MUGAGA TWEHEYO (2009-M101-10011)


This study looked at the relationship between risk management strategies and the financial performance of insurance companies as its broad objective. National insurance corporation Ltd (NIC) was the case study. The specific objective included; how risk mitigation affects the performance of insurance companies, the relationship between risk transfer and the performance of insurance companies, and how risk sharing affects the performance of insurance companies. The researcher used a cross sectional research design, adopted both quantitative and qualitative methods to carry out and get information from the field. The analysis was done using graphs, charts and tables. From the findings, risk mitigation has a significant and positive relationship to the financial performance of insurance companies as it was reflected by the Pearson Product Moment Correlation Coefficient that \( r = 0.41 \ p < 0.01 \) which supports the hypothesis that there is a relationship between risk mitigation and the financial performance of insurance companies. From the findings, it can be generally stated that when the company transfers whole or part of the risk(s), this stimulates the company’s financial performance. Furthermore, the Pearson Product Moment Correlation Coefficient reflected that \( r = 0.52, \ p < 0.01 \). This indicated that there is a significant and positive relationship between risk transfers and the financial performance and thus answers the second hypothesis. Lastly, the findings show that there is a positive and significant relationship between risk sharing and financial performance of the company. In addition, the Pearson Product Moment Correlation Coefficient reflected that \( r =0. 686, \ p < 0.01 \), this supports the hypothesis that risk sharing is related to the financial performance of insurance companies. From the research carried out, it was concluded that risk management strategies have a direct relationship with financial performance of insurance companies. The recommendations included; management should limit on the number of risks, Uganda insurance commission should implement risk sharing in all companies, companies should increase on their asset bases. The suggested areas for further research include; Insurance and Agriculture in Uganda, how insurance companies quantify figures in insurance.

Key words: Risk, Insurance, Management, Company, Performance