# ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES



## ASSESSING FACTORS AFFECTING THE PERFORMANCE OF LIFE INSURANCE
## (A CASE STUDY IN NIB INSURANCE COMPANY)

**BY:**

**HERMELA DUBALE**

June, 2020

Addis Ababa

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**(A CASE STUD IN NIB INSURANCE COMPANY)**


**A THESISSUBMITTEDTOST.MARY'SUNIVERSITY, SCHOOL OFGRADUATESTUDIESINPARTIAL FULFILLMENTOF THE REQUIREMENTSFORTHEDEGREE OFMASTEROF MARKETING MANAGMENT**


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# ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of GraduateStudies for examination with my approval as a university advisor.

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# DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of **Dr.Asfaw Yilma**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning degree.

 

 

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## Contents

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# ACRONYMS AND ABBREVIATIONS

**NIB**           Nib Insurance Company

**G.C**           Gregorian calendar

**GDP**           Gross Domestic Product

**NBE**           National Bank of Ethiopia

**OCED**         Organization for Economic Cooperation and Development

**RGDP**        Real Gross Domestic Product

**SIB**           Supervision of Insurance Business Proclamation

**SPSS**         Statistical Package for Social Science

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# ABSTRACT

*In Ethiopia insurance sector has contribute only 0.02021 % of the country's GDP which is very low when we compared to other countries in the world. In Ethiopia NIB is the one of life insurance providing company with a near to the ground increase in its market share. This study therefore assesses the factors behind low development of insurance and reasons for near to the ground market share of NIB insurance company. The study employed a descriptive research design. Both Primary and secondary data was used in the study and was gathered using a questionnaire. The target population for the study was the existing employees, customers and agents/brokers and a sample of 125 respondents was chosen. The main sampling technique that was used for this study was* Carvalho (1984) *sampling. Based on the findings the study conclude that lack of awareness, low financial literacy, highly religiosity, saving motives and low income level of the society contribute for low development of life insurance. Whereas lack of attention of the organization to life insurance and focusing on selling non life insurance, and unattractive sales techniques have an impact for the low performance of NIB's life insurance products. The study recommended that creating awareness on a regular basis, use aggressive marketing strategy like advertisements on different Broad casting Medias, social Medias and distributing fliers and train its employees and agents/brokers in a continuous basis so as to update and increase their knowledge possibly will hold up the improvement of life insurance sell.*

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the study

Imagine a world without insurance. Some might say, "So what?" or "Yes to that!" when reading the sentence above. And that's understandable, given that often the best experience one can have with insurance is not to receive the benefits of the product at all, after a disaster or other loss. And others—who already have some understanding or even appreciation for insurance—might say it provides protection against financial aspects of a premature death, injury, loss of property, loss of earning power, legal liability or other unexpected expenses.

All that is true, Insurance is the financial first responders. But there is so much more. Insurance drives economic growth. It provides stability against risks. It encourages resilience. Recent disasters have demonstrated the vital role the industry plays in recovery—and that without insurance, the impact on individuals; businesses and communities can be devastating. As insurers, it is know that even with all that it protects now, the coverage gap is still too big. (Insurance Information Institute, 2019).

According to UNECA economic report on Africa (2019), global economic growth rose slightly, from 3.1% in 2017 to 3.2% in 2018, and is projected and emerging market economies and higher commodity price. The same report indicated that Africa's economy grew by 3.2% in 2018, a slight decline from 3.4% in 2017, supported by improved global growth that is increased demand for Africa's exports and risen of commodity prices, higher investment on infrastructure, strong private consumption and favorable weather.

East Africa remains the fastest growing sub-region in Africa, with growth rising from 6.1% to 6.2% in 2018, driven by strong public spending on infrastructure and rising domestic demand. Based on the Africa development bank group report on Africa economic outlook (2019), Ethiopia was one of the east Africa countries where highest economy growth was registered in sub-region in 2018. According to the national bank of Ethiopia Annual Report (2017/18), the Ethiopian economy which had showed 9.3% average annual growth during 2013/14-2017/18 fiscal years, recorded 7.7% in 2017/18, owing to growth declaration in agriculture and industry sectors.

The report obtained from national bank of Ethiopia (2019) indicated that, during 2019, the industry gross written premium income reached birr 9.1 billion-birr 0.5 billion (5.7%) from life Assurance and birr 8.6 billion (94.3%) from the general insurance business. From this Nib insurance company collected 453.3 million GWP, which are 37 million (8%) from life assurance & 416.3 million (92%) from Non-life insurance policy.

Deepening of the financial systems requires not only an increase in the quantity of the services offered, but also an improvement in the "quality" of services offered, in order to better meet the different needs of economic agents. This is at a time to extend the duration of credits, to improve access for households and small and small enterprises (financial inclusion) and diversify the supply of financial services, including insurance services. The development of insurance services contributes to stimulate the growth in developing countries (Arena, 2008). In this context, the life insurance plays a special role because it allows at a time the supply of insurance service and long-term saving mobilization (Guerineau, S., &Sawadogo, R. (2015).
Africa's insurance industry is largely underdeveloped, and insurance penetration levels are very low by global standards. This demonstrates, to a large extent, the untapped potential of the rest of the African market. In addition, among other factors such as underdeveloped financial system, weak judicial system, inability to pay for insurance products, lack of appropriate platforms to gather accurate and comprehensive information, reluctance for insurance investment and lack of insurance expertise are the main challenges encountered by insurance business environment in Africa (KPMG, 2012).

While seeing worlds experience of performance of life assurance European life premium make up 33% of 2018's global life premiums. Europeans non-life premium make up 29% of 2018's global non life's premium. From this we can understand that our insurance providing companies can do more on life insurance than the non-life sector & there is a big untouched market waiting outside.

## 1.2 Statement of the Problem

We live in a risky world. Forces that threaten our financial wellbeing constantly surround us and are largely outside our control. Some people experience the premature and tragic death of a beloved family member, loss or destruction of their property from both manmade and natural disasters. There is other group of people where there is no accident but are exposed to the traumatic effects of a liability lawsuit. Merkin, R., Hjalmarsson, J., Bugra, A., & Lavelle, J. (2014)

Life insurance plays a key in promoting the socio-economic development of modern economy. It is a policy where an insurance company promises to pay benefit on the death of the person whose life is insured. However, there is a problems related to insurance industries, which hinders its smooth operation. Some of the problems faced by NIB Insurance in the case of life insurance are;

- being the growth of life insurance at a decreasing rate.
- Existence of life assurance service centered only at head office level.
- Lack of life insurance professionalism and training staffs.
- Lack of adequate advertising to the promotion of life insurance.

It is clear that the problems of life insurance industry are increasing through different factors. Therefore, it needs investigation to identify the problems and to address possible solutions to the problems before it is deep rooter.

According to NBE 2018 report, NIB Insurance Company S.C took 9% of market share in Ethiopian insurance industry. It's the Fourth ranking insurance company in terms of market share. Regarding, the performance of NIB Insurance Company, the Company has managed to increase the gross premium income from of Birr 419.8million in 2017 to Birr 478.2 million in 2018.

The report of marketing team of NIB states that, from the year 2017 to 2019 NIB insurance collects GWP of 453.3million, 478.2million &419.8million respectively. From this 37 million, 38 million &31.6 million collected from the life insurance business. This means life insurance takes 8% share for the past three years. This data clearly shows that even if the gross written premium of life assurance is growing from year to year, it can't compete with its share than that of Non-life insurance.

A number of studies have been carried out on the issue of insurance uptake. In terms of quality, responsiveness, empathy to customers and low technological innovation of insurance products present unique challenges in accessing insurance products by the clients. This has constrained development and growth of the insurance sector hence affecting access to insurance products among the people and other demographic profiles in the country.

Previously, there has been emphasis on how to increase insurance uptake and improving customer service in the insurance. However, there are some underlying factors that if not addressed, will remain a challenge to marketers of insurance services. This has hence created a major knowledge gap on the factors affecting life insurance. Therefore this study aims to fill the knowledge gap by assessing the influence of religion, awareness, income, skilled manpower on the insurance uptake.

Given the primary role that life insurance has to play in the socio-economic development of the country, it is therefore necessary to understand the factors that contribute to this very low level of insurance penetration. With the Government's key pillar on vision to get to middle-income country, it is imperative to understand those factors that are hindering the development of this very critical sector. This study therefore seeks to fill in the knowledge gap on the nature of contribution of certain factors that contribute to low penetration levels of life insurance services in NIB insurance company particularly.

## 1.3 Research Questions
Thus, this study answers the following questions:-
- ✓ What are the main factors that contribute to the law premium share of life insurance in NIB Insurance?
- ✓ What are the challenges that NIB faces in providing life insurance to its customers?

## 1.4 Objective of the Study

### 1.4.1 General Objective
The main objective of this study is to determine the factors that contribute to the current performance of life insurance in NIB Insurance and to suggest possible solutions based on the findings.

### 1.4.2 Specific Objectives

- ✓ Assess factors hinder in providing life insurance in NIB Insurance Company.
- ✓ Assess the reasons behind the low market share of NIB's life insurance products.

### 1.5 Scope and Limitation of the Study

This study confined to investigate factors affecting the provision of only life insurance in case of NIB Insurance S.C. The study uses; primary data which is collected from customers; staffs including managers & agents of NIB, and secondary data which is obtained from NIB Insurance's financial report and NBE. Geographically the study only focused on head office of NIB Insurance located in Addis Ababa.

Even if there are many materials concerning insurance; literatures related to life insurance specifically are very few; for this reason this study face a lack of abundant literature review.

### 1.6 Significance of the study

The finding of this study provide important information for the management of insurers, investors, academicians and NIB Insurance S.C management in particular, since this study be anticipated to identify the main challenges that NIB Insurance is facing concerning on providing life insurance. It also gives an insight for the major beneficiaries such as related policy makers to scrutinize strategies to support the effectiveness of life insurance business line. Furthermore, the findings of the study serve as an input for other researches who conduct further studies on Ethiopian life insurance profitability.

### 1.7 Organization of the Study

This study organized in to five major chapters. The first chapter deals with introductory part which consists of background of the study, statement of the problem, research hypothesis, research objective, scope and limitation, and significance of the study. The second chapter contains review of related literatures including conceptual framework for the analysis. The methodology for investigating determinates of factors affecting life insurance service in NIB Insurance S.C presents in the Chapter three. Afterward, Chapter four focuses on the results of analysis and discusses the findings. Finally, Chapter five provides summary of major findings, conclusions, recommendations and suggestions for further research.

# CHAPTER TWO

# REVIEW OF LITERATURE

## 2.1 Theoretical Reviews

### 2.1.1 Term Definition

**Insurance**- is a contractual relationship between two parties in which one party, the insurer, is paid a premium by the other party, the insured. In return for the premium, the insurer promises to indemnify the insured in the event of a covered loss.

**Insurer** - This is the party that agrees to pay money on the happening of the contingency. Usually the insurers are the insurance companies.

**Insured**– This is the person who faces a particular risk. He seeks protection against risk by paying premium. The insured claims and receives money as compensation in the event of loss.

**Life insurance premium**- this referred to the money paid for the purchase of insurance service.

**Life insurance**- this referred to risk of loss of one's the life, limbs, or ability to work. It is the uncertainty of the future, which makes one, disturbs the peace and cause fear.

**Non-life insurance**- refers to risk of loss of one's property due to unforeseen circumstances.

**Gross Written Premium (GWP):** The total premium written by an insurance company before deductions for reinsurance and ceding commission.

**Peril**: is defined as the cause of loss.

**Hazards:** are Factors, which may influence the outcome.

### 2.1.2 Concept Briefing

#### 2.1.2.1 Insurance

The idea of insurance took birth thousands of years ago. Yet, the business of insurance, as we know it today, goes back to just two or three centuries. Insurance has been known to exist in some form or other since 3000 BC. Various civilizations, over the years, have practiced the concept of pooling and sharing among themselves, all the losses suffered by some members of the community. Garge, D., Tare, S., & Das, S. (2020).

Insurance is a more commonly known concept that describes the act of guarding against risk. An insured is the party who will seek to obtain an insurance policy while the insurer is the party that shares the risk for a paid price called an insurance premium. The insured can easily obtain an insurance policy for a number of risks. The most common types of insurance policy taken

out are a vehicle/auto insurance policy as this is mandated by law in many countries. Other policies include home owner's insurance, renter's insurance, medical insurance, life insurance, liability insurance, etc. (Merkin, R., Hjalmarsson, J., Bugra, A., & Lavelle, J. (2014).

Thus Insurance is a special type of contract between the Insurer (the Insurance Company) and the Insured (the client) wherein:

The client agrees to pay a premium to the Insurance Company. Such premium may be a fixed amount payable as a single payment or it may be paid as periodical payments. This will depend upon the type of Insurance and the terms there of. In lieu of the payment of such premium the Insurance Company agrees to make some payment to the client or bear the costs of the client due to financial loss incurred o the occurrence of certain events. (BSE Institute Ltd, 2015)

A contract of insurance is an agreement whereby one party, called the insurer, undertakes, in return for an agreed consideration, called the premium, to pay the other party, namely the insured, a sum of money or its equivalent in kind, upon the occurrence of a specified event resulting in a loss to him. The policy is a document which is an evidence of the contract of insurance. (Dwarka, *(*2014).

### 2.1.2.2 Role of insurance in society

Insurance companies play an important role in a country's economic development. They are contributing in a significant sense to ensuring that the wealth of the country is protected and preserved. Some of their contributions are given below.

- Their investments benefit the society at large. Insurance company's strength lies in the fact that huge amounts are collected and pooled together in the form of premiums.
- These funds are collected and held for the benefit of the policyholders. Insurance companies are required to keep this aspect in mind and make all their decisions in dealing with these funds so as to be in ways that benefit the community. This applies also to its investments. That is why successful insurance companies would not be found investing in speculative ventures i.e. stocks and shares.
- The system of insurance provides numerous direct and indirect benefits to the individual, his family, to industry and commerce and to the community and the nation as a whole. The insured - both individuals and enterprises - are directly benefitted because they are protected from the consequences of the loss that may be caused by an accident or fortuitous event. Insurance, thus, in a sense protects the capital in industry and releases the capital for further expansion and development of business and industry.

- Insurance removes the fear, worry and anxiety associated with one's future and thus encourages free investment of capital in business enterprises and promotes efficient use of existing resources. Thus insurance encourages commercial and industrial development along with generation of employment opportunities, thereby contributing to a healthy economy and increased national productivity.

- A bank or financial institution may not advance loans on property unless it is insured against loss or damage by insurable perils. Most of them insist on assigning the policy as collateral security.

- Before acceptance of a risk, insurers arrange survey and inspection of the property to be insured, by qualified engineers and other experts. They not only assesses the risk for rating purposes but also suggest and recommend to the insured, various improvements in the risk, which will attract lower rates of premium.

- Insurance ranks with export trade, shipping and banking services as an earner of foreign exchange to the country. Indian insurers operate in more than 30 countries. These operations earn foreign exchange and represent invisible exports.

- Insurers are closely associated with several agencies and institutions engaged in fire loss prevention, cargo loss prevention, industrial safety and road safety(Wallace &Twichell, (1953).

It is necessary for insurance companies and their personnel, which includes their agents, to render high quality service and delight the customer. But what is high quality service? What are its attributes? A well-known model on service quality [named "SERVQUAL"] would give us some insights. It highlights five major indicators of service quality:

- **Reliability**: the ability to perform the promised service dependably and accurately. Most customers regard reliability as being the most important of the five dimensions of service quality. It is the foundation on which trust is built.

- **Responsiveness**: refers to the willingness and ability of service personnel to help customers and provide prompt response to the customer's needs. It may be measured by indicators like speed, accuracy, and attitude while giving the service.

- **Assurance**: refers to the knowledge, competence and courtesy of service providers and their ability to convey trust and confidence. It is given by the customer's evaluation of how well the service employee has understood needs and is capable of meeting them.

- **Empathy**: is described as the human touch. It is reflected in the caring attitude and individualized attention provided to customers.

- **Tangibles**: represent the physical environmental factors that the customer can see, hear and touch. For instance the location, the layout and cleanliness and the sense of order and professionalism that one gets when visiting an insurance company's office can make a great impression on the customer. The physical ambience becomes especially important because it creates first and lasting impressions, before and after the actual service is experienced (Wallace & Twichell, (1953).

## 2.1.2.3 Customer service and insurance

Ask any leading sales producers in the insurance industry about how they managed to reach the top and stay there. You are likely to get a common answer, that it was the patronage and support of their existing clients that helped them build their business. You would also learn that a large part of their income comes from the commissions for renewal of the contracts. Their clients are also the source for acquiring new customers. What is the secret of their success? The answer, most likely is, commitment to serving their customers.(Insurance agents – life, 2016)

Customer is the reason why business exists. Insurance being a service sector, is more customer oriented and hence the emphasis on customer service. The quality of service needs to reflect reliability, responsiveness, assurance, empathy of the agent and ambience of the insurance company's office. The patronage and support of existing clients also helps to build business. In fact a large part of agent's income comes from the commissions for renewal of the contracts. These clients are also the source for acquiring new customers. Commitment to serving their customers is the mantra for the success. Customer service becomes paramount at the same level by understanding the needs of the customer. At the stage of point of sale it's important for agents to understand that recommendations have to be based on the risk perceptions, probability of loss and laws of the land. The agent needs to advice the various ways by which the risk can be managed by the customer, like using deductible, risk retention, copayment to reduce the cost of handling the risk (Sankar, S., Sharma, M., &Kaikini, A. N. (2014).

## 2.1.2.4 Insurance agent's role in providing great customer service

Let us now consider how an agent can render great service to the customer. The role begins at the stage of sale, continues through the duration of the contract and include, the proposal stage, Acceptance stage, Policy renewal, the claim stage (Wallace &Twichell, (1953).

### 2.1.2.5 Life Insurance Basics

In order for insurance to be of help in the planning of the life cycle, the insurer must have concrete ideas and specific models in mind regarding the path of human life cycles and their most important parameters. (For example, their average length, the ratio of active and inactive stages, their distribution, the probability of death, illness, accidents, the expected extent of illness or injury from accidents, etc.) This information is usually obtained from public sources, which are mostly collected as a part of a separate social science, demography (the science of populations.) In the following sections we will get to know some demographical concepts and implications that are important with respect to insurance (Banyár, J., Nagy, K., & Szebelédi, F. (2014).

### 2.1.2.6 Practice of premium rating

Insurance involves creating a pool of premiums paid by many, such premium depending on a rate, which is determined by probability of loss due to operation of a peril and the quantum of loss that may be thus caused. Therefore, to arrive at a rate, a large number of identical risks need to be involved which is rarely the case. Determining a specific rate for each risk would be cumbersome & time consuming. Insurers therefore create risk classifications depending on the degree of risk present and apply rates (price or premium per unit of insurance) for each such classification (Sankar, S., Sharma, M., & Kaikini, A. N. (2014).

## 2.1.3 The Ethiopian Insurance Industry

### 2.1.3.1 Share of Life insurance from industry Gross Written Premium

When asked what insurance does, most people are likely to say that it provides protection against financial aspects of a premature death, injury, loss of property, loss of earning power, legal liability or other unexpected expenses. All that's true However, the industry's contribution to the economy goes much further. One could point to the millions of people employed in insurance and related activities, to the billions of income taxes and premium taxes paid and to extensive charitable works. But, significant as they are, these are byproducts of the contributions of an industry that is at the heart of the growth and progress of every modern economy. Those contributions can be grouped under three broad categories: safety/ security; economic/financial stability; and development. (Dash, S. N., 2018).

According to the report by NBE the gross written premium of NIB for the year 2018 was Birr 478.20 million, only 8% was generated from life insurance business. The same as 2018, in the

year 2019 the share of life insurance business from the total gross written premium Birr 453.3 million, only 8% comes from the life sector.

The total share of the company with respect to the industry is growing. However, it can be shown that NIB's life insurance share as compared to the industry is constantly undeveloped over the years.

**Table 2.1: historical share & growth of life & Non-life insurance**

| Table 2.1 Historical Share & Growth Of Life & Non-Life Insurance in '000 Birr | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Industry | | | | NIB | | | |
| Year | Non-Life GWP | Growth In % | Life GWP | Growth In % | Non-Life GWP | Share In % | Life GWP | Share In % |
| 2009 | 1,379,321.00 | 16.20% | 99,993.00 | 34.92% | 0.00 | 0% | 0.00 | 0% |
| 2010 | 1,824,893.00 | 32.30% | 11,439.00 | 14.74% | 172.60 | 97% | 5.20 | 3% |
| 2011 | 2,422,415.00 | 32.74% | 160,596.00 | 39.97% | 217.00 | 95% | 10.70 | 5% |
| 2012 | 3,724,760.00 | 53.76% | 271,395.00 | 68.99% | 336.00 | 96% | 13.50 | 4% |
| 2013 | 4,497,666.00 | 20.75% | 299,514.00 | 10% | 317.00 | 96% | 13.27 | 4% |
| 2014 | 4,687,657.00 | 4.22% | 273,871.00 | -8.56% | 336.90 | 96% | 15.30 | 4% |
| 2015 | 5,242,085.00 | 11.83% | 315,044.00 | 15.03% | 361.97 | 95% | 17.60 | 5% |
| 2016 | 6,093,677.00 | 16.24% | 333,008.00 | 5.70% | 366.90 | 95% | 19.40 | 5% |
| 2017 | 7,133,478.00 | 17.06% | 360,093.00 | 8.13% | 388.20 | 92% | 31.60 | 8% |
| 2018 | 8,113,225.00 | 13.73% | 460,775.00 | 27.96% | 440.20 | 92% | 38.00 | 8% |
| 2019 | | | | | 416.30 | 92% | 37.00 | 8% |

Source: National Bank of Ethiopia, 2019E.C

According to national bank of Ethiopia's report as at June, 2018, a total of companies were carrying on life insurance business is ten in number. As depicted starting from the year that NIB insurance begins to provide life insurance policy for its customers, the performance of the policy is very slow as that of the Non-life insurance.

## 2.1.4 Insurance risk

The principal risk the company faces under insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the company is to insure that sufficient reserves are available to cover this liability.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The company purchases insurance as part of its risks mitigation program. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the company has reinsurance arrangements, it is not relived of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The companies placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

The main risks that the company is exposed to are as follows:

➢ Morality risk- risk of loss arising due to policyholder death experience being different than expected.
➢ Morbidity risk- risk of loss arising due to policy holder health experience being different than expected.
➢ Longevity risk- risk of loss arising due to the annuitant living longer than expected.
➢ Investment returns risk- risk of loss arising from actual returns being different than expected.
➢ Policyholder decision risk- risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected. These risks do not vary significantly in relation to the location of the risk insured by the company, type of risk insured or by industry.(NIB insurance company, annual report, 2018/19)

The companies underwriting strategy is designed to ensure that risks are well diversified in terms of types of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. (NIB insurance company, annual reports 2018/19)

## 2.1.5 Life insurance contracts provided by nib insurance company

Life insurance contracts offered by the company include: whole life, group term, individual term, mortgage protection, endowment & medical.

**Term**

Term life insurance is cover provided under an agreement to pay a death benefit (the sum assured) only if the death of the insured occurs during a specified period of time that is the term covered by the policy. The following term life insurance policies are usually available: 1-year term for groups, 5-45years, and term to age 55, term to age 60 and term to age 65 for individuals.

**Endowment**

Endowment life insurance is provided under an agreement to pay the sum assured if the insured is living at the end of the period of insurance, or a death benefit of the same amount if he dies within that same period.

Endowment life insurance policies, like term life insurance policies, are available for periods of different lengths. These usually are 5-10years, 15 years, 20years, 25 years and 30-year endowment and endowments at age 55, at 60 and at age 65.

**Whole life**

Whole life insurance is an agreement under which a death benefit is payable up on the insured's death, whenever that may be. This is so because as the name implies, insurance protection covers the whole of the insured's remaining life time. A whole life policy, just as an endowment policy, acquires cash value after two or three years. This cash value grows with the payment of each premium until it eventually equals the sum assured by the time the insured attains some very high age such as, say, 100 years.

**Education endowment**

The plan is specially designed for parents who need to accumulate funds for their children's High school and University College education. The policy is taken out on the life of the parent as the life assured for the benefit of a named child.

## 2.1.6 Determinants of intention to purchase and Development of life insurance

### 2.1.6.1 Saving Motives

There are plenty of main aspects when it comes to saving motives. However, according several scholars, there are four established aspects of saving motives. There are precautionary motives (Hubbard et al., 1995), bequest motives (Bernheim et al., 1985), life cycle events (Liebenberg et al, 2012) and wealth accumulation or in other words, profit motives (Canova et al., 2005). Moreover, precautionary motive usually refers to efforts undertaken by individuals in order to reduce or minimize the uncertainties in life. As quoted by Wärneryd (1999, p. 270), "Insurance is a remedy against the feeling of uncertainty in the sense that there is preparedness for facing the consequences of the ill outcomes that uncertainty may embody". Therefore, it can be posited that the demand for life insurance is influenced by the precautionary motives, as life insurance protects against personal risks such as life, health, and also disability risks. (Zakaria, et al., (2016).

Some of these major life cycle events are wedding, purchasing a house or a car, for education purposes, etc. This statement was also supported by (Liebenberg et al.,2010), which also added that the termination of life insurance is likely to occur when there are other life events such as divorce, death of a spouse, unemployment, and also retirement. Lastly, individuals who save to accumulate capital, or in other words, to make a profit from their savings are also suggested to be one of the four main aspects of saving motives. Tamiya et al. (2011) assessed the changes in wealth accumulation in relation to changes in risk and argued that households will want to conserve more wealth when they are faced with greater uncertainty.

Some of the examples are the potential fluctuations in future income and sudden out-of-pocket medical expenses and thus increasing the demand for life insurance (Zakaria, et al., 2016).

### 2.1.6.2Religious Motives

Religiosity plays a huge role in influencing an individual to purchase life insurance. Religiosity can simply be defined as the state of an individual's belief in God, which is characterized by his/her piety and religious zeal. The stronger his piety and religious zeal are, the stronger his belief in God, the higher his religiosity is (Zakaria, et al., 2016).Many religious people believe that a reliance on life insurance results from distrust of God protecting care.

The demand for insurance in a country may be affected by the unique culture of the country to the extent that it affects the population's risk aversion (Douglas &Wildavsky, 1983). Browne, M. J., & Kim, K. (1993) argued that an individual's religion can provide insight into the individual's behavior; understanding religion is an important component of understanding a nation's unique culture.

(Gitau, &Sile, 2016) notes that religion historically has provided a strong source of cultural opposition to especially life insurance; many religious people believe that a reliance on life insurance results from distrust of God protecting care. Until the nineteenth century, European nations condemned and banned life insurance on religious grounds. Also it states that religious antagonism to life insurance still remains in several Islamic countries.

### 2.1.6.3 Customer perception and awareness

Ghorpade and Deshmukh (2012) analyzed the customer perception, purchase behavior and consumer awareness regarding the life insurance industry in India  The result shows that only 5.6% purchased the policy as a risk cover, while the remaining for tax purpose and/or investment purpose.

Customer preference for a particular company was based on returns, premium, and awareness campaign by company, product mix and advertisement. They concluded by laying emphasis on quality, accessibility and promptness of service product mix and advertisement (Deshmukh&Jadhao, (2018).

### 2.1.6.4 Income

Most of the previous studies showed that income per capita measuring the economic development level is the main determinant. The income is an essential variable in the life insurance consumption and this is justified by the necessity to maintain an income level to his descendants in the case of premature death. The increase in income per capita should lead to an increase in life insurance consumption because individuals will have enough means to

subscribe to insurance with the aim to maintain their income in case of death Guerineau & Sawadogo, 2015).

### 2.1.6.5 Lack of Experience and Insurance Technique

In most emerging economies, the people start out insurance transaction with little understanding. There is little or no specialized training in the subject. As a result, insurance companies in these countries often lack experience and qualified staff, which makes their operation, continues and lose ground. This problem might be resolved by exposing the domestic market to a wider exposure so as to facilitate transfer of experience and risk management techniques, actuarial methods, risk selection policy, new product design, etc.

Transfers of technical and managerial knowhow are especially important in the insurance industry because insurance companies, unlike industrial multinationals cannot merely divide their production processes between their home country and emerging markets to take advantage of differential production costs, and wage costs in particular.

## 2.2 Empirical Reviews

| Author | Title | Findings |
|---|---|---|
| Mahdzan& Victorian (2013) | The determinants of life insurance demand | ✓ demographic variables and saving motives were significantly related to life insurance demand<br>✓ education level is significantly related to life insurance demand<br>✓ Financial literacy was found to be insignificant in determining life insurance demand |
| Loke and Goh (2011) | Demand for life insurance in Malaysia | ✓ identified that socio-economic factors such as age, income, education, occupation, marital status and risk aversion play significant roles in the demand for life insurance<br>✓ Gender and number of dependents are found to have no |

| | | significant influence on the demand for life insurance. |
|---|---|---|
| Gustina and Abdullah (2012) | Variables that significantly influence the demand for life insurance | ✓ The study reveals that, there are two factors that negatively influence the demand for family takaful i.e. Customer Price Index and Saving.<br>✓ Meanwhile, age, saving and religion are the three factors which give negative influence on life insurance. |
| Dawit Mohammed (2011) | Enhancing Life Assurance and its Economic and social Benefits | ✓ life insurance is not well developed in Ethiopia due to lack of awareness by the public about life assurance, little attention given to it by the majority insurers, unfair competition in the market (under pricing), under developed domestic financial markets, lack of experience and insurance technique, and absence of domestic actuarial service.<br>✓ Population size, dependency rate, cultural values and norms and above all the level of income of the population as a whole are among the factors that favor market demand for life insurance. |
| Abate and Yuvaraj(2013) | Effects of specific factors on profitability of insurance companies in | ✓ Variables such as growth, leverage, volume of capital, size, and liquidity were identified as |

| | Ethiopia | most important determinant factors of profitability. |
| | | ✓ Age of the companies and tangibility of assets were not significantly related with profitability. |
| Aderaw (2013) | Determinants of life insurance in Ethiopia | ✓ That life insurance is determined by per capita income, life expectancy, real interest rate and inflation. |
| Amrot (2014) | Major determinants of life insurance demand in Ethiopia | ✓ The study indicates that explanatory variables such as GDP per capita, inflation, real interest rate, level of education and life expectance are statistically significant at 10 percent significance level. |
| | | ✓ GDP per capita, real interest rate, level of education and life expectance are positively related with life insurance demand whereas inflation is negatively related with life insurance demand. |
| | | ✓ Dependence ratio does not have a statistically significant relationship with life insurance |

Source:  Articles

## 2.3 Conceptual Framework

A conceptual framework is a structure of concepts and theories which are put together as a map for the study and it shows the relationship of research variables. The conceptual framework is used to explain how the independent variables affect the dependent variable. The independent variables are; awareness, Religion, income of the society, price of the product and customized insurance product. The dependent variable is life insurance. Figure 2.1 illustrates the relationship between the research variables.

Different studies suggests that several factors such as culture, real interest rate, banking sector development, savings, unemployment, pension, price of insurance education, life expectance, dependency ratio are considered important factors that contribute for the declining rate of life insurance. However due to constraints of data, the researcher selected only select five main determinants to test empirically in Ethiopian context. So by taking this work and clusters as a base, and to test in the Ethiopian context, the researcher developed the following conceptual framework

**Figure 2.1: Conceptual Framework**

**Independent Variables**                                      **Dependent Variable**

Religion

Income

Awareness                                                                                    Life Insurance

Customized Insurance Product

Price Of the product
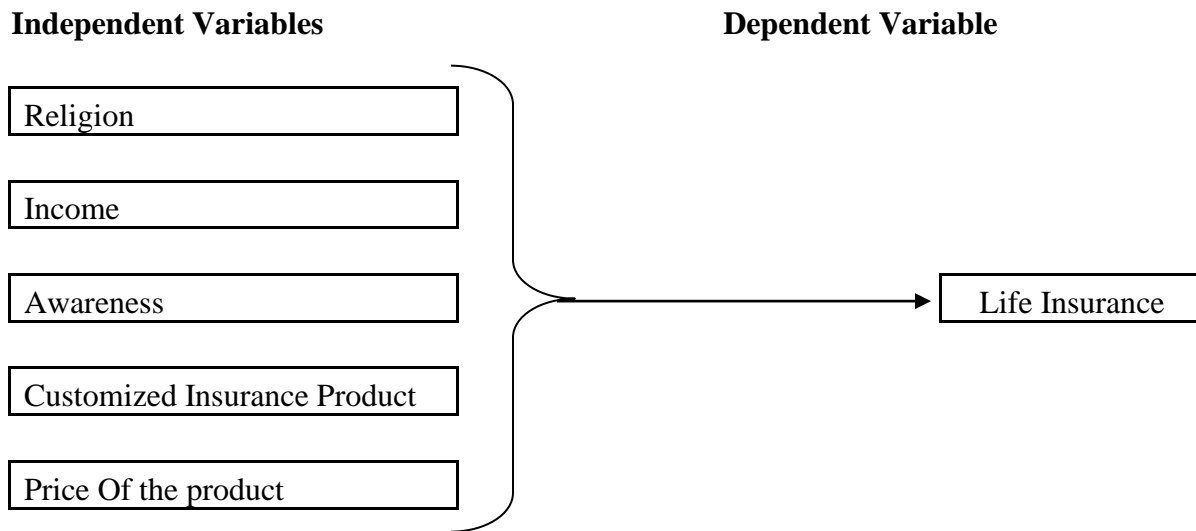
Source: designed by the researcher, 2020

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Research area

The study conducted at NIB Insurance S.C in assessing the factors that affect the performance of life insurance towards the company; hence, the collection of data was simple and easily accessible.

## 3.2 Research design

A descriptive survey design is adopted for this study. A descriptive survey design is the best for this study as it describes characteristics associated with life insurance policy, and in particular factors that make it at unattractive performance. state that a descriptive research determines and reports the way things are and attempt to describe possible behavior, attitude, values and characteristics of such things. The study used descriptive survey design because it enables to collect a large quantity of in-depth information about the subject being studied.

## 3.3.1 Data Type

As this research paper assesses the factors contributing for the poor performance of life insurance; it will contain both qualitative & quantitative data.

There are data's which are numeric, expressed in number to state the question how much, how many, how often and extra. Also there are names, symbols or number codes to describe the necessary data.

## 3.3.2 Data Source

In order to gather the data from relevant sources, both primary and secondary data collection Instruments are used.

- ✓ Primary data is a data originated by the researcher for the specific purpose of addressing the research problem. It is what the researcher originally collects from the sample population. In this study the primary data is gathered from both the management bodies of the company, agents& brokers which are currently working with the company by using self-designed questionnaire.
- ✓ The secondary sources of data collected from review of journals, articles, both published and unpublished earlier research works by the Insurance Company& national bank of Ethiopia and from the annual reports of the Company.

## 3.4. Sample Size Determination

For this study, the sources of population were the current management &non-management staff members, customers, Agents & Brokers of NIB insurance company. The preliminary survey undertaken by the researcher before questionnaire distribution is to take the total number of staffs in the life branches of NIB. The information indicated that there are 167 grand total population (total staff members) consist in head office f NIB Addis Ababa. The study focused on the population who are currently working in head office. Once the total size of employees determined from head office, appropriate respondents from the management and the non management staffs, customers, agents & brokers were selected by using random sampling technique.

From among different methods, the sample size determination the one which developed by Carvalho (1984).was used by the researcher. The method is presented in table below.

**Table 3.1: sample size determination**

| Population size | low | medium | High |
|---|---|---|---|
| 51-90 | 5 | 13 | 20 |
| 91-150 | 8 | 20 | 32 |
| 151-280 | 13 | 32 | 50 |
| 281-500 | 20 | 50 | 80 |
| 501-1200 | 32 | 80 | 125 |
| 1201-3200 | 50 | 125 | 200 |
| 3021-10000 | 80 | 200 | 315 |
| 10001-35000 | 125 | 315 | 500 |
| 35001-45000 | 200 | 500 | 800 |

(Source Carvalho 1984)

According to the marketing department team report; now NIB have 41 branches. From these branches life take only 1 branch all over Ethiopia, this is located in Addis Ababa. Regarding the data there are 167 active NIB's agents throughout Ethiopia. From this 10 agents are trained by NIB insurance company to work for life assurance (NIB insurance company, marketing department).in the mean time there are 172 registered life insurance customers. At the head office level totally there are 169 employees, which are 153 general & 16 life insurance employees.  For the reason that the life branch of NIB insurance company located at its head office, the student researcher obtain every life insurance &some general insurance employees.

For that reason the population size of this study is 508. So the range lies between 501&1200, according to Carvalho's sample size determination indicated in Table 1, Thus taking to account of reliability & effectiveness of the research paper large sample size was applied in according with the given population size.

Therefore the sample size selected for the study under consideration was 125.

## 3.5. Sampling Methods

Hence, as part of this study, the total population includes management bodies, agents and brokers of insurance that specifically deal in life insurance.

## 3.6 Data Collection Methods and Instruments

The primary data which is relevant to the study collected from the sample through questionnaire. A structured survey questionnaire will be administered by the researcher to the selected customers, agents & management of NIB Insurance. A sample of the questionnaire is attached under the proposal. The questionnaire contains two sections. The first section contained general data of the respondent, which isuseful in the analysis. The second section contained some differential belief statements, which the respondents were to tick or complete as per their level of agreement (Kiragu, 2014) says that the questionnaire tool is the most appropriate where detailed information is required. The questionnaire is self-administered to the sample selected. The questionnaires distributed to those who agree to participate in the study and also the researcher briefly explained to respondents unclear points when they fill up the questionnaires. And also side by side relevant secondary data collected from different documents, different web-sites, other research works and journals.

## 3.7 Data Processing and Presentation

In this study the relevant data analyzed and interpreted using both qualitative and quantitative techniques which includes descriptive statistics, and percentage Method using tables, spreadsheet and SPSS software employed. Then, after analyzing the data and properly interpreted those findings summarized, and based on the findings the appropriate conclusion drawn and the possible recommendations are forwarded.

## 3.8. Methods of Data Analysis

Check the data for accuracy and completeness of recording of the responses. After it is checked, then summarized and analyzed using Microsoft excel program. It analyzed using descriptive statistics. For this purpose frequencies and percentages are used.

## 3.9. Ethical Consideration

This research attempted to obtain informed consent from the respondents prior to undertaking collected field data. Research objectives are explained and communicated to the respondents in order to request their informed consent. High level of confidentiality on the information is provided by respondents through questionnaires maintained.

# CHAPTER FOUR

# RESULTS AND DISCUSSION

This chapter consists of the presentation, analysis and the interpretation of data gathered through secondary data, i.e., written documents & primary data, i.e., self-administered questionnaire distributed to management bodies, Agents and Brokers of NIB. Under this section, demographic characteristics of respondents, the frequency and mean score of respondents and in general data's which were collected from the management bodies, Agents and Brokers of NIB were presented and analyzed.

In this study 125 questionnaires were distributed to the respondents and only 114 questionnaires were returned. That means the response rate was 91.2%. The remaining 8.8% of the respondents failed to return the questionnaires.

## 4.1. Respondents' Characteristics

In order to ensure the accuracy of the response the respondents profile was assessed as follows. The profile covers the gender, age and education level of respondents.

Table 4.1: Gender, Age & education level of Respondents

| Item | Alternatives | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **1. Gender** | Male | 86 | 75.4 | 75.4 | 75.4 |
| | Female | 28 | 24.6 | 24.6 | 100.0 |
| | **Total** | **114** | **100.0** | **100.0** | |
| **2. Agee** | 18 to 30 years | 42 | 36.8 | 36.8 | 36.8 |
| | 31 to 45 years | 56 | 49.1 | 49.1 | 86.0 |
| | 46 to 60 years | 16 | 14.0 | 14.0 | 100.0 |
| | **Total** | **114** | **100.0** | **100.0** | |
| **3. Education Level** | Certificate | 4 | 3.5 | 3.5 | 3.5 |
| | Diploma | 11 | 9.6 | 9.6 | 13.2 |
| | First Degree | 86 | 75.4 | 75.4 | 88.6 |
| | Second Degree and Above | 13 | 11.4 | 11.4 | 100.0 |
| | **Total** | **114** | **100.0** | **100.0** | |

Source own survey, 2020

The respondents' gender as displayed in table 4.1 above indicates that there were more males as compared to females. Male respondents represented 75.4%, on the other hand 24.6% were females. As far as age of respondents and table 1 above indicates 36.8% of therespondents were in the range of 18-30 years, 49.1% of the respondents were in the range of 31-45 years, 14% were in the range of 46-60.

With regard to educational level of respondents table 4.1 above shows that, 3.5% of the respondents were Certificate holders, Diploma holders represented 9.6%, and First degree holders represented 75.4% which takes the largest share and finally Second degree and above holders represented 11.4% of the respondents.

## 4.2Religious factors to low premium share of life insurance

In the next section the researcher presents the mean of all questions distributed to the target group and frequency of religious factors that contributed to the low premium share of life insurance in NIB insurance S.C.

Table 4.2 frequency score of participants on Religious aspect

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 16 | 14.0 | 14.0 | 14.0 |
|  | Neutral | 15 | 13.2 | 13.2 | 27.2 |
|  | Agree | 83 | 72.8 | 72.8 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As the above table shows for the query that religious factors affect the buying behavior of the society, 14% of the respondents disagree, 13.2% neutral & 72.8% agree. The mean score is (3.587) which indicated most of the respondents agreed that religion affects the buying behavior of the society.

## 4.3 Income of the society

### 4.3.1 The effect of income on buying existing life insurance products

Table 4.3: frequency score of participants on the effect of income

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Valid** | **Agree** | 82 | 71.9 | 71.9 | 71.9 |
| | **Strongly Agree** | 32 | 28.1 | 28.1 | 100.0 |
| | **Total** | 114 | 100.0 | 100.0 | |

Source own survey, 2020

As shown in the above table, out of the total 114 respondents regarding the affordability of life insurance, 71.9% of them responds agree, and 28.1% strongly agree to the fact that the low income earners cannot afford the product.

And the mean score is (4.2) which denote that the price of life insurance does not take in to account the low income earners in NIB.

### 4.3.2 Introducing affordable products will maximize number of customers and sales

Table 4.4: frequency distribution on affordable products

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| **Valid** | **Neutral** | 16 | 14.0 | 14.0 | 14.0 |
| | **Agree** | 98 | 86.0 | 86.0 | 100.0 |
| | **Total** | 114 | 100.0 | 100.0 | |

Source own survey, 2020

As the above table shown, for the inquiry that introducing affordable products will maximize number of customers and sales, 14% respond neutral & 86% respond agree. It shows that the mean value is (3.859) which indicate in order to maximize the number of customers and sales the company should concentrate on introducing new and affordable products.

**4.3.3 Majority of life insurance buyers are NGO's & Rich individuals, because they can afford the price.**

Table 4.5: frequency distribution life insurance buyers

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 44 | 38.6 | 38.6 | 38.6 |
|  | Neutral | 25 | 21.9 | 21.9 | 60.5 |
|  | Agree | 26 | 22.8 | 22.8 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As depicted in the above table 38.6 % respondents disagree, 21.9% respondents neutral, 22.8% agree & 16.7% strongly agree, for the issue which is raised related to the majority of life insurance buyers are NGO's & Rich individuals, because they can afford the price. The mean value be 3.175, which point towards most of the respondents are neutral on this subject.

## 4.4. Awareness of the society
**4.4.1 The public is well aware of the concept of life insurance**

Table: 4.6 frequency distribution on public awareness

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 30 | 26.3 | 26.3 | 26.3 |
|  | Neutral | 18 | 15.8 | 15.8 | 42.1 |
|  | Agree | 47 | 41.2 | 41.2 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As shown in the above table, out of the total 114 respondents 26.3% disagreed, 15.8% responded neutral, while 41.2% agree and none of them respondents responded strongly disagreed. And the mean score (3.482) which shows that mostof the public is not aware of the concept of life insurance which leaves NIB with a lot of work to do.

**4.4.2Having well articulated marketing strategy would enhance the company's performance**

Table:4.7 frequency distribution on marketing strategy

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 77 | 67.5 | 67.5 | 67.5 |
| | Strongly Agree | 37 | 32.5 | 32.5 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

In relation to marketing strategy, as shown above in the table 67.5 of the respondents agree, 32.5% strongly agree and none of the respondents strongly disagree and neutral. Actually the mean value was (4.324) which imply that the marketing part of life insurance has not been touch yet.

**4.4.3 The policy wording, terms and conditions of a policy are clear and understandable**

Table: 4.8 frequency distribution on the policy wording, terms and conditions

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 95 | 83.3 | 83.3 | 83.3 |
| | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

As indicated in the above table, out the total 114 respondents, 83.3% of the respondents agree, 16.7% of them strongly agree, and none of them responds strongly disagree & disagree, about the understandability of policy wordings, terms and conditions of a product on the market and also the mean score (4.166) which shows the policies of the products that are currently on market are clear and easily understandable.

**4.4.4 The promotional and public awareness creation activities are well done**

Table: 4.9Frequency distribution of promotion and public awareness

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 14 | 12.3 | 12.3 | 12.3 |
|  | Disagree | 39 | 34.2 | 34.2 | 46.5 |
|  | Neutral | 9 | 7.9 | 7.9 | 54.4 |
|  | Agree | 39 | 34.2 | 34.2 | 88.6 |
|  | Strongly Agree | 13 | 11.4 | 11.4 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

In relation to promotion and public awareness, as shown above in the table 12.3% of the respondents strongly disagree, 34.2% disagree, 11.4% strongly agree and 34.2% agree. The mean value was (2.982) which indicate that most respondents are neutral on the promotion issue.

## 4.5 customized insurance product
**4.5.1 Growth of Life insurance share of NIB's is low due to the growing competition within the industry**

Table: 4.10 frequency distribution of competition

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 42 | 36.8 | 36.8 | 36.8 |
|  | Disagree | 68 | 59.6 | 59.6 | 96.5 |
|  | Neutral | 4 | 3.5 | 3.5 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

According to the above table, 36.8% of them responded strongly disagree, 59.6% of them disagree, 3.5% respond neutral, and the mean score of the respondents' response was (1.666) .The results show that the growing competitiveness of other insurance company's didn't contributed to the near to the ground share of NIB.

**4.5.2 Life insurance share of NIB will eventually grow if new, simple and understandable products were designed.**

Table: 4.11 frequency distribution new products

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 32 | 28.1 | 28.1 | 28.1 |
| | Disagree | 55 | 48.2 | 48.2 | 76.3 |
| | Neutral | 27 | 23.7 | 23.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

As illustrated on table above, 28.1% of the respondents responded strongly disagree, 48.2% of them responds disagree, 23.7% neutral, and none of the respondents agree or strongly agree. The mean score is (1.956) about the respondents didn't expectation that share of life insurance products of NIB will eventually grow if new, simple and understandable products were designed. The result shows somehow the life insurance products are by now simple and understandable.

**4.5.3 Sales will increase if more important features are added to the existing products**

Table: 4.12 frequency distribution of adding features on products

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 16 | 14.0 | 14.0 | 14.0 |
| | Disagree | 27 | 23.7 | 23.7 | 37.7 |
| | Neutral | 19 | 16.7 | 16.7 | 54.4 |
| | Agree | 52 | 45.6 | 45.6 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

According to the above table, out of the total 114 respondents: 14.0% strongly disagree, 23.7% disagree, 16.7% Neutral, 45.6% of respondents agree and none of the respondents strongly agree with the mean score value of (2.938), which are neutral on the idea of adding features to the existing products.

**4.5.4 The existence of limited type of products in NIB resulted in low performance of the company**

Table: 4.13 frequency distribution on the limitation of products

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 27 | 23.7 | 23.7 | 23.7 |
|  | Disagree | 42 | 36.8 | 36.8 | 60.5 |
|  | Neutral | 19 | 16.7 | 16.7 | 77.2 |
|  | Agree | 26 | 22.8 | 22.8 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As indicated on the above table, 23.7% of the respondents responds strongly disagree, 36.8% of them disagree, 16.7% neutral, and 22.8% responded agree . In addition, the mean score **(2.386)** which shows that there is not product limitation in NIB. Hence factor of product limitation have no relation with the low performance for life insurance products.

**4.5.5 Life insurance business would contribute more to the GDP if profit is generated from investing the available fund besides transacting the business only?**

Table: 4.14 frequency distribution on the contribution of life insurance to the GDP

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 9 | 7.9 | 7.9 | 7.9 |
|  | Disagree | 38 | 33.3 | 33.3 | 41.2 |
|  | Neutral | 15 | 13.2 | 13.2 | 54.4 |
|  | Agree | 52 | 45.6 | 45.6 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

The Table above shows, out of the total respondents 33.3% of them responded disagree, 13.2% of them responds neutral, 45.6% were agreed, and none of the respondents strongly agree with mean score of **(2.964)** which is Showing that respondents are neutral on that the profit which is generated from life insurance would contribute to the GDP growth if it was invested.

### 4.5.6 The products are always revised to accommodate inflation

Table: 4.15 frequency distribution of the revision of products

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 11 | 9.6 | 9.6 | 9.6 |
|  | Disagree | 17 | 14.9 | 14.9 | 24.6 |
|  | Neutral | 16 | 14.0 | 14.0 | 38.6 |
|  | Agree | 51 | 44.7 | 44.7 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As shown in the above table, out of the total 114 respondents, 14.9% of them responds Disagree, 14.0% of them respond neutral, 44.7% agree, 16.7% strongly agree and 9.6% responds strongly disagree about the revision of products to accommodate inflation. In Addition, the mean score **(3.438)** which is shows that majority of the respondents believe that NIB didn't revise life policies to accommodate inflation.

### 4.5.7 The number of life insurance customers is very small compared to the property insurance

Table: 4.16 frequency distribution of life insurance customers

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 16 | 14.0 | 14.0 | 62.3 |
|  | Agree | 66 | 57.9 | 57.9 | 83.3 |
|  | Strongly Agree | 32 | 28.1 | 28.1 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As shown above out of 114 respondents 14.0% of them respond neutral, 57.9% agree & 28.1% strongly agree to the fact that the number of life insurance customers is very small compared to the property insurance that implies NIB insurance need to work hard in this sector.

**4.5.8 The low share of insurance sales compared to property insurance is partly due to the lack of customized product**

Table: 4.17 frequency distribution on the share of life insurance sale

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 19 | 16.7 | 16.7 | 16.7 |
|  | Disagree | 37 | 32.5 | 32.5 | 49.1 |
|  | Neutral | 18 | 15.8 | 15.8 | 64.9 |
|  | Agree | 40 | 35.1 | 35.1 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As shown in table, 16.7% responded strongly disagree,32.5% disagreed, 15.8% neutral& 35.1% respond agree. That lack of customized product doesn't contribute to the low share of life insurance when compared to general insurance with the mean score value of**(2.693).**

**4.5.9 Do you agree that poor filing system that exists in NIB contributed to the poor market share?**

Table: 4.18 frequency distribution on poor filing system

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 16 | 14.0 | 14.0 | 14.0 |
|  | Disagree | 23 | 20.2 | 20.2 | 34.2 |
|  | Neutral | 15 | 13.2 | 13.2 | 47.4 |
|  | Agree | 60 | 52.6 | 52.6 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As shown in the above table 14% of the respondents strongly disagree, 20.2% disagree, 13.2% neutral, and 52.6% respond agree with the mean score value of **(3.043)** implies that poor filing system exists in the company so special attention should be giving to it because poor filing system in an organization leads to customer complaints and dissatisfaction and finally loss of customers in general.

**4.5.10 there is continuous human recourse and agent/broker development**

Table: 4.19 frequency distribution on human recourse and agent/broker development

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 23 | 20.2 | 20.2 | 20.2 |
|  | Disagree | 43 | 37.7 | 37.7 | 57.9 |
|  | Neutral | 25 | 21.9 | 21.9 | 79.8 |
|  | Agree | 23 | 20.2 | 20.2 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

According to the above table, 20.2% of respondents strongly disagree, 37.7% respondents disagree, 21.9% respondents neutral, only 20.2% of the respondents agree for the continues human resource & agent/broker development issue with the mean value **2.421**, which indicates that most of the respondents disagree with the above issue.

## 4.6 Price of the product
**4.6.1 The rate of a product is generally a bit expensive**

Table: 4.20 frequency distribution on the rate of the product

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 7 | 6.1 | 6.1 | 6.1 |
|  | Disagree | 35 | 30.7 | 30.7 | 36.8 |
|  | Neutral | 28 | 24.6 | 24.6 | 61.4 |
|  | Agree | 25 | 21.9 | 21.9 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

According to the above table, 6.1% of the respondents respond strongly disagree, 30.7% of them responds disagree, 24.6% Neutral, 21.9% agree and 16.7% of responds strongly agree. Adding up to the above data the mean score (**3.1228),** which implies most respondents are neutral for the rate which NIB insurance uses.

**4.6.2 Number of customers will obviously increase if your company carried out rate revision**

Table: 4.21 frequency distribution of rate revision

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 28 | 24.6 | 24.6 | 24.6 |
| | Disagree | 61 | 53.5 | 53.5 | 78.1 |
| | Neutral | 25 | 21.9 | 21.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

The table above shown that 24.6% of respondents strongly disagree, 53.5% of respondents disagree & 21.9 % of respondents are neutral on the issue that if the company decides to carry out rate revision, customers will increase. The mean value is **1.973,** which indicates the majority respondents disagree.

**4.6.3 The rate charts the terms and conditions revised in response to the dynamic environment**

Table: 4.22 frequency distribution of revision of life insurance product

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 89 | 78.1 | 78.1 | 78.1 |
| | Disagree | 25 | 21.9 | 21.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

Source own survey, 2020

For the question that the rate charts the terms and conditions revised in response to the dynamic environment, 78.1% of respondents strongly disagree & 21.9 % disagree, with a mean value of **1.219,** which implies most respondents strongly disagree.

**4.6.4 Affordable products are available in the existing product mix**

Table: 4.23 frequency distribution of affordability of the products

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 105 | 92.1 | 92.1 | 92.1 |
|  | Disagree | 9 | 7.9 | 7.9 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

On the limitation of affordable products in NIB 92.1% of respondents strongly disagree & 7.9 % of respondents disagree, with the mean vale of **1.078,** which implies almost all respondents disagree.

**4.6.5 The current sales of life insurance is very attractive**

Table: 4.24 frequency distribution on attractiveness

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 85 | 74.6 | 74.6 | 74.6 |
|  | Strongly Agree | 29 | 25.4 | 25.4 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

Source own survey, 2020

As it is stated on the table, 74.6 % of respondents strongly disagree & 25.4% of respondents strongly agree with a mean value of 2.017**,** that implies most of the respondents disagree that of the current sales of life insurance is very attractive.

**Open Ended Questions Distributed to Respondents**

## 4.7 Responses for open ended question

Most of the respondents mentioned what is already covered by the questionnaire. Their response is discussed as the following**.**

- Responses given to the main challenges in selling life insurance products in NIB are
    - ➢ Lack of awareness.
    - ➢ No or minimal promotional activities regarding life insurance.
    - ➢ Lack of well organized marketing system.
    - ➢ Poor filing system.
    - ➢ Technological background.
    - ➢ Living place of the people (rural areas).
    - ➢ Society focuses on cultural way of saving like equb&edir than buying life insurance policies.
- Responses given to the second open ended question that is what the respondents recommend NIB to increase market share of life insurance business are
    - ➢ Fill the life insurance department with skillful marketers.
    - ➢ Working with telecommunication to aware the public.
    - ➢ Commence new life insurance product which are compatible to our society.
    - ➢ NIB has to have outlaying branches to locate the society.
    - ➢ Focuses on small scale medical insurance to reach large scale society at kebele/woreda level.

# CHAPTER FIVE
## SUMMARY OF MAJOR FINFINGS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Summary of major findings

The main purpose of the study was to assess the performance of life insurance in the case of nib insurance company. The total number of sample respondents for this survey stood at 125. The collected data was analyzed using descriptive statistics.

As the major aim of the research is to assess the factors that contribute to the law premium share of life insurance, Based on the analysis, discussion and related issues of the research72.8% of respondents agree that religious aspects affect the buying behavior of the society.

71.9% of respondents agreed to the fact that low income earners can't afford the product. With related to this 86% of respondents agreed that introducing affordable product will maximize number of customers & sales.

57.9% of respondents agreed that most people are not aware of the concept of life insurance. as well all respondents agreed that having well-articulated marketing strategy would enhance the company's performance.

76.3% respondents think than the correct policy wording, terms & conditions of NIB's life insurance policy are clear & understandable. The majority respondents decided that product limitation have no relation with the low performance for life insurance products of NIB. In relation to that respondents are neutral on adding additional features on existing products. as well nearly all participants agreed that low share of insurance sales compared to property insurance didn't relate with customized product.

93.7% of respondents agreed that the growing competition within the industry didn't affect the performance of NIB's life insurance sale. Nearly every respondent are neutral on the contribution of life insurance on GDP. Though in developed countries the contribution of life insurance to GDP is far above the ground.

Majority of respondent consider that NIB didn't revise its life insurance policies to accommodate inflation.86% of respondents approved that the number of life insurance

customers are very small comparing to the property insurance. In addition the largest part of respondents has the same opinion on the poor filing system of NIB's Life insurance department.

## 5.2 Conclusion

As shown in the literature part of this study some factors which may have influence on low performance of NIB's life insurance products are discussed. To prove these, questionnaires was prepared and administered to the sample respondents. The responses are analyzed and findings are discussed. Based on this the following conclusion are given.

Based on the analysis one of the main reasons for low development of life insurance is lack of awareness among the public. Because of this the premium collected from life insurance is much lower than the premium collected from non-life insurance. As we can see from NIB insurance company, number of individual customers of life insurance is very much lower than corporate customers. In foreign countries life insurance plays a vital role in people's lives. The other main reason to low development of life insurance is low income level of the society. Earners don't have enough money to cater for their basic needs and hence no room to consider buying life insurance cover. So the society might to consider buying life insurance is a luxury.

Several respondents agree that the emerging of other insurance companies that offered life insurance and the growing competitiveness of these companies didn't contribute to this near to the ground performance. However Lack of human resource and agent/broker development and giving low focus for life insurance when compared to non-life insurance is also another causes. According to the respondents' poor sales techniques of life insurance is also one of the reasons.

The contribution of life insurance business to the economy is almost nil as depicted in the introduction part of the study. As well Majority of the respondents are neutral on the income generated from life insurance & its contribution to the GDP. Since the time horizons for life insurance contract are usually long-term savings, it can be tied up for long time investment and hence can be made available for capital expenditures that only will produce profits in the future.

One of the factors for the stumpy performance of life insurance is religious as discussed in the literature part of the study. Plus in our country highly religiosity is observed in the society, In regard to this the respondents were asked if this highly religiosity of the society contribute to low development of life insurance and majority of respondents agree. This is because they think they are covered by their faith. And only God can heal and control what is taking place in their lives, while others believe that the future will take care of itself.

Another aspect mentioned as a factor that contributes to low development of life insurance is financial literacy. Most of the respondents agree that low financial literacy among the society is one of the reasons for low development of life insurance business. It is hard to understand the importance of risk and risk management. The other factor is saving. In regard to this the respondents mostly agree that the society did not consider life insurance as one way of saving. Therefore this is one of the factors for low development of life insurance.

## 5.3 Recommendation

Based on the findings the study made the following recommendations;

In view of the fact that religious aspects affect the buying behavior of the society & that of most people are not aware of the concept of life insurance, NIB has to take several tasks in creating awareness about life insurance among the public by giving information in the different benefits of insurance and the insurance products available in the market on a regular basis, not just when selling insurance.

given that of the poor filing system observed above, In order to increase its market share NIB should take corrective actions like improving its filing system and make a follow-up in order to compete with other insurance companies, maintain its existing customers and attract new business.

The company has to give enough attention to life insurance in line with non-life insurance. The company has to have well-articulated marketing strategy and has to use aggressive marketing strategy like advertisements on different Broad casting Medias, social medias and distributing fliers that explains the benefits of life insurance and different products the company offer especially on offices which have large number of employees with a capacity to buy life insurance to reach more potential clients. This can help the company to increase the premium earned from the sector.

NIB also has to train its employees and agents/brokers in a continuous basis so as to update and increase their knowledge in the area and encourage and motivate them to convince customer to buy life insurance.

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## Appendix

**Questionnaire**

**Dear respondent:**

First I would like to thank you for your willingness to fill this questionnaire honestly. My name is hermela dubale – a prospect graduate of MMA from St. Marry University. I am conducting a project paper on **"Assessing Factors Affecting the Performance of Life Insurance in NIB Insurance company"** As a partial fulfillment of the MMA program. So, I would like to sincerely ask your contribution in answering the questionnaires designed to collect raw data.

Although this questionnaire request specific information, this is only for my study purpose and will not be passed on to third parties or attributed directly in any public way.

Please tick the items below that describe you:

1. Gender         Male ☐      Female ☐

2. Age Group      18-30 ☐    31-45 ☐ 46-60 ☐

3. Education Level    High School ☐ Certificate ☐ Diploma ☐

                     First Degree ☐ Second Degree ☐

**KEY:**

**SA= Strongly Agree**
**A= Agree**
**SHA= Somehow Agree**
**D= Disagree**
**SD= Strongly Disagree**

| No | | SA 5 | A 4 | SHA 3 | D 2 | SD 1 |
|----|---|------|-----|-------|-----|------|
| 1 | The public is well aware of the concept of life insurance. | | | | | |
| 2 | The policy wording, terms and conditions of a policy are clear and understandable. | | | | | |
| 3 | Considering the product offerings, how much do you think that NIB has limited offerings? | | | | | |
| 4 | Some life insurance products are complex to be understood by consumers. | | | | | |
| 5 | The rate of existing products in general is a little bit expensive. | | | | | |
| 6 | Low income earners can't afford the existing life product. | | | | | |
| 7 | Majority of life insurance buyers are NGO's & Rich individuals, because they can afford the price. | | | | | |
| 8 | The product & the premium charged do not recognize the needs and economic status of the society. | | | | | |
| 9 | Affordable products are limited in the product mix. | | | | | |
| 10 | Promotional and public awareness creation activities are well done. | | | | | |
| 11 | The number of life insurance customer's is very small compared to property insurance. | | | | | |
| 12 | Introducing affordable products will maximize number of customers and sales. | | | | | |
| 13 | Employees are well aware of the product that they are selling. | | | | | |
| 14 | There is a continuous Agent/Broker development. | | | | | |
| 15 | Number of customers will obviously increase if NIB carried out rate revision. | | | | | |
| 16 | The current of life insurance is not very attractive compared to the property insurance. | | | | | |
| 17 | The low share of life insurance sales compared t property insurance is partly due to the lack of customized product. | | | | | |

X

| 16 | Religious aspects influence the behavior of the society in buying life insurance policies. | | | | | |
|----|---|---|---|---|---|---|
| 18 | Sales will increase if more futures are added to the existing products. | | | | | |

19. What are the main challenges in selling life insurance products in NIB?

……………………………………………………………………………………………………………
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20. What do you recommend NIB to increase its market share of life insurance business?

……………………………………………………………………………………………………………
……………………………………………………………………………………………………………
……………………………………………………………………………………………………………
………………………………………………………………………………………………

**Case Processing Summary**

|  |  | N | % |
|---|---|---|---|
| Cases | Valid | 114 | 100.0 |
|  | Excluded[a] | 0 | 0.0 |
|  | Total | 114 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .930 | 24 |

# Frequency Table

**Gender**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 86 | 75.4 | 75.4 | 75.4 |
|  | Female | 28 | 24.6 | 24.6 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Age**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 18 to 30 years | 42 | 36.8 | 36.8 | 36.8 |
|  | 31 to 45 years | 56 | 49.1 | 49.1 | 86.0 |
|  | 46 to 60 years | 16 | 14.0 | 14.0 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Education Level**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Certeficate | 4 | 3.5 | 3.5 | 3.5 |
|  | Diploma | 11 | 9.6 | 9.6 | 13.2 |
|  | First Degree | 86 | 75.4 | 75.4 | 88.6 |
|  | Second Degree and Above | 13 | 11.4 | 11.4 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Religious aspects influence the behavior of the society in buying life insurance policies.**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 16 | 14.0 | 14.0 | 14.0 |
|  | Neutral | 15 | 13.2 | 13.2 | 27.2 |
|  | Agree | 83 | 72.8 | 72.8 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Low income earners can't afford the existing life product.**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 82 | 71.9 | 71.9 | 71.9 |
|  | Strongly Agree | 32 | 28.1 | 28.1 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Introducing affordable products will maximize number of customers and sales.**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 16 | 14.0 | 14.0 | 14.0 |
|  | Agree | 98 | 86.0 | 86.0 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Majority of life insurance buyers are NGO's & Rich individuals, because they can afford the price.**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 44 | 38.6 | 38.6 | 38.6 |
|  | Neutral | 25 | 21.9 | 21.9 | 60.5 |
|  | Agree | 26 | 22.8 | 22.8 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**The public is well aware of the concept of life insurance.**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 30 | 26.3 | 26.3 | 26.3 |
|  | Neutral | 18 | 15.8 | 15.8 | 42.1 |
|  | Agree | 47 | 41.2 | 41.2 | 83.3 |
|  | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
|  | Total | 114 | 100.0 | 100.0 |  |

**Having well articulated marketing strategy would enhance the company's performance.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 77 | 67.5 | 67.5 | 67.5 |
| | Strongly Agree | 37 | 32.5 | 32.5 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The policy wording, terms and conditions of a policy are clear and understandable.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 95 | 83.3 | 83.3 | 83.3 |
| | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The promotional and public awareness creation activities are well done.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 14 | 12.3 | 12.3 | 12.3 |
| | Disagree | 39 | 34.2 | 34.2 | 46.5 |
| | Neutral | 9 | 7.9 | 7.9 | 54.4 |
| | Agree | 39 | 34.2 | 34.2 | 88.6 |
| | Strongly Agree | 13 | 11.4 | 11.4 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Growth of Life insurance share of NIB's is low due to the growing competition within the industry.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 42 | 36.8 | 36.8 | 36.8 |
| | Disagree | 68 | 59.6 | 59.6 | 96.5 |
| | Neutral | 4 | 3.5 | 3.5 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Life insurance share of NIB will eventually grow if new, simple and understandable products were designed.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 32 | 28.1 | 28.1 | 28.1 |
| | Disagree | 55 | 48.2 | 48.2 | 76.3 |
| | Neutral | 27 | 23.7 | 23.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Sales will increase if more important features are added to the existing products.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 16 | 14.0 | 14.0 | 14.0 |
| | Disagree | 27 | 23.7 | 23.7 | 37.7 |
| | Neutral | 19 | 16.7 | 16.7 | 54.4 |
| | Agree | 52 | 45.6 | 45.6 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The existence of limited type of products in NIB resulted in low performance of the company.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 27 | 23.7 | 23.7 | 23.7 |
| | Disagree | 42 | 36.8 | 36.8 | 60.5 |
| | Neutral | 19 | 16.7 | 16.7 | 77.2 |
| | Agree | 26 | 22.8 | 22.8 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Do you agree that the life insurance business would contribute more to the GDP if profit is generated from investing the available fund besides transacting the business only?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 9 | 7.9 | 7.9 | 7.9 |
| | Disagree | 38 | 33.3 | 33.3 | 41.2 |
| | Neutral | 15 | 13.2 | 13.2 | 54.4 |
| | Agree | 52 | 45.6 | 45.6 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The products are always revised to accommodate inflation.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 11 | 9.6 | 9.6 | 9.6 |
| | Disagree | 17 | 14.9 | 14.9 | 24.6 |
| | Neutral | 16 | 14.0 | 14.0 | 38.6 |
| | Agree | 51 | 44.7 | 44.7 | 83.3 |
| | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The number of life insurance customers is very small compared to the property insurance.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Neutral | 16 | 14.0 | 14.0 | 62.3 |
| | Agree | 66 | 57.9 | 57.9 | 83.3 |
| | Strongly Agree | 32 | 28.1 | 28.1 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The low share of insurance sales compared to property insurance is partly due to the lack of customized product?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 19 | 16.7 | 16.7 | 16.7 |
| | Disagree | 37 | 32.5 | 32.5 | 49.1 |
| | Neutral | 18 | 15.8 | 15.8 | 64.9 |
| | Agree | 40 | 35.1 | 35.1 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Do you agree that poor filing system that exists in NIB contributed to the deprived its market share?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 16 | 14.0 | 14.0 | 14.0 |
| | Disagree | 23 | 20.2 | 20.2 | 34.2 |
| | Neutral | 15 | 13.2 | 13.2 | 47.4 |
| | Agree | 60 | 52.6 | 52.6 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**There is continuous human recourse and agent/broker development.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 23 | 20.2 | 20.2 | 20.2 |
| | Disagree | 43 | 37.7 | 37.7 | 57.9 |
| | Neutral | 25 | 21.9 | 21.9 | 79.8 |
| | Agree | 23 | 20.2 | 20.2 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The rate of a product is generally a bit expensive.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 7 | 6.1 | 6.1 | 6.1 |
| | Disagree | 35 | 30.7 | 30.7 | 36.8 |
| | Neutral | 28 | 24.6 | 24.6 | 61.4 |
| | Agree | 25 | 21.9 | 21.9 | 83.3 |
| | Strongly Agree | 19 | 16.7 | 16.7 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Number of customers will obviously increase if your company carried out rate revision.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 28 | 24.6 | 24.6 | 24.6 |
| | Disagree | 61 | 53.5 | 53.5 | 78.1 |
| | Neutral | 25 | 21.9 | 21.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The rate charts the terms and conditions revised in response to the dynamic environment.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 89 | 78.1 | 78.1 | 78.1 |
| | Disagree | 25 | 21.9 | 21.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Affordable products are limited in the existing product mix.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 105 | 92.1 | 92.1 | 92.1 |
| | Disagree | 9 | 7.9 | 7.9 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**The current sales of life insurance are not very attractive.**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 85 | 74.6 | 74.6 | 74.6 |
| | Strongly Agree | 29 | 25.4 | 25.4 | 100.0 |
| | Total | 114 | 100.0 | 100.0 | |

**Descriptive Statistics**

XVII

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| **Religion** | 114 | 2.00 | 4.00 | 3.5877 | .72639 |
| **Income of the society** | 114 | 2.75 | 4.25 | 3.5680 | .48573 |
| **Awareness** | 114 | 1.70 | 4.10 | 3.0307 | .70900 |
| **Customized Insurance product** | 114 | 1.00 | 4.00 | 2.9088 | .84608 |
| **Price of the product** | 114 | 1.00 | 3.20 | 1.8825 | .58039 |
| Valid N (listwise) | 114 |  |  |  |  |