

Abstract

Thirteen years ago, CIC Insurance Group (CIC) was inexorably on the verge of total collapse. The company could not meet the minimum share capital requirements set by the government regulator. Not even the injection of Kes. 90 million (cc. US \$ 1.1 million) grant from the International Cooperative and Mutual Insurance Federation (ICMIF) nor the deployment of international consultants could save the company from the inevitable apocalypse, so it appeared. CIC has its roots in the cooperative movement having been formed by Kenya National Federation of Cooperatives (KNFC) in 1968 as an insurance agency before its registration as insurance company in 1978 operating under the name Co-operative Insurance Services Limited (CIS). The purpose then was to provide insurance and underwrite risk for Kenyan cooperatives. Initial support from cooperatives ensured the insurance company enjoyed rapid growth. However, this was to change for the worse after the company started experiencing difficulties and hardship that were ascribed to inept technical experts, poor corporate governance, and inappropriate business models. The CIC story is a familiar one, especially in Africa where business successes are often few and sparsely dispersed. Readers are more accustomed to tales of failure and misery, high levels of unemployment and hopelessness that ominously stalk the continent with indefatigable zeal. Nonetheless, the CIC story has an interesting twist. After more than a decade tittering on the edge of collapse, the company was able to re-invent and rediscover success. The recovery story is phenomenal, ranked 32nd out of 37 insurance firms in 1999 in Kenya; CIC has been on an exponential growth trajectory and is now one of the leading insurance companies in Kenya. It is in this context that the CIC story – the rise from obscurity to become one of the largest insurance companies in Kenya and a leading micro-insurer in Africa – ought to be told. This case study will serve a number of purposes. Firstly, it will inspire other entrepreneurs to overcome challenges and scale heights as exemplified by CIC Insurance group. Secondly, in spite of the negativity associated with the many African countries, it showcases Kenya as a land of innovation and success. Thirdly, it will provide a pedagogical tool for teaching MBAs and other business students to understand the history and the strategies for success of what is clearly a Kenyan case. This last point is important especially because many of the case studies employed in teaching MBAs in Kenya and many African universities are based on Western businesses, which alienates students from thinking that they could build similar successful businesses in Africa.