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The Effect of Risk Management Practices on Organizational Performance at Prime Insurance Ltd, Rwanda

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Abstract

The purpose of this research dissertation was to examine the effect of Risk management practices on organizational. This research dissertation was guided by the following specific objectives which were to investigate the effect of risk identification on organizational performance at PRIME INSURANCE ltd, to establish the effect of risk assessment on organizational performance at PRIME INSURANCE ltd; to analyze the effect of risk mitigation on organizational performance at PRIME INSURANCE ltd and to investigate the effect of risk monitoring on organizational performance at PRIME INSURANCE ltd. Moral hazard theory; stakeholder theory and theory of optimal capital structure were employed during the current research to enable more understanding the relationship between risk management and performance of indemnification corporations. Explanatory research design was engaged to allow the investigator to come up with understanding into a specific subject. The participants of this research involved 82 respondents of PRIME INSURANCE, located in Rwanda, headquarter Kigali. In this research dissertation, the researcher used a census for small populations as sample size determination, this approach was to use the entire population as the sample. Stratified sampling was involved by dividing the population into subpopulations that may differ in important ways. This research dissertation used both primary and secondary data; for the secondary data, the researcher reviewed books, articles and documents from university library and other libraries in Kigali relate to the risk management and insurance company performance; secondly the researcher used questionnaire as a major source of primary data collection. This research dissertation initially employed the test-retest reliability as a type of answers the question, to determine whether the scores would be stable over time. The correlation coefficient in this research dissertation was measured on a scale that varies from + 1 through 0 to - 1. Complete correlation between two variables were expressed by either + 1 or -1. The findings showed that risk identification had significant impact on performance of PRIME INSURANCE, this was explained by regression analysis of the value of 0.3825 at the probability value less than 0.05. Secondly, there was a positive significant relationship between risk assessment and performance of PRIME insurance, this was explained by the regression analysis of 0.3642 and the probability of less than 0.05. Thirdly, there was a positive and significant relationship between risk mitigation and performance of PRIME, this was explained by the regression analysis of 0.5542 and the probability value less than 0.05 and finally there was a significant relationship between risk monitoring and performance of PRIME

insurance. There was a positive significant relationship between duration establishment and project performance, this was explained by the value of R^2 of 79.2% and the probability of less than 0.05. These findings suggest that, once respected, management of these approaches can have a considerable impact on the success of performance of PRIME insurance.

Key words: *Risk identification, Risk assessment, risk mitigation, risk monitoring, organizational performance*

1. Introduction

Over the previous periods, extra guidelines for insurance firms have been formed. The Creditworthiness (solvency) II command (Directive) has been operated on for the ancient numerous years and will come into consequence in 2016. The question nowadays increases whether guidelines regarding risk management are sufficient to stop difficulties from occurring as we saw in the preceding calamities. There is still no proof that the application of Enterprise Risk Management (ERM) leads to better performance. Globally, clients expect the insurance company to quickly settle claims and to their satisfaction. Due to the high level of customer satisfaction required, a company with a competitive advantage always works towards reducing the time it takes to settle insurance claims which is one way to reduce the number of customer complaints and improve customer service as a way of danger management. There are cases in which an insurance company loses money due to poor assessment of claims and poor reserve management strategies and this shows how the risk management is still a bid issue in insurance companies (Vanguard, 2017).

African Insurance Organizations (AIO), which gearstick about \$69 billion insurance marketplaces, unconfined its primary Africa Insurance Indicator intended at enlightening the transparency. The information pointed out that the central drivers behind the deprived outcomes of insurance businesses in the region of Africa are endorsed to poor risk management carried out. For instance, motor insurance has been valued the most often smallest profitable line of business due to frequent attractiveness of motor insurance. This has led to insurance companies recording low levels of success and high claims price rises (Kusimo, 2016). In Rwanda, the insurance companies are paying claims, yet they still receive complaints from its clients. National Bank of Rwanda (BNR, 2018) contended that an intensification in car accidents in motorized vehicles in Rwanda has been pouring overall profit margins for confidentiality formation. This has been pointed out to poor subcontract risk assessment and management, price protection and high report feces. The figures distributed by National Bank of Rwanda (2018) indicate that Return on Equity altered between -24 percent and 10 percent and the Return on Assets went between -7% to 3% throughout the period in assessment. Though there has been continuous improvement of the above two indicators over the years, 2018 has registered ROE of 10% and ROA of 3%, which are still under the above minimum required by the regulator.

Hereafter, National Bank of Rwanda has planned to sustenance these involvements, in 2016 by delivering an instruction on leading insurance corporate that requirement, among other belongings, insurers to put in place underwriting and pricing guidelines forbidding Insurers to sell insurance on credit (BNR, 2018).

Objective of the study

The general objective of this research dissertation was to examine the effect of Risk management practices on organizational performance in Rwanda using a case of PRIME INSURANCE.

Specific objectives of the study were the following:

- i. To investigate the effect of risk identification on organizational performance at PRIME INSURANCE ltd.
- ii. To establish the effect of risk assessment on organizational performance at PRIME INSURANCE ltd;
- iii. To analyze the effect of risk mitigation on organizational performance at PRIME INSURANCE ltd ;
- iv. To investigate the effect of risk monitoring on organizational performance at PRIME INSURANCE ltd ;

Research hypothesis

The following null hypotheses are advanced and shall be tested in the progression of this research dissertation.

H₀₁: risk identification had no significant effect on organizational performance at PRIME INSURANCE ltd ;

H₀₂: risk assessment had no significant effect on organizational performance at PRIME INSURANCE ltd ;

H₀₃: risk mitigation had no significant effect on organizational performance at PRIME INSURANCE ltd ;

H₀₄: risk monitoring had no significant effect on organizational performance at PRIME INSURANCE ltd;

2. Literature review

This section contained what other researchers have written on risk management and performance of insurance companies. Literature reviews provided a practical guide to a particular topic.

2.1. Theoretical review

Moral hazard theory

An ethical risk may happen where the activities of one party may change to the impediment of another party taking a powerful part in any financial exchanges (Paul Krugman, 2009). Moral hazard happens under information asymmetry through which the higher risk-taker in the transaction has more information about its goals than the other party paying dearly of the risks. Paul Krugman portrayed this as “any circumstance in which one individual settle on the choice about how much risk to take, while the risk is borne by the other party (Paul Krugman, 2009).The insufficient control of moral hazards frequently prompts unnecessary risk and individual taking additional was a recurring theme in the modern financial crisis Wolf (2008) suitably cautions that no other industry yet apart from finance has an equal ability for privatizing additions and mingling misfortunes. Rather than creating value, as per the guaranteed outlook, the acts of financial related designing (organized finance and elective risk exchange), immense influence, forceful bookkeeping and doubtful credit assessment have empowered their professionals to concentrate esteem on a gigantic scale. At whatever point the client cannot viably screen the exercises of his agent, accordingly, the last has a motivating force to build his fiscal earnings to the detriment of the former (Wolf, 2008).

Moral hazard theory will be useful in this research because, the insurance contract forms a basis for the moral hazard regarding the agency model and will show how to integrate incentives, policies to prevent immoral behavior and regular monitoring to enable risk management. However, moral hazard will cause gap to a situation where economic actors make profit-maximizing but inefficient decisions because they are able to avoid costs associated with their conduct.

Stakeholder Theory

Stakeholder theory, was established initially by Freeman (1984) as a decision-making tool, has since progressed into a theory of the firm with great clarifying possible alternative. Stakeholder theory emphases obviously on stability of interested party as the core element of company policy. The greatest encouraging involvement to risk management is the addition of understood contracts theory from engagement to other agreements, comprising sales and financing (Cornell and Shapiro, 1987). In certain industries, particularly high-tech and services, consumer trust in the company being able to continue offering its services in the future can substantially contribute to company value.

This theory is useful to risk management research. It supports to discourse the significance of clienteles trust and financial sorrow costs to insurance corporations. Finally, the theory suggests that smaller firms are more prone to financial problems, which should increase their interest in risk management observes (Smith and Stulz, 2015).

The stakeholder theory will be helpful in the present investigation since it emphasizes the need for risk management in insurance companies and its importance in improving the worth of the company, on the other side is not a single model that identifies the objectives of a corporation, but it also takes economical and ethical questions into consideration. Furthermore, it promotes fairness for everyone involved in the company and gives directors an objective. They must work to benefit the stakeholders. Nevertheless, it does not indicate the influence of risk management on the financial performance and the resulting relationship between the two variables apart from suggesting that risk management leads to growth in company value.

Optimal Capital Structure Theory

According to the theory of Optimal Capital Structure, there is an optimal, finite debt equity ratio, resulting from a trade-off between the expected value of bankruptcy costs and the tax savings associated with the deductibility of awareness expenditures (Kim, 1976). Bankruptcy occurs when the fixed obligations to creditors cannot be met. There are direct and indirect costs related to bankruptcy. Indirect costs relate to opportunity costs resulting from disruptions firm-supplier relationships that are associated with the transfer of ownership or control (Barker, 1976). Warner (1977) and Weiss (1990) give evidence of financial distress and state underline the significance of bankruptcy costs to a business.

This theory offers a significant rationale as to why firms would be engaged in risk management. Stutz (1996) provides further evidence by suggesting that the expected present value of bankruptcy costs will be reflected in a firm's current market value if shareholders view bankruptcy as a real possibility. He further states that a risk management program that cost less eliminates the risk of bankruptcy effectively reduces such costs to zero, thereby increasing the value of the firm. Bankruptcy costs are significant to insurance business in Kenya. Once a company is not able to pay customer claims, the regulator declares it bankrupt and puts it under receivership. Recently, BlueShield Insurance and Concord Insurance were put under receivership due to failure to meet the customer claims.

In this study, the Optimal Capital structure, this theory will give us a precise prediction of the relationship that researcher should observe between the risk of an asset and its expected return. This relationship serves two vital functions. Firstly, it will provide a benchmark rate of return for evaluating possible investments. Secondly, the theory will help us to create a tasteful deduction as to the predictable return on properties that have not yet been merchandised in the open market. The optimal capital structure theory is, therefore, a set of predictions concerning equilibrium between the expected returns on risky assets. It is the relationship between expected return and the risk that is consistent with investors' behavior.

2.2. Empirical review

Risk identification and organizational performance

Francis and Armstrong (2003) investigate the connection of ethics to risk management. They contend that there are compelling reasons for good ethical practice to be an important portion of risk management. They discuss that exploring the relationship of ethics and risk management has significant commercial outcomes.

Rahnamaye *et al.* (2007) believe that risk is a probability of deviation of reported return from expected return that is derived from business objectives. Thus, to increase the efficacy that is frequency of achieving predefined objectives, doing proper management seems necessary. If the consequences of management's behaviors and actions that are normally evident in performance could be identified during decision-making process, then risk management quality would be plausible. Meanwhile one of the salient methods through which consequences of management's behavior can be identified during decision making process is considering innovation. As a result, innovation is very important in risk management. Therefore, from the theoretical perspective, the connection between effective risk management and performance, as representative for functional and practical behavior, about investment in innovation and intellectual capital would be justifiable.

Risk assessment and organizational performance

Andersen (2008) examines the firm-specific venture basis as a reasonable clarification for constructive risk management special effects. As an importance of the firms' specific investment justification, he finds that risk assessment outcomes are related with greater corporate performance. Further he indicates that firms that vary in levels of intellectual capital and investment in innovation also differ in their risk management effects.

De La Rosa (2017) specified that approximately corporations, which have endeavored to appliance risk assessment, have unsuccessful or practiced obstacles that stop the achievement of predictable benefits. The leading origin of these disappointments is the nonexistence of buy-in from senior management and inaccuracy commissions such as audit committees.

Risk mitigation and organizational performance

Using a sample of Chinese firms, Mua *et al.* (2009) examines the effect of risk mitigation over performance of new product development. They focus on technological, organizational, and marketing factors, individually and interactively improve the performance of new product development.

PMI (2016) divided RM steps into risk mitigation, risk identification, a detail plan is produced by the project team on how to approach RM activities during the entirety of the project. The main aim is to inform all stakeholders of the risks and to establish support for and commitment to a clear risk mitigation strategy. This planning step is very crucial for project success and if planning is done extensively and covers the relevant areas, there is less chance of project failure. These steps must be started when project planning is finalized and be completed before project initiation.

In the risk control, mitigation, the risk response plan is executed, new risks are identified, identified risks are tracked, residual risks are observed, and risk process effectiveness is evaluated throughout the project life cycle. The benefit of this process is to enhance the efficiency of the risk management approach in the project timeline. Various techniques, such as risk assessment, risk auditing, variance and trend analysis, technical performance measurement and reserve analysis are used to carry out this step (PMBOK, 2016).

Risk monitoring and organizational performance

Risk monitoring is the first step in the process of risk management as one would want to know source of risk once it has occurred. Methods used in identifying risks are tools used to optimize opportunities of knowing hazards inherent in certain systems, facilities or products and the tools are categorized in broad headings of inductive, deductive or intuitive methods. Once a framework for identifying risks has been put in place, methods are now used in different products, organizations, systems or situations. Once an insurance company has identified and known how small or large a risk is, it sets up a premium that a client would pay in future in case he transfers it to the company (Ndwiga, *et al.*, 2012).

According to Vaughan and Vaughan (2018), risk control is the process of minimizing or reducing the frequency of the firm's exposure to uncertainty using least possible cost and suggests the following risk control techniques: Risk reduction which involves measures used to minimize the chances of a loss to occur and risk avoidance which involves decisions made not to accept a risk in situations where the potential gain is less than the potential loss as a result of high claims ratio.

Risk monitoring is the last step in the process of risk management and is the most important duty done by risk managers as it involves frequent contact with clients who see managers as problem solvers and trusted advisors (Ndwiga, *et al.*, 2012). It is the process that helps managers discover problems which have occurred in systems early in time though the last step in risk management process. When an appropriate risk monitoring strategy is adopted, it means that appropriate product pricing in line with estimated risk is achieved which in turn affects profitability (Saunders & Allen, 2017). According to Soyemi, *et al.*, (2014), risk managers should put in place a working management information system to help monitor levels of risk and facilitate timely review of positions of risk plus their exceptions. After risk monitoring, control should be done through setting standards, policies and procedures that define both authority and responsibility. This ensures that exposure to risks is minimized.

Risk management and organizational performance

Organizations or companies try to form alliances with other partners on a single project, in order to improve its efficiency and success. Every business function is associated with risk, and this risk can affect the business to a large extent. Besides that, due to the advancement of technology, companies' expectations of projects have increased significantly. This greater expectation brings additional challenges and as the project becomes more complex, the probability of exposure to risk also increases. This project complexity is the most crucial factor which significantly increases the likelihood of facing risk during the project. Thus, maintaining and efficiently utilising a proper RM system increases the probability of the project's success (Acharyya, 2018).

However, without proper evaluation of RM, an organization is unable to track the progress of the risk mitigation, which in turn can contribute to a project unsuccessfulness. Thus, it is very crucial to identify the risks, a proper way to manage them and finally, effectively measure management performance properly during a project. It is important that both RM and measurement of RM performance are linked together in any complex project.

3. Research methodology

This section dealt with the methods and approach to be used to obtain data and information from the field. Research methodology was used to fulfill the objectives of the study and give reasons why data was collected, from where data were collected, and how data were gathered and evaluated.

3.1. Research design

This study employed explanatory research design; the explanatory research design allowed the researcher to come up with understanding into a specific subject, which gives delivery to more subjects and provided more opportunities for the researcher to study new things and made the researcher determine how and why risk management practices happen and effect of organizational performance.

3.2. Population and sample size of the research

The population of this research involved 82 population of PRIME INSURANCE Ltd including board of directors; senior managers, managers and staff, located in Rwanda, headquarter Kigali.

In this research the researcher used a survey for slight populations as sample size determination, this research dissertation used the whole population as the sample. Thus, the same population was used as it is less than 100 respondents.

Sampling techniques of this research was stratified sampling technique, stratified sampling was involved by dividing the population into sub-populations that may differ in important ways. It allowed the researcher to draw more precise conclusions by ensuring that every subgroup is properly represented in the sample. To practice this sampling technique, investigator shared the population into subcategories (called strata) constructed on the relevant characteristic.

3.3. Data collection procedures

The study used both primary and secondary data; for the secondary data, the researcher reviewed books, articles and documents from university library and other libraries in Kigali relate to the risk management and organizational performance; secondly the researcher used questionnaire as a major source of primary data collection.

3.4. Data analysis

Data Analysis involved activities and approaches that were accomplished on information that collected, data analysis helped to designate proofs, detect patterns, develop clarifications and test suppositions or hypothesis. The collected raw data was inspected to ensure it is complete and accurate. Questionnaires was organized and classified according to the study objectives. Qualitative data were classified and coded into themes and concepts for analysis based on objectives of the study. This study employed Karl Pearson's coefficient of correlation. The Karl Pearson's coefficient of correlation is a method which was used for measuring the degree of relationship between two variables. Since the symbol used to identify Pearson's Correlation Coefficient is a lower case "r", it is often called "Pearson's r".

4. Research findings

This chapter presents data analysis, findings, and discussion on registered insurers' risk management techniques and performance.

Table 1: The correlations between financial risk practices and organizational performance.

		Risk management practices	Performance of PRIME insurance
Risk management practices	Pearson correlation	1.00	.76521**
	Sig (2-tailed)	.	.000
	N	82	82
Organizational performance	Pearson correlation	.76521	1.00
	Sig (2-tailed)	.000	.
	N	82	82

(Source: Author’s calculations,2023)

** . Correlation is significant at the 0.01 level (2-detailed)

From the table above, findings show a strong significant positive relationship between the variables ($r=0.76521^{**}$, $p>0.01$) which presupposes that if the risk management practices were maintained properly, the performance of PRIME insurance would be increased by 76.52%. Therefore 23.47% is the gap that needs to be filled by performance and this is majorly due to short falls of risk management in the organization performance. This has been linked to the benefits of risk management practices while maintaining the benefits of performance of PRIME insurance available anytime to aid management make decisions (Lancouch,2003). Therefore, there existed a positive correlation between risk management and performance of PRIME insurance in Rwanda.

Table 2: Summary of Correlation

Pearson correlation	Y	X1	X2	X3	X4
Organizational performance Y	1	0.3825**	0.3642**	0.5542**	0.3142**
	82	0.00	0.000	0.000	0.000
Risk identification X1	0.3825**	1	0.1425*	0.3792*	0.1425*
	0.000		0.000	0.000	0.000
	82	82	82	82	82
Risk assessment X2	0.3642**	0.23510**	1	0.43604**	0.3584
	0.000	0.000		0.000	0.000
	82	0.0426**	82	82	0.0426**
Risk mitigation X3	0.5542**	-0.0563**	0.2637*	1	0.4682**
	0.000	0.000	0.000		0.00
	82	82	82	82	82
Risk monitoring	0.5821**	-0.671**	0.2351*	0.4954**	1
	0.000	0.000	0.000		0.00
	82	82	82	82	82

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Key 1: organizational performance

Key 2- Risk identification

Key 3-Risk assessment

Key 4- Risk mitigation

Key 5- Risk monitoring

Results in Table 2 revealed that there was a positive between risk and organizational performance this was explained by the value of 0.3825 at the probability value less than 0.05, this implies that a unit increase of risk identification of 38.25% on organizational performance. Secondly, there was a positive significant relationship between risk assessment ration and organizational performance, this was explained by the correlation analysis of 0.3642 and the probability of less than 0.05. This implies that a unit increase in risk assessment increases organizational performance 36.42%.

Thirdly, there was a positive and significant relationship between risk mitigation and organizational performance this was explained by the correlation analysis of 0.5542 and the probability value less than 0.05. This implies a unit of risk mitigation increase organizational performance by 55.42%.

Lastly, there was a positive and significant relationship between risk monitoring and organizational performance, this was explained by the correlation analysis of 0.5821 and the probability value less than 0.05. This implies a unit of risk monitoring increase organizational performance by 58.21%.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.79248a	0.6640	0.604	0.86281

Source:(Author’s calculations,2022)

a Predictors: (Constant), risk identification, risk assessment, risk mitigation and risk monitoring

The model summary Table 3 shows the coefficient of determination which shows the model explanatory power. An R squared of 0.6640 shows that 66.4% of the changes in organizational performance can be jointly explained by risk identification, risk assessment, risk mitigation and risk monitoring and 33.6% were explained by other factors that were no mentioned in the model.

Table 4: Results from ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	592.944	4	148.236	2.944	0.024
1 Residual	5136.720	77	50.360		
Total	5729.664	81			

Predictors: (Constant), risk identification, risk assessment, risk mitigation and risk monitoring

b. Dependent Variable: performance of PRIME INSURANCE

Table 5: Regression Coefficients for risk management practices and organizational performance

	B	Std. Error	t	Sig.
(Constant)	0.411	0.739	3.288	0.000
Risk identification	0.540	0.595	1.758	0.005
Risk assessment	0.754	0.613	2.741	0.000
Risk mitigation	0.852	0.329	5.642	0.003
Risk monitoring	0.317	0.514	2.127	0.016

Predictors: (Constant),

Dependent Variable: organizational performance

Discussion of Findings

Findings from the research have shown that PRIME INSURANCE existed for a more extended period with extensive branch networks across the country. As per the study, PRIME INSURANCE had implemented various RMPs to try and control the adverse effects due to unforeseen and extreme risks that could impact the firms negatively. Being large firms with international affiliations, it was of economic logic that such firms adopt all- inclusive RMPs. Thus, they can eliminate undesired outcomes that could lead to losses, hence improved performance.

Regarding various RMPs embraced by the insurers, the study established that risk monitoring impacted the performance of PRIME INSURANCE the most, followed by risk mitigation, risk assessment and lastly, risk identification in that sequence.

At a 5% significance level and 95% confidence level, all independent variables (risk identification, risk assessment, risk mitigation, and risk monitoring/control) significantly influenced the performance of PRIME INSURANCE This study finding conflicts the previous research outcome by Omasete (2014), whose study results established risk identification to impact the financial performance of registered insurers the most but are consistent in terms of the overall impact of RMPs on the performance of the underwriting firms. This implies that possible restructuring in the industry could have led to the conflicting results.

The research established risk monitoring to be highly substantial in influencing PRIME INSURANCE followed by threat mitigation, identification, and assessment in that sequence. Ideally, the study finding conforms to the RMPs as monitoring technique assists in highlighting whether strategies being implemented by the firm are real or not. In addition, risk monitoring can influence organizational RMPs as it can heighten new risk identification. The statistic that risk valuation and risk identification rated last in impacting organizational performance could signify that firms can fail to evaluate and identify threats but still implement mechanisms to mitigate such risks. If Insurance firms well adopt RMPs, then they can realize paybacks like better performance. The concept is suitable for insurers as all do not have the technical aptitude for identifying besides assessing the magnitude of threats. Broadly, the findings imply that insurance firms should strive to implement all- inclusive RMPs rather than selective risk management techniques to help eliminate uncertainties from different causes that could hinder performance.

Regarding the various theories anchoring the study, the research established that the approaches converge with the findings as RMPs vary considerably within firms in the industry under the Contingency Theory Internal and external environments wereshown to contribute several risks

that influence RMPs and firms' performance, thus applying the Open Systems Theory. On the other hand, it was established that the insurers receive pressure from the environment, especially from the regulator, causing reactions as they strive to remain relevant and competitive hence the institutional theory.

The research further established that the implementation of RMPs had a substantial influence on the performance of PRIME INSURANCE in RWANDA. The interpretation could mean that firms with all-inclusive RMPs could remain in operation for long without going under receivership than those with selective risk management plans. The research outcome confirms with preliminary empirical analysis by Ernst and Young (2012). Their findings revealed that firms with better established RMPs out did their equals, thus generating higher growth in terms of performance. Equally, the study results are consistent with the research outcome by Waweru and Kisaka (2011), whose study results discovered an affirmative correlation between the degree of ERM implementation and company value.

5. Conclusion

The findings derived from the study underscored the prospective impact that RMPs hold on the performance of the insurers in Rwanda. The results of the study led to the following deductions; With regards to RMPs, the research concluded that risk monitoring control and mitigation of risk substantially impact PRIME INSURANCE. Therefore, risk monitoring can be the center stage of any insurance firm's risk management plan as it helps identify any emerging risk. Likewise, risk mitigation is fundamental to reduce its influence on the company's general performance in the long run. The study findings also validate that all the four RMPs were of great significance in impacting OP. Thus, the study concludes that the underwriters need to implement an all-inclusive RMPs approach in their comprehensive plans of managing risks, including the practices that were advanced by this study to appreciate the full potential of their threat management techniques.

6. Recommendations

The following recommendations are proposed under this research. First, the underwriting firms should consider and re-evaluate all-inclusive RMPs to reduce the adverse impact on the insurers' performance. The process ought to incorporate risk management techniques that were established to have insignificant impact on the underwriting firms' performances since they greatly interact with each other.

In addition, the research has linked enhanced performance by the insurers to adequate risk management techniques. Thus, recommends that the insurers' managements should put in place proper frameworks for managing risks that can help detect and respond effectively to emerging risks in the firms. Furthermore, the firms should improve on systems that monitors performance and protects information to minimize the influence of risks that could hinder performance in the industry.

According to the research findings, risk mitigation was established to influence significantly performance of PRIME insurance. Hence, the research recommends that senior managers of underwriting firms promote innovative ways to implement fi through enhanced management practices such as artificial intelligence systems to capture real-life information on RMPs. Thus, guide insurance firms to adopt effective RMPs as a precursor to enhanced performance hence putting them on a sustainability path.

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