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**RISK AND MITIGATION STRATEGIES BY MICRO AND
SMALL ENTERPRISES IN KENYA:
*A CASE OF MERU COUNTY***

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Introduction

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Background

- Micro and Small Enterprises (MSEs) play important roles in an economy
 - ✓ Employment creation,
 - ✓ Contributes to the Gross Domestic Product
 - ✓ enhances the supply chain of products
- MSEs are faced with challenges/risks, that are both internal and external to the businesses
 - ✓ These challenges/risks hinder growth
- Behavior change of economic agents such as MSE's towards risk and risk mitigation is necessary for both national and insurance sector growth

Objectives

Assess risks MSEs face and establish the measures put in place to mitigate them

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| i. | Establish the risks that MSEs face |
| ii | Assess how the MSEs mitigate the risks they face |
| iii | Determine level of awareness of insurance within the MSE segment |
| iv | Ascertain the challenges faced by MSEs in accessing insurance |



Make recommendations to grow insurance uptake among MSEs

Methodology

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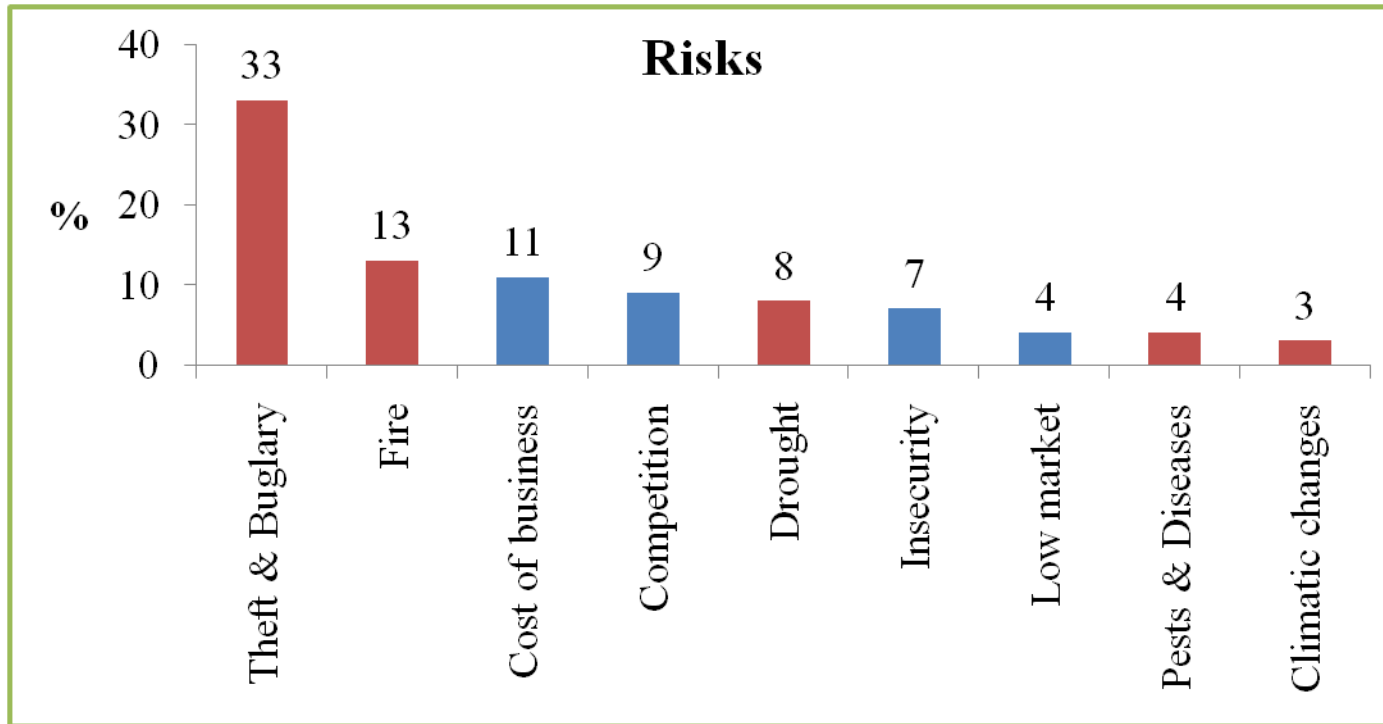
Methodology

- Quantitative research design; purposive sampling for respondent selection
- Target group – MSEs; 223 sampled
- Structured questionnaire - face to face interviews
- Location – Meru County
 - ✓ *Meru, Nkubu, Maua, Timau, Mikindori, Mitunguu, Naari, Kiirua, Githongo, Kathere, Laari, Kianjai and Kangeta.*

Findings

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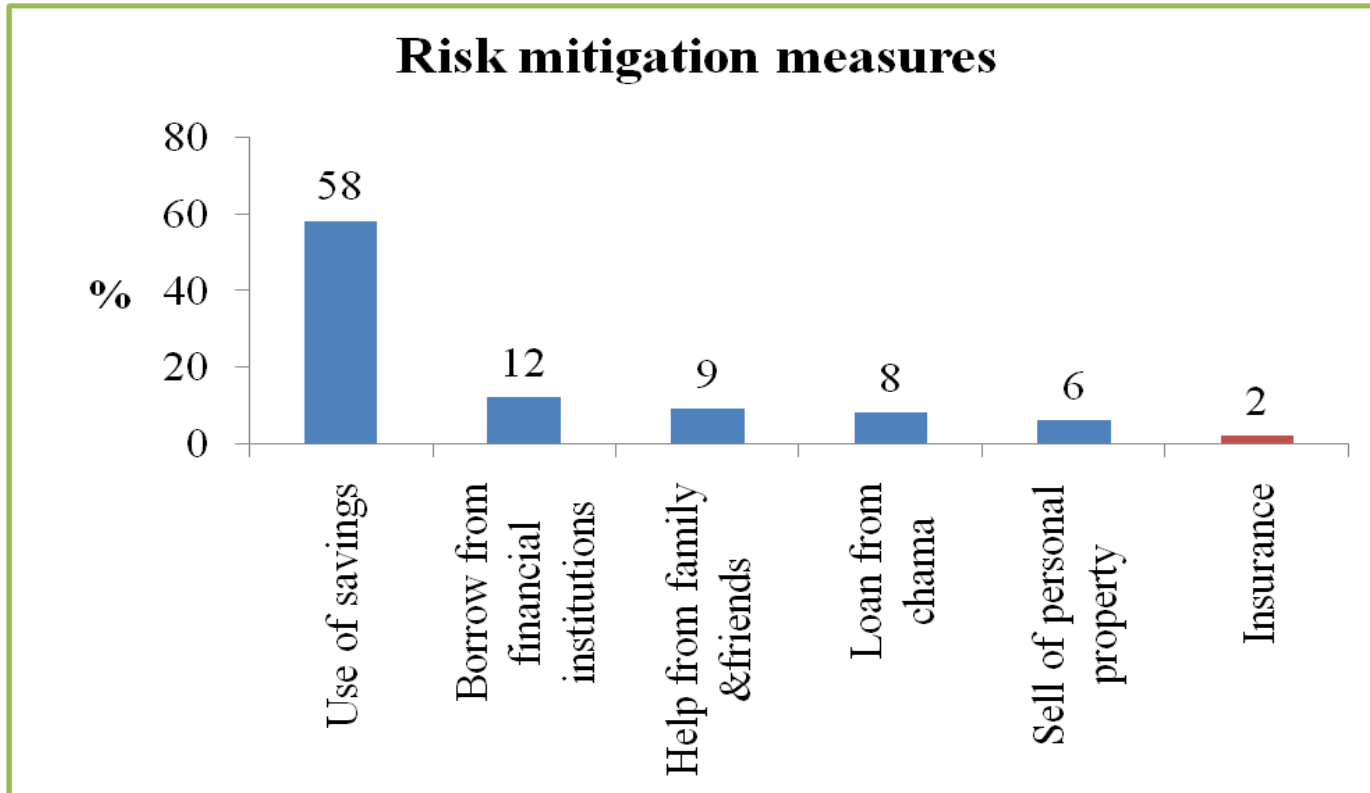
Risks MSEs are Exposed to



■ *Insurable risk*

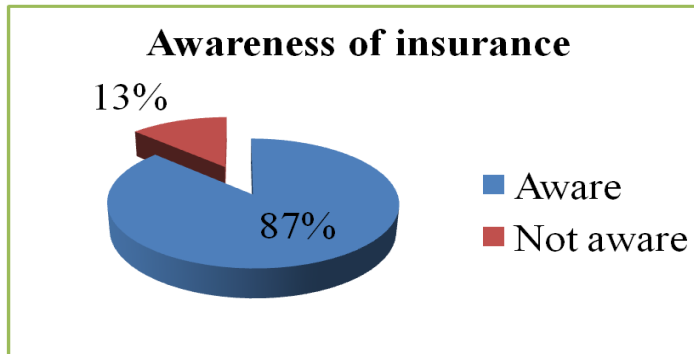
- Main risks : Theft & burglary (33%); fire (13%)

Risk Mitigation Strategies



- Use of insurance to mitigate risk very low, 2%
- Main risk mitigation measure is use of savings (58%)

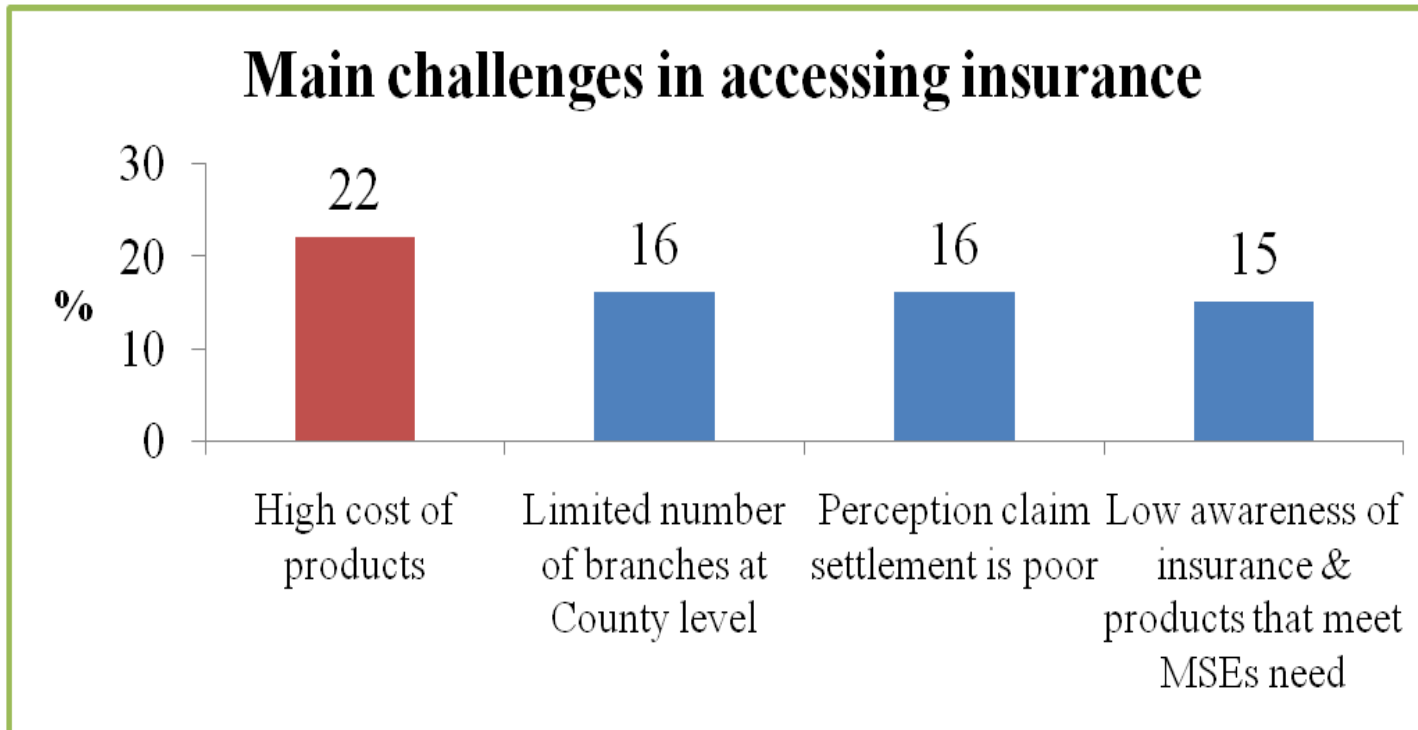
Level of Awareness of Insurance



•Policies aware of:

Medical (62%), motor private(61%), motor commercial (59%), motor PSV (55%), fire domestic (54%), theft/burglary (53%), personal accident (52%), education (50%), pension (50%), fire industrial (48%), funeral (36%), WIBA (31%), savings (31%), investment (30%), agriculture livestock (31%), agriculture crop (30%), liability (29%), annuity (27%), agriculture poultry (26%), and engineering (20%)

Challenges Faced in Accessing Insurance



- The biggest barrier to accessing insurance by MSEs is perceived high cost of products (premiums), 22%

Conclusions

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Conclusions

- MSEs are faced with both insurable and insurable risks
 - ✓ Major insurable risk is theft/ burglary (33%)
 - ✓ Major non-insurable risk is increase in cost of doing business (11%)
- However, MSEs mainly rely on savings (58%) should a risk event occur
 - ✓ Use of insurance is at 2% despite relatively high level of awareness (87%) of insurance in general
- Main barriers to insurance usage by MSEs
 - ✓ Perceived high cost of products (22%)
 - ✓ Limited number of branches at County level (16%)
 - ✓ Negative perception about claims settlement (16%)
 - ✓ Unavailability of products that meet their needs (15%)

Recommendations

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Recommendations

- To increase the use of insurance among MSEs, stakeholders need to:
 - ✓ Continuously educate MSEs on importance of insurance
 - ✓ Continuously educate the MSEs on the available insurance products
 - ✓ Invest in innovation , to develop insurance products tailored to meet consumer needs at affordable premiums
 - ✓ Develop strategies to change the negative perception on claims settlement

