

Business Performance and Management of Insurance Industry in Tanzania: A Case of Zanzibar Insurance Corporation

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ABSTRACT

The study was done at Zanzibar Insurance Corporation (ZIC). The general objective was to investigate the performance of ZIC in insurance industry. Specific objectives were: To identify techniques used by Tanzania insurance business organizations to win the available market, to determine issues that are encountered by business organizations to penetrate local market; and to assess the extent problems that encountered by business organizations to penetrate local market. Case study research design was used. Qualitative research approach was used although in few cases quantitative approach was used during table analysis and computation of percentages and a sample consisted 100 respondents and were purposively as well as randomly selected. Interview, observation and documentary analysis as well as interview questions, observation schedule and documentary review schedule were data collection methods and instruments used respectively. Analysis of data was done based on research objectives.

Findings indicated that the technique used included: Ensuring easy access to information, communicating change to customers, rein braising employees, using technology, developing payment agreements with customers and advertisements. Having good performance in-terms of accruing profits and increase in number of customers. Challenges which influenced ZIC included lack of enough money to keep the lights on, technology challenge, investment and economic uncertainty. Recommendations are: The ZIC should make deliberate efforts to design new techniques for ensuring effective business; the government should make improvement in the insurance policy to give much priority to local insurance companies; and other researchers to do similar researches in other organizations with the same characteristics but in different contextual environments.

Keywords: *Insurance, ZIC, Business, Performance.*

Introduction:

The Problem in Broad and Specific Context:

Insurance is an agreement where, for a stipulated payment called the *premium*, one party (the insurer) agrees to pay to the other (the policyholder or his designated beneficiary) a defined amount (the *claim payment* or *benefit*) upon the occurrence of a specific loss.

The defined claim payment amount is explained to be fixed amount or can reimburse all or a part of the loss that occurred and that have been a problem since such situation occurred. (Kiribike, 1980) explains this to contribute to difficulties in insurance business. In the insurance business, the insurer considers the losses

expected for the insurance pool and the potential for variation in order to charge premiums that, in total, will be sufficient to cover all of the projected claim payments for the insurance pool. The premium charged to each of the pool participants is that participant's share of the total premium for the pool. Each premium may be adjusted to reflect any special characteristics of the particular policy and in this case, the larger the policy pool, the more predictable its results. There have been voices from insurance companies owners that during implementation of this, some un-ethical insurance officer used to inflate charges and in-turn destroyed the reputations of the insurance industry.

Despite this, normally, only a small percentage of policyholders suffer losses. Their losses are paid out of the premiums collected from the pool of policyholders. Thus, the entire pool compensates the unfortunate few. Each policyholder exchanges an unknown loss for the payment of a known premium. The pool participant is the policyholder. The payments that the policyholder makes to the insurer are premiums. The insurance contract is the policy. The risk of any unanticipated losses is transferred from the policyholder to the insurer who has the right to specify the rules and conditions for participating in the insurance pool.

The insurer may restrict the particular kinds of losses covered. For example, a *peril* is a potential cause of a loss. Perils may include fires, hurricanes, theft, and heart attack. The insurance policy defines specific perils that are covered, or it covers all perils with certain named exclusions (for example, loss as a result of war or loss of life due to suicide). Hazards are conditions that increase the probability or expected magnitude of a loss. Examples include smoking when considering potential healthcare losses, poor wiring in a house when considering losses due to fires. In summary, an insurance contract have been in shabby situation because of covering a number of issues that include policyholder for economic loss caused by a peril named in the policy.

According to (Kunreuther and Mark 2005), the policyholder pays a known premium to have the insurer guarantee payment for the unknown loss. In this manner, the policyholder transfers the economic risk to the insurance company. Risk, is the variation in potential economic outcomes. It is measured by the variation between possible outcomes and the expected outcome: the greater the standard deviation, the greater the risk. All over the World, insurance organizations to a great extent have been explained to be profit business entities. But the doubts arises from the failure of many insurance companies not to be able to pay timely or completely claims, and hence the essence of this study in broad perspective.

The most obvious benefit of business insurance knows that financial loss arising from liability and property damage will not lead to a business going under. However, there are other benefits as well. For instance, if a business needs to take out a loan or find investors, being able to show that it's properly insured can go a long way toward easing people's minds.

Lenders and investors want to make sure their money is safe, and will likely be unwilling to do business with anyone who doesn't have the right coverage. In general, this have been difficult to put in practice and hence a challenge to business in insurance industry. In light of this, attracting new investors is expected to be much easier with business insurance. This entails a need to employ various techniques to accomplish this.

It was from this perspective: The general objective was to investigate the performance of ZIC in Tanzania insurance industry. Specific objectives were to: Identify techniques used by ZIC to win the market, determine issues encountered by ZIC to penetrate local market; and assess the extent problems that encountered by ZIC to penetrate local market have been solved.

Literature Review:

Theoretical Literature:

The following were theories which guided the study.

Theory which Guided the Study:

Martingale Theory:

As a final example, it seems appropriate to mention one of the dominant ideas of modern probability theory, which at the same time springs directly from the relation of probability to games of chance. Suppose that X_1, X_2, \dots is any stochastic process and, for each $n = 0, 1, \dots, f_n = f_n(X_1, \dots, X_n)$ is a (Borel-measurable) function of the indicated observations. The new stochastic process f_n is called a martingale if $E(f_n | X_1, \dots, X_{n-1}) = f_{n-1}$ for every value of $n > 0$ and all values of X_1, \dots, X_{n-1} . If the sequence of X_s are outcomes in successive trials of a game of chance and f_n is the fortune of a gambler after the n th trial, then the martingale condition says that the game is absolutely fair in the sense that, no matter what the past history of the game, the gambler's conditional expected fortune after one more trial is exactly equal to his present fortune. For example, let $X_0 = x$, and for $n \geq 1$ let X_n equal 1 or -1 according as a coin having probability p of heads and $q = 1 - p$ of tails turns up heads or tails on the n th toss. Let $S_n = X_0 + \dots + X_n$. Then $f_n = S_n - n(p - q)$ and $f_n = (q/p)^{S_n}$ are martingales. One of the basic results of martingale theory is that, if the gambler is free to quit the game at any time using any strategy whatever, provided only that this strategy does not foresee the future, and then the game remains fair.

A particularly beautiful and important result is the martingale convergence theorem, which implies that a nonnegative martingale converges with probability 1 as $n \rightarrow \infty$. This means that, if a gambler's successive fortunes form a (nonnegative) martingale, they cannot continue to fluctuate indefinitely but must approach some limiting value.

Insurance in Broad Perspectives:

Insurance involves pooling funds from many insured entities (known as exposures) to pay for the losses that some may incur. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be *insurable*, the risk insured against must meet certain characteristics in order to be an insurable risk. *Insurance* is a

commercial enterprise and a major part of the financial services industry, but individual entities can also self-insure through saving money for possible future losses.

Insurance reimburses an individual for some or all of a financial loss that is linked to an unpredictable event or risk. This protection is accomplished through a pooling mechanism whereby many individuals who are vulnerable to the particular risk are joined together into a risk pool. Each person pays a small amount of money, known as a premium, into the pool, which is then used to compensate the unfortunate individuals who do actually suffer a loss. Insurance reduces vulnerability by replacing the uncertain prospect of large losses with the certainty of making small, regular premium payments. (Evan, 2006)

Typically, risk coverage is provided through a policy from an insurance company. The extent to which the insurer successfully facilitates coverage (and is able to spread its risk assumptions) is the extent to which the insured can take greater chances and better manage risk exposure. As such, insurance markets are crucial for economic growth and a complementary stimulus to capital market development.

The business insurance globally have been undergoing the evolutionally trend. To better understand and facilitate that insurance process, the Inter-American Development Bank (IDB)—together with the Regional Association of Insurance Companies and the Regional Association of Supervisors provide good example with regard to insurance development in the World. They are co-coordinating policy-oriented research on the insurance industry in the region, targeting the variables and factors that affect its development. A survey of different actors in the market has been carried out to obtain information about perceptions of the industry and its status. This represents the first attempt to systematically analyze the insurance market in Latin America and the Caribbean.

By updating survey results periodically, this IDB-FIDES-ASSAL research effort provided a long-term view of insurance in the region and permit formulation of more accurate and specific policy recommendations. The first step was to spotlight the most important issues for the development of insurance markets in Latin America and the Caribbean. At the end of 2010, insurance markets in the region were relatively underdeveloped and widely divergent, despite evidence of a growing demand for risk coverage by the private sector. Premium volume in Latin America and the Caribbean for life and not-life insurance totalled about 2.5% of regional gross domestic product (GDP) (compared to 8 percent in Europe, 7 percent in Asia, and 9 percent in the United States) and just 1.5% of insurance business worldwide.

Insurance Industry in Tanzania:

The Government of United Republic of Tanzania (URT) established National Insurance Corporation (NIC) with

70% ownership. In 1967 following Government's nationalization policy, all insurance companies were nationalized and reconstituted as a single entity under the insurance 'Vesting' of Interest and Regulations Act, 1967 that established the existing National Insurance Corporation (NIC). Since 1967 to date, National Insurance Corporation (NIC) has remained 100% owned by the United Republic of Tanzania (URT). Until 1997, National Insurance Corporation (NIC) was the sole insurance company registered in the country. In 1997 the "Insurance Act, 1996" was enacted. The Insurance Act paved way for liberalization of insurance business by allowing other players in the market and provided for the formation of Insurance Supervisory Department (ISD) under the Ministry of Finance.

The Ministry of Finance was responsible for the general administration of the Insurance industry in the country. To strengthen the Act, Insurance Regulations were issued in the year 1998. In light of these, since the liberalization of the insurance industry through the Insurance Act No. 18 of 1996, several International insurance companies have been established in Tanzania. The sector, which was previously monopolized by the state owned company (NIC), has attracted several foreign and locally owned companies. Currently there are more than 10 insurance companies and 32 insurance brokers. Nine insurance companies are based in Dar es Salaam; a few of them have established branches in Arusha and Mwanza. The general administration of the insurance industry is under the Insurance Supervisory Department (ISD) in the Ministry of Finance.

Most of the newly licensed insurance operators started business towards the end of the year 1998. Following licensing of new insurance service providers, the market share of National Insurance Corporation (NIC) has been declining (NIC, 2002). The Company's market share of the general insurance business declined from 100% in 1997 to 30% in 2001. The company's share in life insurance class has relatively remained wholly dominated by NIC. Three other Insurance Companies are engaged in life insurance business. NIC market share as at 31st December 2001 was 95% (NIC, 2002). There are five pension funds. The pension funds enjoy specially defined market segments specified in the law establishing them. NIC's reinsurance business is so far negligible. The table below summarize the Insurance companies in Tanzania.

Performance Management in Insurance Companies:

Insurance industry is part of immune and repair systems of an economy. Successful operation of industry sets impetus to other industries and development of the economy. In this regard, performance of an organization is the outcome of activities of individuals and units of the organization. Except for the external influences on individual behaviour and personal traits, organization can either influence or control factors affecting the performance

of individuals and units through forms and informal means (Chakravarti, 2005). Some of the formal means of controlling units' activities are structure, operating manuals, standard operating procedures, charters, and budgets. Greater influence on individuals can be exercised informally through communication, work culture, management styles.

According to (Chakravarti 2005), in effective control over the performance requires insurance companies to operate the organization division and sub divisions. Within each division or sub division, there can be units responsible for separate activities. One satisfactory way of insuring better performance of units is delegation of profit responsibility to units at the lowest possible level. Delegation of profit responsibility for a unit is possibility provided that the unit managers have information and control over the revenues and expenses. Expense budget and setting, well defined objectives ensure cost control and effectiveness of the unit.

Units are emphasized to control the cost of services they charge to corporate office or the other units. Financial, marketing and human resource policies of the corporations influence the unit managers to make decisions that are in the best interest of the company. Output or performance of the insurance company depends on the effectiveness of such policies (Maciariello, 1997). Insurance corporations formulate and revise the policies from time to time to ensure that the performance of managers is in the best interest of the organization.

Empirical Literature:

(Churchil 1997) did a research on motor insurance in London and revealed that there was a great compensation of those involved in motor accidents. Findings indicated that motor insurance policy was clear for immediate payments and that resulted into accident victims to be happy with the policy. In Turkey, a research done by Theophil (2006) revealed that insurance companies (67%) lied on the payments. According to the research findings, much compensation was done un-lawful and that created a big loss to the government. A research done by (Ikupa 2001) revealed that about 13% of existed insurance companies in Tanzania were performing badly due to collapse of business. Findings indicated that insurance business competitions were among major reasons for poor performance. (Anglios 2003) conducted a research on the market preferences in insurance companies and discovered that there was a mis-link between the available market and insurance company owners.

Methodology:

The research was conducted at ZIC and 100 respondents participated and who were both purposively and randomly sampled. Data collection

methods used was interviews, and documentary review. Data collection instruments used was interview questions and documentary review guide.

Collected data was grouped together and similar/different data was identified. This was associated with the reduction of data into meaningful flow of ideas. Then data were put together to form categories which were grouped, frequencies determined and computed into percentages. Content analysis was used to analyse qualitative data.

Findings and Discussion:

Techniques used by Tanzania ZIC to win the Available market:

Table 1 provides a summary of techniques used by ZIC to win the available market.

Table 1: Techniques by ZIC in Insurance Business

Technique	Respondents	Percent
Ensuring easy access to information and quicker service to data	20	20
Communicating change to customers and telling them how they'll benefit	10	10
Rein braising employees	50	5
Using technology	10	10
Developing payment agreements with customers	5	5
Advertisements	15	15
Total	100	100

Source: Field Data, 2017

Table 1 indicates that ZIC used 6 techniques in insurance business. For example, easy access to information was technique mentioned by 20 respondents (20%), changes to customers and telling them the extent they benefited was other techniques mentioned by 10 respondents (10%), rein braising employees was another technique mentioned by 50 respondents (50%) and respondents 10(10%) mentioned technology. Another technique mentioned by 5 respondents (5%) was developing payment agreements with customers and 5 respondents (5%). The table also shows that advertisements of company products were another technique used by Zanzibar insurance company in improving insurance business. It was revealed from the study that ZIC has been ensuring easy access to information by developing a company-wide indexing plan. ZIC management have been searching information which resulted into the provision of different insurance products and services. Researchers conceived this as among reasons of ZIC market expansion in the country and abroad.

The study revealed that the exercise creating an indexing plan for the paper documents that were scanned into electronic repository was participatory. According to 15 respondents (15%), each employee got a chance to disclose the documents which they needed to access. This resulted into quick information dissemination in the company and stakeholders. It was also revealed from the study that ZIC Limited on course of improving the business and ensuring among big competitive insurance company in the insurance industry provided quicker access to data by storing paper files electronically (table 4.3). It was revealed from the study that the company management for a long time have been acknowledging the need to scan and store information electronically. According to the findings from 10 respondents (10%), the company have been adhering to this in order to meet the marketplace changes. This was also found to be true because of all business undertakers are moving toward digital business operations and without doing this, one in insurance business may be in a position of missing a distinct opportunity to get ahead.

This has been vital to ZIC which in its outlook is among big insurance companies in East Africa. This is contrary to small insurance companies which do not have to make a major investment in multiple technologies in order to see dramatic improvements. It was also revealed from the study that the technique used by the company enhanced services that were already strong built on existing customer loyalty that became fragile quickly if competitors gain a reputation for faster or less expensive services. Eight respondents (8%) explained that from underwriters to claims processing staff and agents to adjusters, the permission-based security system provided by ZIC Web-based electronic document management system ensured that the right people have access to all of the information they needed from the company. Findings from documents indicated that the company have been linearly increasing employees' salaries for the past five years in order to make workers cope with country economy changes (Table 2).

Table 2: Salary Remunerations

Years	1995-2000	2001-2005	2006-2010	2011-2014
Salary percentage increase)	5	6.9	20	23.5

Source: ZIC, 2017

Findings indicate for the period of the years 1995-2000, salary increased by 5% and the increase was 6.9% for the years 2001 -2005. For the years 2006 to 20010, salary increase was 20% and for the years 20011 to 2014, the increase was 23.3%. The data indicates a dramatic increase in salary and that is among motivation technique to employees. It was

also revealed from the study that ZIC reimburse employees for mileage rather than providing a company car. Documents indicated that the rate of mileage depended on the worker's managerial position and employment style.

The reimburse employees for mileage was found to be a motivation to workers. ZIC have been providing health insurance allowances to employees instead of offering group health insurance. The respondents (23%) explained that employees' assurance of medical care was a motivation to them at the workplace. According to 10 respondents (10%), the company adopted the technology which has been enabling customers and workers to view company profile and progress at any time and that all branches are centrally organized in communication. It was revealed from the study that communication between software applications enabled the pre-filling of insurance data fields. In due regard, The researcher noted that the adopted technology resulted into the ZIC uniqueness in business rules and reduced manual keying of information and helped staff to locate materials more quickly.

It was revealed from the study that ZIC developed a good system to make sure that customers' claims are settled in appropriate time and the goal was to have a proactive agreement in order to make payment terms very clear. According to 15 respondents (15%) advertisements was a good technique used by the company to improve the business and that the company used number of advertisements such as radio, television, posters and brochures and these extensively marketed ZIC globally.

The Extent ZIC has been Benefiting from Using Marketing Techniques in Business:

According to 34 respondents (34%), creating a well-conceived and thorough indexing plan, the company management conceived that the challenge to convert to digital storage was not too great to engage in. This was especially true in cases where work volumes are already challenging for the existing staff to manage. According to the findings, the techniques paved away the issue of lacking time and resources to dedicate to the insurance business. Consequently, vendors have been offering qualified and experienced services staff who help the company through the conversion and indexing plan process, facilitating discussions, documenting and analyzing the types of files used in the company, making recommendations, and putting the system in place.

Researchers contend that the responses are valid because storing documents and data digitally dramatically increases efficiency. This is also in line with reviewed literature that data which is already stored somewhere electronically; contact information no longer has to be re-keyed or copied for every new form, thus reducing errors. Thus, ZIC have been able to develop configured system which resulted into

consistent and complete records which eventually put an end to costly searches for missing information. According 2 respondents (2%), the technique facilitated the reduction of the cost of printing, and postage as well as paper. Findings indicated that paper production was reserved for copies that were sent to the customer or that were otherwise required to be printed. The respondent (1%) from the management contended that instead of waiting for documents to arrive in the mail for review or processing, workers who have been given the rights to access and view information digitally can conduct a search for everything they need right from the desktop.

It was further revealed from the study that electronic files were also significantly easier to back up in a secondary location than paper files. One respondent highlighted that *'.... In the event of a disaster or other unforeseen circumstances, the ZIC management have been accessing what it needed and to ensure that business continues'*. Based on the above findings, the researchers contend that although creating a digital filing system is just the beginning of what to be done once the information is obtained store it electronically, the ability to provide faster service and timely, accurate information to more customers with the current staff is reason enough to consider it carefully.

Communicating change to customers and telling them how they'll benefit was found to be beneficial to ZIC and customers. It was also revealed from the study that communication to such changes was important because the extensive use of IT in insurance business (for large insurance companies) to some extent involves that the reduction of face-to-face meetings are still prevalent, document imaging does not need to replace human interaction; rather, it can enhance it. In this regard, it was revealed from the study that ZIC was wise to communicate this clearly since customers initially can be reluctant to embrace change. The discussion on this is that as a company insurance whose advantage hinges in large part on customized service, it is important for customers to know that they can still interact with the company however they choose. Yet, it is equally important for them to understand that regardless of which choice they make, they will benefit from quicker and more accurate information; faster and fairer decisions; and their sensitive information will be better protected by the electronic security requirements that you put in place. It was also revealed from the study that the adoption of adoption of ICT system resulted into the strong and properly storage of documents. The discussion on this is that insurance companies that are searching for ways to incorporate all of their corporate information into the storage system should consider products that enable them to archive, search, *manage* and create audit trails for emails, faxes, voice mails, and more.

Researchers contend that although a document imaging system enables a small insurer to push

electronic documents and images quickly wherever they are needed, digital workflow software enables companies to automate tasks in hierarchical order so that work is prioritized appropriately and pushed through the decision-making system as quickly and consistently as possible. Electronic signatures, combined with workflow, bring documents full circle, ending the chase for signatures on reviews, approvals, and denials. Finally, materials that are no longer part of the active document lifecycle can be archived and preserved in an electronic records management or hierarchical storage management system, with instructions to purge documents in accordance with records retention schedules. This helped a company to further facilitate compliance.

It was revealed from the study that providing insurance to employees was a good technique to motivate employees. According to the respondents (10%) medication today is very expensive and workers of low cadre can afford. Findings indicated that the insurance was a solution with regard to medical affordability among workers in the country. Findings indicated that ZIC have been benefiting the employees by putting some money toward their insurance costs. According to 2 respondents (2%) in management, this saved the company money and provided a benefit to employees.

Findings revealed that by integrating the systems and electronically associating the various underwriting, policy admin, and claims documents, executives and managers of ZIC have been a much more thorough overview of the materials that are on files and the work that is being processed within the company. This also improved communication between departments and turnaround was quicker, and everyone benefited. The above response is valid because literature indicates that integration doesn't have to be restricted to any particular area of the company; accounting departments, human resources, and other areas of the business also benefit by assimilating their software systems so they can communicate with an electronic storage repository. Thus, a good document management system provides a solid audit trail of each and every person who accesses a document, image, or record, noting when and where changes are made and actions are taken. On this issue, a researcher is of the opinion that in an atmosphere where strict compliance is king and the insurer sometimes plays the role of humble servant to regulatory requirements, an electronic audit trail leaves nothing in question. When and if anyone on staff tampers with records due to an oversight in the planning of who should be granted access, there remains a clear audit trail, and solid proof rather than speculation.

With regard to the importance of developing payment agreement with customers, the researcher found that the techniques were beneficial to both sides. According to what 2 respondents (2%) revealed, the

payment agreement system resulted into increase in the number of customers who were motivated by the payment system agreement. Documents indicated confirmed that the increase of customers that for the years 2010/11, the increase was 34% and for years 2011/12, 2012/13 and 2013/2014, the increase was 40%, 48% and 50.5% respectively (ZIC, 2015).

It was revealed from the study that advertisement was a tool which many companies and enterprises used to inform prospective customers about their products and services. ZIC used all insurance products they provide to customers contrary to other bid insurance companies which used to present only the best side of product in their advertisements conclusively, advertisement is a good way to present new devices and items from which buyers can benefit. It also helps us in making responsible choices. Therefore buyers obtain good quality products and save money and these have resulted into building the popularity for ZIC.

Challenges Faced ZIC Business Industry:

Five respondents (5%) from this group explained that less budget affected the scheduled activities. They explained that offices from the company headquarters had a task of travelling up country for the purpose of visiting branches as well as establishing new branches. According to the respondents, for the year 2012, the transport budget was cut off by 10% and that doubled in the year 2013. Findings also indicated that the travelling costs were reduced by 30% in the year 2014. This was explained to force the company management to extensively use other communication means such as e-mails. However, this reduced the problem (not solved the problem) because physical visiting of sites is virtually necessary in business. The researcher revealed that the company faced the challenge of permanently getting competent, skill full and knowledgeable staff. The respondent (2%) cited the example that the management faced difficulties of attracting new IT talent. According to the respondent, the originally, Zanzibar Insurance company limited was operating using old mainframe systems.

In light of the above findings the study revealed a problem of retaining skilled specialists. Three respondents (35) explained that in the past, ZIC promoted star specialists to managerial roles as a reward. However, according to the respondent, the company management had discovered these people are great at what they do and felt bogged down in administrative duties.

Researchers also found that the company faced a challenge of sales channels. According to 4 respondents (4%) there is a wind of establishment of insurance companies in the country which are also competing in business with the ZIC. The study revealed that those insurance companies have been eager to grab customers for their benefits. Findings also revealed that the reforms done by the National

Insurance Corporation (NIC) have created a big challenge in the present insurance industry. All of these have resulted into the difficulties with regard to channels of insurance sales. In light of this the study revealed that today, insurance customers don't want to buy insurance the way the insurance companies want to sell it to them.

Despite this challenge, the researcher contends that insurance companies argued deal with this issue because they had promised to give the agents all their business and now they need to sell on the Internet too. It was also revealed from the study that the company was faced with challenge of creating a mobility strategy. Three respondents (3%) from the management said that the whole segments of the insurance buying market want to make premium payments from their phones. According to the respondents (3%), to some extent the ZIC faced a problem of how they want to handle mobility. Findings revealed further that they do better figure it in order to get those payments. It was revealed from the study that the company was facing technology challenge. The respondents (23%) explained that technology played an increasing role in the distribution of insurance products. In this case, it was reported that ZIC management was imperative to keep its technology environments updated to retain their end users. Findings indicated that the adoption of technology enabled the company to keep good insurance data. According to 5 respondents (5%), insurance companies want to use predictive analysis to determine things like when a theft might take place or even be able to price their products properly.

Findings indicated that like other insurance companies in the World, ZIC lived off its investment income, which was routinely eight percent or more. According to the argument provided by 23 respondents (23%), if they took in Tshs one billion in premium, they could pay out Tshs one billion in claims and still operate and profit from the investment income. The respondent (1%) from the management argued that with those days long gone-returns are between one and two percent. Findings also indicated that economic uncertainty was another challenge faced ZIC and that uncertainty investment market coupled with struggling domestic and global economies. It was further revealed from the study at the same time, decreased economic activity and led to fewer high-premium policy sales. On this response, the researcher contends that ZIC have to figure out how to remain profitable by doing a better job of dealing with the changing economy.

Pool optimization was another challenge faced the company and that was revealed by 17% respondents. According to the respondents, in insurance industry optimizing the pool has always been a central challenge for insurance companies (Zanzibar Insurance Corporation Inclusive). Findings indicated that pools become unbalanced if the competition lures

away the low-risk customers with more competitive premium rates. Two respondents (2%) argued that insurers have to do a better job of identifying low-risk customers and retaining them.

Conclusion:

It concluded from the study that insurance companies must adjust to the new environment of lower returns on assets and stricter regulation on everything from capital allocation to commission rates and customer care if they were to effectively survive. In their search for growth, insurance companies are confronted with a shortage of skills, new threats, concerns about operational and reputational risk, and higher consumer expectations. The risks and challenges also represent opportunities for insurers to drive transformation and gain competitive advantage. It is also concluded that Insurance Companies (ZIC inclusive) are supposed to renew customer focus to meet demand of one individual at a time.

In this case, flexibility must be built into all aspects of the insurance business to achieve cost competitiveness. In light of this, regulation could lead to more effective risk management and help bolster stakeholder confidence in the industry. In the case of cost competitiveness this may eventually result into sustaining companies' economic viability customer reach and maximizing potential market opportunity for insurance products and services. In line to conclusion, recommendation are as follows: ZIC to effect innovation on the existing techniques and design new ones for effective and extensive business, Tanzania government to effect improvement in the insurance policy in order to provide much priority to local companies in insurance business and similar research to be done in other local insurance companies.

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