Somehow agree	Agree	Strongly agree

09. To what extent do you agree or disagree to each of the following statement on the influence financial intermediaries in using insurance services?

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
High speed of delivery of services					
Insure good negotiation with insurance services					
Accessibility of insurance services					
Requirement of insurance skills					
Other (Please specify)					

10. What other comments can you make about the impact of financial intermediaries on the growth of insurance industry?

.....
.....
.....
.....
.....

Thank You!

Appendix II: Interview guides

1. What is the extent to which financial intermediaries perform their roles on the insurance industry in Tanzania?
2. What are the forms of financial intermediaries used by insurance industry in Tanzania?
3. What are factors that influence the use of financial intermediaries in the insurance industry in Tanzania?
4. What are the challenges facing insurance industry in Tanzania?
5. What are the determinants for the growth of insurance industry in Tanzania?
6. What other comments can you make about the impact of financial intermediaries on the growth of insurance industry?
7. Do financial intermediaries have any contribution to the growth of insurance industry in Tanzania?