

Product Innovation and Financial Performance of Health Insurance Firms in Kenya: A Case of Jubilee Health Insurance Limited

Authors

Gideon Bii ⁽¹⁾; Beatrice Ombaka ⁽²⁾

Main author's email: gidibii08@gmail.com

(1) Daystar University, Kenya; (2) Karatina University, Kenya.

Cite this article in APA

Bii, G., & Ombaka, B. (2026). Product innovation and financial performance of health insurance firms in Kenya: A case of Jubilee Health Insurance Limited. *Journal of education management and leadership*, 5(1), 97–112. <https://doi.org/10.51317/jeml.v5i1.1002>



A publication of Edition Consortium Publishing (online)

Article history

Received: 2026-03-13

Accepted: 2026-04-16

Published: 2026-05-29

Scan this QR to read the paper online



Copyright: ©2026 by the author(s). This article is an Open Access article distributed under the terms and conditions of the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (CC BY-NC-SA 4.0).



Abstract

The purpose of this study was to examine the effects of product innovation strategies on the financial performance of health insurance firms in Kenya, with a focus on Jubilee Health Insurance Limited. Anchored on Dynamic Capabilities Theory and Resource-Based View, the study employed a descriptive survey design. Given the population size, a census survey was conducted among the 75 managers, supervisors, and assistants at Jubilee Insurance, Nairobi headquarters. The census survey ensured the credibility and representativeness of the study findings. These respondents were selected because they had knowledge of the company's products and would provide reliable responses. Data were collected using a semi-structured questionnaire and analysed using descriptive and inferential statistics. The results showed that product innovation strategies had a statistically significant positive effect on financial performance ($R^2 = 0.351$, $\beta = 0.592$, $p < 0.05$). The findings suggest that investment in innovative health insurance products enhances profitability. The study concludes that strategic alignment between innovation is key to financial sustainability in Kenya's health insurance sector. The study recommends that policymakers and insurers integrate digital transformation and customer-centric innovation within compliance frameworks to promote universal health access (SDG 3), sustainable growth (SDG 8), and innovation (SDG 9). Policy makers should review regulatory frameworks to streamline product approval processes and allow flexibility in pricing and product adjustments without compromising consumer protection.

Key terms: Insurance firms, organisational performance, product innovation.

1.0 INTRODUCTION

This study examines the effect of product innovation strategies on the financial performance of health insurance firms in Kenya, focusing on Jubilee Health Insurance Limited. Product innovation remains a crucial strategy for firms to differentiate offerings, attract new customers and improve financial performance (Momanyi, 2023). Financial performance is a firm's ability to generate economic value through its core operations, typically measured by profitability, efficiency, liquidity, and solvency metrics. The relationship between product innovation and companies' financial performance has become a critical area of focus in finance and strategic management. Effective product innovation is crucial for firms to maintain competitiveness and achieve superior financial outcomes (Anoke et al., 2023).

In Kenya, the health insurance sector is undergoing a significant transformation driven by regulatory reforms, digitalisation, and rising consumer expectations (Muthulakshmi & Muthumoni, 2023). Despite increased adoption of diverse product innovation approaches by health insurers in Kenya, challenges persist in achieving consistent financial performance. The financial performance of health insurance firms is a multi-faceted construct that can be evaluated through various indicators such as loss ratios, net profits, and underwritten premiums. Such indicators reflect how effectively these companies manage claims, assess risks, and optimise their operational efficiencies in light of regulatory requirements (Morara & Sibindi, 2021; Gunawardhane, 2022). Additionally, the dynamic nature of this industry necessitates a comprehensive understanding of how product innovation strategies can directly influence financial metrics, as demonstrated by empirical evidence supporting the correlation between tailored product offerings and improved profitability (Morara & Sibindi, 2021; Anoke et al., 2023).

Product innovation is a fundamental driver of competitiveness and sustainability within the private health insurance sector. According to Insurance Europe (2016), the 4.5 per cent increase in premium growth recorded in 2014 was attributed to insurers' strategic product diversification, operational efficiency reflected in lower loss ratios, and strong financial ratios. Turkey, for instance, recorded an insurance penetration rate of 9.3 per cent, outperforming Latvia's 4.6 per cent and Iceland's 2 per cent, underscoring the influence of innovative product development and sound market positioning. Similarly, AIB Capital Research Centre (2018) identified customer satisfaction, evolving consumer expectations, and slow product innovation as key challenges facing African insurers.

Jubilee Health Insurance Limited is a leading private health insurer in Kenya and a subsidiary of Jubilee Holdings Limited (JHL), the largest insurance and financial services group in East Africa. Jubilee Health Insurance Limited has strategically positioned itself as an innovation leader in the regional health insurance market through the continuous development of customised medical insurance products. Kiarie & Lewa (2019) stated that as Jubilee Insurance navigates the complexities of product development in a challenging insurance environment, it must consistently leverage innovations and enhancements in its product offerings to maintain relevance and financial durability in a continually evolving market.

The insurance industry plays a pivotal role in global and national economic growth by providing financial security, mobilising savings, and enabling risk transfer across sectors (Andrieş & Căpraru, 2014). Through underwriting and capital investment, insurers support business continuity and economic stability. However, despite this critical role, the insurance sector continues to experience significant challenges in financial performance and customer satisfaction. The Insurance Regulatory Authority (IRA, 2019) reported a 5 per

cent increase in consumer complaints, from 2,126 in 2017 to 2,233 in 2018, citing issues such as delayed claims settlement, limited product innovation, incorrect premium deductions, and poor service delivery. Kenya's insurance penetration rate has remained persistently low, declining from 3.44 per cent in 2013 to 2.93 per cent in 2014, and hovering around 2.3 –2.4 per cent between 2022 and 2024, despite increased product diversification and digital adoption (AKI, 2014; Cytonn, 2024). This figure remains well below the global average of 7 per cent (NCBA Investment Bank, 2024). The sector's performance lags behind other financial industries such as banking and telecommunications, which continue to record higher profitability. Structural inefficiencies, low consumer awareness, negative perceptions of insurance, limited affordability, and price undercutting among insurers have been cited as persistent barriers (IRA, 2023).

Notably, recent reports highlight that while Kenya's insurance industry expanded its gross written premiums (GWP) by 18.5 per cent in 2021 and 13 per cent in 2023, profitability remains volatile. General insurance firms reported a net underwriting loss of KES 6.34 billion in 2021, up from KES 1.18 billion in 2020 (IRA, 2021). Similarly, health insurers have struggled with high loss ratios averaging 72 per cent and increasing claim costs. In contrast, Jubilee Health Insurance Limited has demonstrated resilience through innovative product development.

The firm's 2024 financial report recorded a 142 per cent surge in profit before tax to KES 1.22 billion, with net profit rising to KES 910 million, up from KES 438 million in 2023, and gross written premiums increasing to KES 13.94 billion. This is attributed to the development of innovative and segmented health insurance products such as J-Care and Jubilee Afya, which integrate technology and preventive health solutions. This illustrates a direct link between product innovation and improved financial performance metrics such as profitability, underwriting efficiency, and premium growth. However, these successes remain limited to a few large insurers, suggesting a broader industry gap in adopting data-driven, customer-oriented product strategies. Despite these impressive gains, such growth remains isolated among a few large players, indicating uneven innovation adoption across the sector.

While prior studies have demonstrated the importance of strategic management in shaping firm performance (Abongo et al., 2018; Lee, 2017), limited attention has been given to how product innovation, improvement, and customisation influence financial outcomes such as loss ratios, net profits, and underwritten premiums. Product diversification has been shown to optimise costs and expand market reach, but there remains a substantial empirical gap regarding how these strategies directly translate into measurable financial success within Kenya's health insurance sector (Kamau et al., 2021).

Moreover, Kenya's insurance regulatory framework, anchored by the Insurance Regulatory Authority (IRA), plays a critical moderating role in shaping product design, solvency, and market conduct. These regulations influence not only how new products are developed and approved but also the extent to which they contribute to sustainable profitability (Makau & Okeyo, 2021). Although existing literature has recognised the role of regulation in promoting operational discipline and stability, it often generalises across industries, overlooking the unique strategic challenges faced by private health insurers, who must balance compliance with the need for agile product innovation.

Prior studies have focused on broad strategic management practices, overlooking how distinct product innovations shape financial outcomes. Using Jubilee Health Insurance Limited as a case study offers critical insight into how private health insurers can design and manage products that balance innovation,

compliance, and profitability. Therefore, this study examined the effect of product innovation strategies on the financial performance of health insurance firms in Kenya, focusing on Jubilee Health Insurance Limited. By examining the impact of product innovation strategies on the financial performance of Jubilee Health Insurance Limited, this study could help improve the performance of insurance companies in Kenya. Further, the study's findings could inform policymakers in developing policies that allow for pricing and product flexibility without compromising consumer protection.

The remainder of this paper is structured as follows: The next section discusses empirical literature on product innovation and financial performance that leads to the development of the conceptual framework. Next, we discuss the theories that anchor the study. The methodology section discusses the research design, the population, the sampling method, and the data analysis techniques employed. Lastly, the results are presented and discussed. The paper concludes with recommendations.

2.0 LITERATURE REVIEW

Product Innovation Strategies and Financial Performance

In today's dynamic and competitive business environment, organisations across sectors are constantly seeking ways to adapt, innovate, and meet the evolving needs of their customers (Kisuya et al., 2023). This drive for relevance and growth has led firms across industries such as manufacturing, technology, and consumer services to explore strategies to enhance their product deliveries, improve customer satisfaction, and maintain market leadership. Approaches such as introducing new features, refining existing solutions, or tailoring services to specific market segments have become essential for sustaining competitiveness (Dangelico, 2015). In the insurance industry, these strategies are equally critical as firms respond to shifting consumer expectations, regulatory changes, and emerging risks. Insurers now adopt structured approaches such as product innovation, product improvement, and product customisation to develop solutions that address contemporary needs, improve service delivery, and strengthen their financial performance (Molem et al., 2024). The decision to focus on product innovation, product improvement, and product customisation as key dimensions of product development strategies is informed by their broad applicability and strategic importance across industries, including insurance. These three components capture the core avenues through which firms can respond to market dynamics, enhance customer value, and differentiate themselves from competitors.

Health insurance firms are increasingly recognising the significance of product innovation in driving financial performance. Research by Paminto et al. (2023) highlights the profound influence of innovation dynamics on insurance firms' performance. Their study utilised a quantitative research method and a cross-sectional design with a sample of 200 insurance firms globally. They employed regression analysis to identify that larger companies tend to be more resilient to market challenges, including crises such as the COVID-19 pandemic, through various forms of innovation. The critical finding was that the interaction between company size and COVID-19 impact was significantly correlated, indicating that funding for product innovation can be more effectively allocated to larger companies to enhance financial performance (Paminto et al., 2023). The study revealed a statistically significant outcome ($R^2=0.621$, $p<0.05$), with mobile platforms and AI-based systems being major contributors to improved claim efficiency and customer satisfaction. The current study addresses the contextual gap by examining how crisis environments expose the vulnerabilities of smaller firms and emphasising the need for robust product development strategies. Furthermore, this study generalised across the broader insurance industry rather than isolating health insurance firms.

Moreover, the study by Desikan & Devi (2021) explored digital transformation as a core component of product innovation. They adopted a multiple-case study approach, analysing four insurance companies in India, with a total sample of 160 employees involved in product development. Their findings indicate a strong positive correlation ($r=0.47$, $p=0.003$) between the adoption of AI technologies in underwriting processes and overall business performance, suggesting that innovative product design significantly boosts financial outcomes. The study provides insights into operational efficiencies enabled by technology, emphasising the importance of integrating emerging technologies to gain a competitive advantage. This study underscores the methodological gap in investigating technology's role in enriching product innovation among medical insurers.

Ngure et al. (2017) investigated the effect of product innovations on the financial performance of SACCOs in Kenya. The study adopted a cross-sectional descriptive survey research design. The target population was 60 SACCOs registered by SASRA to operate in Kirinyaga County. A stratified simple random sampling technique was used to obtain the sample size of fifty-two SACCOs for the study. Primary data was collected using self-administered questionnaires. The study found that product innovations were positively correlated with financial performance. While the study focused on Saccos, the current study is a case of Jubilee Insurance, Nairobi headquarters.

Tonui et al. (2020) conducted a study to examine the effects of product and service innovations on the financial performance of commercial banks in Kenya. The 40 commercial banks were the study's population, in operation in Kenya as of December, 2017. Both primary and secondary data were used in the study. An explanatory research design was used. Regression analysis was used to examine the relationship between the dependent and independent variables. The study found a positive relationship between adopting bank innovations and bank financial performance in Kenya. While the study focused on product and service innovations in banks, this study focuses on product innovation at the Jubilee Health Insurance headquarters in Nairobi.

Theoretical Framework

Dynamic Capabilities Theory

Dynamic Capabilities Theory, primarily associated with David Teece, was formally articulated in the early 1990s and has since evolved into a robust framework for understanding how organisations develop and leverage their capabilities to achieve competitive advantage in rapidly changing environments. The essence of the theory lies in the notion that firms must not only possess static resources but also develop the capacity to integrate, build, and reconfigure these resources in response to market dynamics and technological advancements (Teece, 2018; Xin et al., 2020).

This theory is particularly relevant in understanding how organisations, such as health insurance firms, develop and implement product development strategies, namely product innovation, improvement, and customisation, to achieve sustainable financial performance. It conceptualises capabilities as the firm's capacity to purposefully adapt its resource base, especially through learning, strategic integration, and transformation (Teece, 2018). In the context of this study, product development strategies represented dynamic capabilities that allow firms to innovate and adapt their offerings, thereby influencing their financial performance in terms of net profit, loss ratio, and underwritten premiums. The theory also aligned with the study's objective, particularly in evaluating how strategic responses such as customisation and innovation contribute to firm competitiveness.

For instance, the impact of product innovation on financial performance can be framed within the dynamic capability lens, which emphasises firms' ability to "sense" market needs and "seize" opportunities through innovative product offerings (Oliva et al., 2019). The dynamic capabilities framework elucidates how these strategic initiatives not only contribute to immediate financial success but also pave the way for sustained competitiveness amid the regulatory constraints posed by the IRA, thereby fulfilling the study's objective.

However, while the dynamic capabilities theory offers a comprehensive view of how organisations can enhance their performance through strategic agility, there exists critical literature that challenges its completeness. For instance, the theory may overlook the complexities introduced by global market dynamics and the rapid pace of technological change, which have profound implications for product development strategies. Furthermore, several authors argue that the theory does not adequately account for the role of organisational culture and institutional factors in shaping dynamic capabilities, thus leaving a gap in understanding how different variables interact within specific industry contexts (Fatoki, 2021). These theoretical inconsistencies raise important questions about the applicability of dynamic capabilities in less stable industries, such as health insurance in Kenya. Addressing these gaps was crucial, as it not only enhanced theoretical understanding but also informed practical applications in policy-making and organisational strategy, particularly in a rapidly evolving digital landscape where innovation is essential for survival and success (Zhang, 2024).

Resource-Based View (RBV)

The Resource-Based View (RBV), first articulated by Jay Barney in 1991, emphasises that a firm's resources and capabilities are crucial determinants of its performance (Shu et al., 2019). The theory posits that for resources to confer a sustained competitive advantage, they must be valuable, rare, imperfectly imitable, and non-substitutable. When applied to product innovation strategies in health insurance firms, RBV provides a framework for analysing how unique resources, such as proprietary technology for product innovation or specialised human capital, can enhance financial performance.

Numerous scholars have further explored the implications of the RBV for product innovation and financial performance. For example, Kamau et al. (2021) highlight that the successful implementation of product innovation strategies in insurance firms leads to improved customer satisfaction and loyalty, which in turn enhances financial returns (Kamau et al., 2021). They underscore how the effective use of technology, such as mobile platforms and AI, provides insurers with a competitive edge, which is crucial for financial success. Similarly, Molem et al. (2024) argue that incorporating customer feedback into product improvement strategies not only meets market demands but also optimises resource allocation, thereby enhancing financial performance. The integration of tailor-made insurance packages reflecting demographic needs further supports the RBV assumption that unique offerings can harness valuable resources to create financial advantages in a competitive environment (Barney, 1991; Ombima & Njiru, 2018).

However, the theory has its limitations. One significant critique is that while RBV emphasises internal resources, it often overlooks external market dynamics that can impact financial performance, such as shifts in consumer preferences and technological advancements (Sasidharan et al., 2020). Additionally, RBV may not fully account for how regulatory environments, like those posed by the IRA in Kenya, can impede or facilitate innovation. This highlights a critical theoretical gap: the RBV does not sufficiently incorporate the interplay between internal strategies and external factors that affect firms. Addressing this gap is crucial to advancing theory and practice, particularly for policymakers seeking to create a regulatory

framework that encourages innovation aligned with insurance companies' financial objectives (Cui et al., 2024). By acknowledging these limitations, insurance firms must adapt their strategies not just based on internal capabilities but also with responsive adjustments to market and regulatory fluctuations, ensuring a holistic approach to financial performance.

Conceptual Framework

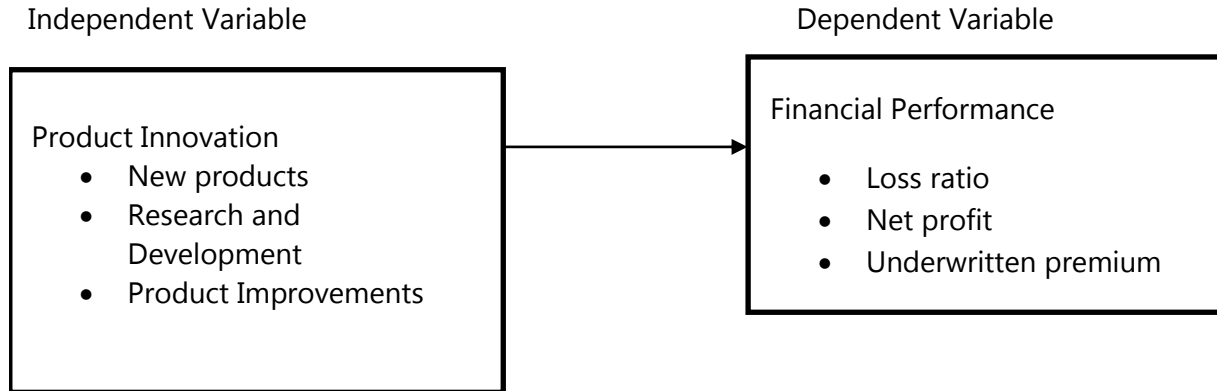


Figure 1: Conceptual Framework (Source: Author)

3.0 METHODOLOGY

This study adopted a descriptive research design to determine the effect of product innovation on the financial performance of health insurance firms, with a focus on Jubilee Health Insurance Limited (Siedlecki 2020; Boru 2018). Further, this design was suitable as it helped during the analysis of the quantitative data, which was collected through a 5-point Likert scale format of 1-5, where 1 was for strongly disagree, 2 was for disagree, 3 was for not sure, 4 was for agree, and 5 was for strongly agree. The scale enabled the respondents to indicate the extent to which they agreed or disagreed with the statements of the study variables. This allowed the researcher to compute means and standard deviations for each statement. At the time of the study, Jubilee Health Insurance Limited had 75 management staff in the various units. The study employed a census survey, which ensured the credibility and representativeness of its findings (Riya, 2023). Further, the respondents were deemed to possess adequate knowledge relevant to the study. The study collected primary data using a semi-structured questionnaire.

The study conducted pretesting to ensure the consistency, reliability, and validity of the research tool (Bell et al., 2022). The pretesting was conducted at the CIC Health Insurance firm's head office in Nairobi City County, Kenya, as it shared similar characteristics with Jubilee Health Insurance Limited. The purpose of pretesting was to ensure that the questions were not ambiguous and that respondents understood them. Reliability was measured using Cronbach's alpha. The acceptable Cronbach alpha level was 0.71 or higher, indicating that the responses were reliable (Nunnally & Bernstein, 1994). The questionnaire's reliability was improved by increasing the time between tests and retests to reduce memory effects. Content validity was measured using research experts, namely, supervisors and faculty. Before data analysis, questionnaires were verified for completeness and accuracy, and coding was performed. The coded responses were then entered into SPSS for analysis. Data were analysed using descriptive (mean and standard deviation) and inferential statistics (regression analysis). Ethical considerations followed included approval from the Institutional Scientific and Ethical Review Committee (ISERC) of Daystar University and National

Commission for Science, Technology and Innovation (NACOSTI), to ensure that the researcher respects the rights, dignity and safety of the research participants through voluntary participation and informed consent (Javid, 2024). Further, the researcher reported the data, results, methods, and procedures honestly and accurately.

4.0 FINDINGS AND DISCUSSION

The response rate was 93.3 per cent. which exceeded the commonly cited minimum threshold of 50 per cent recommended by Saunders et al. (2019) for adequate survey response. Such full participation enhances the representativeness of these professional groups, thereby reducing the risk of non-response bias within these categories.

Descriptive Analysis

Product Innovation Strategy

The descriptive analysis of the product innovation strategy at Jubilee Health Insurance Limited, as shown in Table 1, reveals strong agreement among respondents, with an overall mean score of 4.36 and a standard deviation (SD) of 0.83. This indicates that product innovation practices are highly endorsed and that perceptions across the four indicators show relatively low variability. Specifically, the statement on the regular introduction of new health insurance products recorded a mean of 4.32, slightly below the overall mean by 0.04 points, with an SD of 0.84, which is almost identical to the overall SD, suggesting comparable dispersion in responses. The item on significant investment in research and development for new product development had the lowest mean score of 4.28, falling 0.08 points below the overall mean, and an SD of 0.89, which is slightly higher than the overall SD, indicating more variability in views, possibly due to differing departmental exposure to R&D activities.

Conversely, the use of technologies such as mobile applications and artificial intelligence in service delivery had the highest mean score of 4.45, exceeding the overall mean by 0.09 points, with the lowest SD of 0.76, reflecting the strongest consensus among respondents and underscoring the visible impact of digital transformation in driving innovation. The alignment of product innovation with changing customer needs was rated at 4.38, slightly above the overall mean by 0.02 points, with an SD of 0.81, indicating strong agreement and relatively low variability. Collectively, the narrow range of mean scores (4.28-4.45) and uniformly low SD values highlight the construct's coherence, consistent with the Cronbach's Alpha value of 0.88 reported in the pretest results, indicating very good internal consistency. The findings confirm that product innovation is a well-established strategic practice within the organisation, with technology adoption emerging as its most visible and widely acknowledged driver, while R&D investment presents a potential area for strategic enhancement to sustain long-term innovation capacity.

Table 1: Product Innovation Strategy

Statement	N	Mean	Std. Dev.
The company regularly introduces new health insurance products.	70	4.32	0.84
There is significant investment in R&D for new product development.	70	4.28	0.89
The firm uses technologies like mobile apps/AI in service delivery.	70	4.45	0.76
Product innovation is aligned with changing customer needs.	70	4.38	0.81

Note: *SD* means standard deviation & *N* means population

Source: Field Data (2025)

Loss Ratio Dimension

The descriptive analysis of the loss ratio dimension, as presented in Table 2, indicates strong agreement among respondents that Jubilee Health Insurance Limited employs effective measures to manage claims and maintain financial sustainability, with an overall mean score of 4.20 and an overall standard deviation (SD) of 0.88, suggesting both high endorsement and moderate variability in perceptions. The highest-rated item was the assertion that underwriting processes help with accurate risk assessment (mean=4.26), which exceeds the overall mean by 0.06 points and has the lowest SD in the table (0.85), indicating strong consensus among respondents about the role of precise underwriting in controlling the loss ratio. The statement that the company effectively manages claims to maintain a healthy loss ratio matched the overall mean exactly (4.20) and also had an identical SD to the overall (0.88), indicating average alignment with the aggregated measure and moderate agreement across participants.

The lowest mean rating, though still high, was for fraud detection mechanisms reducing unnecessary claim payouts (mean=4.15), which falls 0.05 points below the overall mean and has the highest SD (0.92), suggesting slightly more divergent opinions, possibly reflecting varying exposure to, or awareness of, fraud detection processes among respondents. The narrow range of mean scores (4.15-4.26) and the uniformly low SD values point to consistent recognition of the company's operational strengths in loss ratio management. The data underscores that accurate risk assessment through underwriting is perceived as the strongest contributor, closely followed by claims management and fraud detection. These results validate the organisation's emphasis on operational controls to safeguard profitability, aligning with best practices in the insurance industry where maintaining an optimal loss ratio is central to financial performance.

Table 2: Loss Ratio

Statement	N	Mean	Std. Dev.
The company effectively manages claims to maintain a healthy loss ratio.	70	4.20	0.88
Underwriting processes help in accurate risk assessment.	70	4.26	0.85
Fraud detection mechanisms have reduced unnecessary claim payouts.	70	4.15	0.92

Note: SD means standard deviation & N means population

Source: Field Data (2025)

Net Profit Dimension

The descriptive results in Table 3 reveal that respondents strongly agreed that Jubilee Health Insurance Limited demonstrates solid net profit performance, with an overall mean of 4.37 and a standard deviation (SD) of 0.80, indicating high endorsement and relatively low variability in perceptions. Among the individual indicators, cost-efficiency practices contributing to profitability received the highest mean score (4.48), exceeding the overall mean by 0.11 points. This item also recorded the lowest SD (0.74), implying that respondents not only perceive cost efficiency as a major driver of profitability but also share a high level of consensus on this view. The statement that the company has experienced increased net profit in recent years scored 4.35, just 0.02 points below the overall mean, with an SD of 0.82, slightly higher than the overall SD, suggesting that while agreement is strong, there is slightly more variation in perceptions, potentially reflecting differences in exposure to financial reporting or awareness of profit trends.

The lowest-rated item was that product strategies have expanded revenue sources, with a mean of 4.29, falling 0.08 points below the overall mean. Its SD of 0.85 was the highest in the set, indicating greater variability in views, possibly due to differing interpretations of the direct impact of product strategies on net profit across departments. Overall, the tight range of means (4.29-4.48) and relatively low SD values confirm a generally shared perception of strong profitability performance. The highest consensus centres on cost-efficiency practices, with operational efficiency identified as the most visible and widely recognised driver of profitability. These findings suggest that while revenue expansion through product strategies is valued, it may be less widely observed or take longer to translate into measurable profit gains than cost-control measures.

Table 3: Net Profit

Statement	N	Mean	Std. Dev.
The company has experienced increased net profit in recent years.	70	4.35	0.82
Cost-efficiency practices contribute to profitability.	70	4.48	0.74
Product strategies have expanded revenue sources.	70	4.29	0.85

Note: *SD means standard deviation & N means population*

Source: Field Data (2025)

Underwritten Premiums Dimension

The results in Table 4 reveal that respondents generally agreed that Jubilee Health Insurance Limited demonstrates strong performance in underwritten premiums, with an overall mean of 4.27 and a standard deviation (SD) of 0.86, indicating high endorsement and moderate variability in perceptions. Among the individual items, the highest-rated statement was that client acquisition strategies have expanded premium volumes (mean=4.30), exceeding the overall mean by 0.03 points. This item also had the lowest SD (0.84), suggesting relatively stronger consensus on the positive role of acquisition strategies in premium growth. The statement that retention of clients has improved premium consistency scored exactly at the overall mean (4.27) with an identical SD (0.86), indicating that perceptions of retention's effect on premium stability closely mirror the overall aggregated view.

The lowest mean was recorded for the statement that the company has consistently increased its underwritten premiums (4.23), falling 0.04 points below the overall mean and accompanied by the highest SD (0.87), reflecting slightly greater variability in how respondents perceive the trend of premium growth over time, possibly due to differences in departmental awareness or exposure to premium performance data. The close clustering of means (4.23-4.30) and narrow range of SD values (0.84-0.87) indicate that the workforce holds a uniformly positive perception of underwritten premium performance, with minor variations in emphasis. The slightly higher consensus around acquisition strategies suggests they are more visible and tangible to staff, whereas sustained growth in total premiums, while evident, may be perceived as more variable due to market conditions or cyclical factors.

Table 4: Underwritten premiums

Statement	N	Mean	Std. Dev.
The company has consistently increased its underwritten premiums.	70	4.23	0.87
Client acquisition strategies have expanded premium volumes.	70	4.30	0.84
Retention of clients has improved premium consistency.	70	4.27	0.86

Note: *SD means standard deviation & N means population*

Source: Field Data (2025)

Regression Analysis

Linear regression analysis was conducted to test the study objective. The analysis used ordinary least squares (OLS) estimation with aggregated subscale scores. Results are presented below, including model summaries, ANOVA tables for overall model fit, and coefficient tables. Standardised betas (β) are reported to facilitate the interpretation of effect sizes.

Effect of Product Innovation on Financial Performance in Jubilee Health Insurance Limited

The study sought to determine the effect of product innovation on financial performance in Jubilee Health Insurance Limited. The Results are presented in Table 5 below:

Table 5: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.592	0.351	0.341	0.486

Source: Field Data (2025)

The model yields a correlation coefficient (R) of 0.592, indicating a strong positive association between product innovation and financial performance. The R-Square value of 0.351 suggests that 35.1 per cent of the variation in financial performance can be explained by product innovation alone, while the remaining 64.9 per cent is attributable to other factors not captured in this model. The Adjusted R Square (0.341) accounts for the number of predictors in the model and sample size, showing minimal shrinkage from the R Square value, thus confirming model stability. The standard error of the estimate (0.486) reflects relatively low dispersion of observed values around the regression line, further supporting the model's predictive accuracy.

Table 6: ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.655	1	8.655	36.702	0.000
Residual	16.036	68	0.236		

Source: Field Data (2025)

The ANOVA results confirm the regression model's statistical significance ($F(1, 68) = 36.702, p < 0.05$). The high F-value indicates that the model significantly improves the prediction of financial performance compared to a model with no predictors. This implies that product innovation provides a meaningful contribution to explaining variations in the firm's financial outcomes.

Table 7: Coefficients

Predictor	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	2.202	0.35		6.286	0.000
Product Innovation	0.484	0.08	0.592	6.058	0.000

Source: Field Data (2025)

The coefficients table reveals that the regression constant ($B=2.202$, $p<0.05$) represents the baseline financial performance score when product innovation is zero. The unstandardized coefficient for product innovation ($B=0.484$, $p<0.05$) implies that for every one-unit increase in the product innovation score, the financial performance score increases by 0.484 units, holding other factors constant. The standardised beta coefficient ($\beta=0.592$) reinforces that product innovation is a strong predictor in the model, with its effect size being substantial relative to other potential predictors. The t-value for product innovation ($t=6.058$, $p<0.05$) confirms the statistical significance of this relationship at the 1percent level.

These results demonstrate that product innovation is both a statistically significant and a practically important determinant of financial performance for Jubilee Health Insurance Limited. The moderate-to-strong explanatory power ($R^2 = 0.351$) indicates that, while innovation is critical, other organisational, market, and regulatory factors also influence financial outcomes. The positive coefficient aligns with strategic management and innovation theories, suggesting that developing new health insurance products, integrating emerging technologies, and aligning offerings with customer needs contribute meaningfully to profitability and sustainability.

Discussion

Descriptive results indicated that product innovation was strongly endorsed ($M=4.36$, $SD=0.83$), indicating that Jubilee Health Insurance Limited consistently adopts new technologies, such as mobile applications, artificial intelligence, and telemedicine, to enhance service delivery. Regression analysis confirmed that product innovation explains 35.1 per cent of the variance in financial performance ($R^2 = 0.351$, $\beta = 0.592$, $p < 0.05$). This implies that enhanced product innovation significantly improves profitability, market share, and customer retention.

These findings are consistent with Shavar & Siddiqui (2019), who found a significant positive link between innovation and financial performance ($R^2=0.421$, $p<0.05$), emphasising how mobile-based health insurance products enhance profitability. Similarly, Paminto et al. (2023) found that technological innovations, such as AI-driven claims, significantly improve claim efficiency and customer satisfaction ($R^2 = 0.621$, $p < 0.05$). The current study's findings extend these results by demonstrating that even in a localised context such as Kenya, product innovation directly enhances financial outcomes in a specialised health insurance firm.

Further, the results of this study corroborate those of Desikan & Devi (2021), who reported that the adoption of AI technologies in underwriting led to improved business performance ($r=0.47$, $p=0.003$). However, the present study addresses a contextual gap by focusing specifically on a health insurance firm,

whereas previous studies generalised across broader insurance sectors. Methodologically, this study enriches prior findings by using primary data from organisational actors, enhancing internal validity. Hence, Jubilee Health Insurance Limited's emphasis on innovative digital services supports the strategic goal of boosting profitability and sustaining competitive advantage.

Limitations

Despite its comprehensive scope, this study faced several limitations. First, this was a case study of one organisation and may constrain the generalizability of the findings to public institutions or different geographical contexts. Secondly, reliance on self-reported data: Surveys and interviews were among the data-gathering techniques; these involved participants' subjective responses.

5.0 CONCLUSION AND RECOMMENDATIONS

Conclusion: The study established that product innovation statistically significantly and positively influenced the financial performance of Jubilee Health Insurance Limited. Descriptive results showed a high overall mean score of 4.36 and SD = 0.83, indicating strong agreement among respondents that the company regularly introduces new health insurance products, invests in research and development, integrates modern technologies such as mobile applications and AI, and aligns innovations with evolving customer needs. Regression analysis results confirmed a significant predictive effect ($\beta = 0.592$, $p < 0.05$), explaining 35.1 per cent of the variance.

Qualitative feedback further supported these findings, noting that innovation enhances customer satisfaction, competitive advantage, and operational efficiency. Based on these findings, the study concludes that product innovation is a key strategic driver of financial performance in Jubilee Health Insurance Limited. Firms that invest in continuous innovation, technology adoption, and customer-driven product design achieve superior profitability and growth. This conclusion aligns with a study by Shawar and Siddiqui (2019), which found that innovation, particularly digital and mobile-based solutions, significantly improves profitability and customer satisfaction, underscoring the critical role of innovation in enhancing financial outcomes.

Recommendations: The management of Jubilee Health Insurance Limited should prioritise product customisation initiatives, as they demonstrated a statistically significant effect on financial performance. This can be achieved by expanding tailored insurance solutions, introducing flexible payment plans, and offering value-added services to meet diverse customer needs. The company should also enhance its innovation efforts by increasing investment in research and development, adopting emerging technologies, and conducting proactive market research to anticipate evolving customer requirements. Furthermore, management should sustain continuous improvement practices, particularly in digital claims processing and policy revisions, to maintain its competitive advantage in the market. Policy makers and the Insurance Regulatory Authority (IRA) should review existing regulatory frameworks to streamline product approval processes and allow greater flexibility in pricing and product adjustments without compromising consumer protection. They should actively engage with industry players to develop adaptive regulations that encourage innovation while safeguarding market stability and protecting policyholders.

Furthermore, industry peers and practitioners should benchmark successful customisation and innovation practices from market leaders like Jubilee Health Insurance Limited. They should invest in technology-

driven service delivery models to enhance client experience and improve customer retention rates across the insurance sector. Similarly, academia and researchers should use these findings to refine theoretical models linking strategic product development to financial performance. In doing so, they should consider the influence of contextual and regulatory factors on the relationships among customisation, innovation, and organisational outcomes in the insurance industry.

6.0 REFERENCES

1. Abongo, B., Senaji, D., & Mutinda, D. (2018). Influence of strategic decisions on the competitive insurance market dynamics in Kenya. *The Strategic Journal of Business & Change Management*, 5(3), 1–7. <https://doi.org/10.61426/sjbc.m.v5i3.821>
2. AIB Capital Research Centre. (2018). *Insurance sector report*. AIB Capital.
3. Andrieş, A. M., & Căpraru, B. (2014). The nexus between competition and efficiency: The European banking industries experience. *International Business Review*, 23(3), 566–579. <https://doi.org/10.1016/j.ibusrev.2013.09.004>
4. Anoke, A., Okafor, N., & Onu, A. (2023). Strategic outsourcing and corporate performance of quoted insurance firms in Nigeria. *International Journal of Financial Accounting and Management*, 5(1), 19–33. <https://doi.org/10.35912/ijfam.v5i1.884>
5. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
6. Boru, T. (2018). *Research methodology* [Doctoral dissertation, University of South Africa]. <https://doi.org/10.13140/rg.2.2.21467.62242>
7. Cui, Y., Lv, J., Hu, X., & Zhu, D. (2024). Health insurance as a moderator in the relationship between financial toxicity and medical cost-coping behaviours: Evidence from patients with lung cancer in China. *Cancer Medicine*, 13(1), e6911. <https://doi.org/10.1002/cam4.6911>
8. Cytonn Investments. (2024). *Kenya FY2024 listed insurance report*. Cytonn Financial Services Research.
9. Dangelico, R. M. (2015). Green product innovation: Where we are and where we are going. *Business Strategy and the Environment*, 24(8), 560–576. <https://doi.org/10.1002/bse.1886>
10. Desikan, J., & Devi, A. (2021). Digital transformation in Indian insurance industry: A case study. *International Journal of Case Studies in Business, IT and Education*, 5(2), 184–196. <https://doi.org/10.47992/ijcsbe.2581.6942.0128>
11. Fatoki, O. (2021). Dynamic capabilities and performance of hospitality firms in South Africa: The mediating effect of innovation. *Geojournal of Tourism and Geosites*, 36(2 Suppl.), 616–623. <https://doi.org/10.30892/gtg.362spl08-690>
12. Gunawardhane, H. P. D. T., Wijesinghe, M. R. P., & Kavinda, D. D. C. (2022). The impact of company-specific and macro-economic factors on company performance: Evidence from insurance sector in Sri Lanka. *Vidyodaya Journal of Management*, 8(1). <https://doi.org/10.31357/vjm.v8ii.5605>
13. Insurance Regulatory Authority. (2019). *Insurance industry annual report 2018*. Insurance Regulatory Authority.
14. Insurance Regulatory Authority. (2021). *Insurance industry annual report 2020*. Insurance Regulatory Authority.
15. Insurance Regulatory Authority. (2023). *Insurance industry annual report 2022*. Insurance Regulatory Authority.
16. Insurance Europe. (2016). *European insurance in figures*. Insurance Europe.

17. Javid, F. (2024, January 13). Ethical considerations in research design and data collection: What you need to know. LinkedIn. <https://www.linkedin.com/pulse/ethical-considerations-research-design-data-collection-fahad-javid-zntve/>
18. Kamau, A., Olweny, T., & Muturi, W. (2021). Financial performance of insurance firms: Does leverage and liquidity matter? Evidence from Kenya. *Eastern Journal of Economics and Finance*, 6(1), 1–14. <https://doi.org/10.20448/809.6.1.1.14>
19. Kiarie, A., & Lewa, D. (2019). Effect of innovation practices on organizational performance in health insurance service providers in Kenya. *The Strategic Journal of Business & Change Management*, 6(1). <https://doi.org/10.61426/sjbcm.v6i1.1085>
20. Kimani, I., & Kungu, P. (2024). Differentiation strategy and the performance of health insurance firms in Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, 6(2), 69–90. <https://doi.org/10.35942/0tjve607>
21. Kisuya, B., Kihara, A., & Macheru, J. (2023). Innovation strategies and competitive advantage of insurance firms in Kenya. *Journal of Business and Strategic Management*, 8(1), 1–26. <https://doi.org/10.47941/jbsm.1201>
22. Lee, C. (2017). Product diversification, business structure, and firm performance in Taiwanese property and liability insurance sector. *The Journal of Risk Finance*, 18(5), 486–499. <https://doi.org/10.1108/JRF-07-2016-0092>
23. Makau, L., & Okeyo, W. (2021). Risk underwriting, crisis management, regulatory framework and performance of insurance companies in Kenya: A case of Sanlam General Insurance Company. *Journal of Human Resource & Leadership*, 5(3), 96–113. <https://doi.org/10.53819/10.53819/81018102t3026>
24. Molem, S., Messo, E., & Serge, T. (2024). The effect of financial innovation on the financial performance of financial institutions in Cameroon. *International Journal of Finance*, 9(2), 59–74. <https://doi.org/10.47941/ijf.1831>
25. Momanyi, M. J. (2023). *Product innovations and financial performance of insurance companies in Kenya* [Unpublished MBA project]. Kenyatta University.
26. Morara, K., & Sibindi, A. (2021). Determinants of financial performance of insurance companies: Empirical evidence using Kenyan data. *Journal of Risk and Financial Management*, 14(12), 566. <https://doi.org/10.3390/jrfm14120566>
27. Muthulakshmi, P., & Muthumoni, A. (2023). Determinants of financial performance: A comparative analysis of public sector non-life insurers in India. *SDMIMD Journal of Management*, 25–33. <https://doi.org/10.18311/sdmimd/2023/32475>
28. NCBA Investment Bank. (2024). *Insurance sector report 2024*. NCBA Investment Bank Research.
29. Ngure, F. K., Kimani, E. M., & Kariuki, S. (2017). Product innovations and financial performance of savings and credit co-operatives societies in Kirinyaga County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 2(3), 166–178. http://www.iajournals.org/articles/iajhrba_v2_i3_166_178.pdf
30. Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). McGraw-Hill.
31. Oliva, F., Couto, M., Santos, R., & Bresciani, S. (2019). The integration between knowledge management and dynamic capabilities in agile organizations. *Management Decision*, 57(8), 1960–1979. <https://doi.org/10.1108/MD-06-2018-0670>
32. Ombima, G., & Njiru, A. (2018). Investment portfolio and financial performance of life insurance companies in Kenya. *Strategic Journals*, 5(4), 123–145. <https://doi.org/10.61426/sjbcm.v5i4.918>

33. Paminto, A., Lahaya, I. A., Iqbal, M., Yudaruddin, Y. A., & Yudaruddin, R. (2023). COVID-19 pandemic and firm performance in the insurance industry in developed and emerging markets. *Insurance Markets and Companies*, 14(1), 85–98. [https://doi.org/10.21511/ins.14\(1\).2023.08](https://doi.org/10.21511/ins.14(1).2023.08)
34. Riya, T. (2023). Unravelling research population and sample: Understanding their role in statistical inference. *Enago Academy*. <https://www.enago.com/academy/population-vs-sample/>
35. Sasidharan, S., Ranjith, V., & Prabhuram, S. (2020). Micro- and macro-level factors determining financial performance of UAE insurance companies. *Journal of Asian Finance, Economics and Business*, 7(12), 909–917. <https://doi.org/10.13106/jafeb.2020.vol7.no12.909>
36. Saunders, A., Cornett, M. M., & McGraw, P. A. (2019). *Financial institutions management: A risk management approach* (9th ed.). McGraw-Hill Education.
37. Shawar, K., & Siddiqui, D. (2019). Factors affecting financial performance of insurance industry in Pakistan. *RJFA*. <https://doi.org/10.7176/rjfa/10-5-03>
38. Shu, Z., Yu, H., Xiao, J., & Li, J. (2019). Effect of health insurance and family financial risk on healthcare utilisation by patients with chronic diseases in China: A cross-sectional study. *BMJ Open*, 9(11), e030799. <https://doi.org/10.1136/bmjopen-2019-030799>
39. Siedlecki, S. L. (2020). Understanding descriptive research designs and methods. *Clinical Nurse Specialist*, 34(1), 8–12. <https://doi.org/10.1097/NUR.0000000000000493>
40. Teece, D. (2018). Dynamic capabilities as (workable) management systems theory. *Journal of Management & Organization*, 24(3), 359–368. <https://doi.org/10.1017/JMO.2017.75>
41. Tonui, G. C., Kibati, P., & Tanui, J. K. (2020). The effect of product and service innovations on the financial performance of commercial banks in Kenya. *Editon Consortium Journal of Business and Management Studies*, 2(1), 56–68. <https://doi.org/10.51317/ecjbms.v2i1.148>
42. Xin, L., Tang, F., Zhang, S., & Pan, Z. (2020). Social capital and sustainable innovation in small businesses: Investigating the role of absorptive capacity, marketing capability and organizational learning. *Sustainability*, 12(9), 3759. <https://doi.org/10.3390/su12093759>
43. Zhang, Y. (2024). Exploring the nexus: IT capabilities, digital transformation, and innovation in traditional manufacturing. *International Journal of Science and Business*, 39(1), 22–45. <https://doi.org/10.58970/ijsb.2422>