



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**FACTORS THAT INFLUENCE CUSTOMERS ATTITUDE TOWARDS LIFE
INSURANCE IN THE CASE OF NILE INSURANCE**

**A THESIS SUBMITTED TO ST MARY'S UNIVERSITY IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

BY: SAMIT ZUBER AHMED

ADDIS ABABA, ETHIOPIA

JUNE: 2021



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ADDIS ABABA, ETHIOPIA

JUNE: 2021

DECLARATION

I Samit Zuber, the under signed, declare that this thesis entitled: “Factors That Influence Customers Attitude towards Life Insurance In The Case Of Nile Insurance” is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

Name of student ; Samit Zuber Ahmed.

Date; June/21

Signature;

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ENDORSEMENT

This is to certify that the thesis prepared by Samit Zuber Ahmed entitled: “Factors That Influence Customers Attitude Towards Life Insurance In The Case Of Nile Insurance” and submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in MBA complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Advisor

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LIST OF ACRONYMS

EIC	Ethiopian Insurance Corporation
GDP	Gross Domestic Product
NBE	National Bank of Ethiopia
NIC	Nile insurance company
OLS	Ordinary Least square
S.C	Share company
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factor

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ABSTRACT

The purpose of this study was to examine the factors that influence customers' attitude toward life insurance. Particularly, the research is intended to investigate the effect of awareness, education, income gender and age on customers' attitude toward life insurance. The study used quantitative research approach and explanatory research design to answer the stated objectives; and for the purpose of data analysis both descriptive and inferential static data analysis method were used. Mean, standard deviation, correlation and regression analysis were used to analyze the data and test the stated hypothesis The findings of the study revealed that Nile insurance company didn't create sufficient awareness about life insurance for its customers and for the society as a whole, and as well as most people didn't know the advantage of life insurance; This indicates that education has a positive implication on life insurance purchase. Individuals had the higher tendency of buying life insurance as their income increases. The descriptive analysis further reveals that insurance purchasing decision is determined by life insurance buyers in Nile insurance are determined by age where older ages are more interested to buy life insurance than younger people. However, the findings of the study also shows that most customers are interested to advise their friends, families and peoples they know to purchase life insurance policy. The correlation analysis shows that customer attitude is positively associated with customers' awareness, education, income level, gender and age. Furthermore, the regression analysis also shows that all the independent variables except gender, awareness, education, income and age had a significant and positive effect on customer attitude towards attitude of life insurance.

Key words: Attitude, Life insurance

1. CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The service industry plays an increasingly important role in a country's economy. In today's global competitive environment delivering quality service is considered an essential strategy for success & survival. Most service giving organizations are under pressure to deliver quality services to customers & improve efficiencies. In parallel customer needs & expectations changing when it comes into utility services & the quality of services. It is known that services unlike tangible products are produced & consumed at the same time in the presence of customer and service producer (PrabhaRamseok-Munhurrun et al, 2010). To be successful in business today requires a commitment to excellence in customer service as customer service is an integral part of doing business. Today's customer service providers must have adequate preparation to interact effectively with today's customers (Harris, 2000).

Insurance is considered as a tool for managing risks and providing financial security (Omar and Owusu, 2007). Human life is regarded as the most precious asset in the earth and life insurance is to be considered as one kind of measure to provide financial protection to a person and his family at the period of uncertain dangers or any disaster such as uncertain death or accident (Chaudhary, 2016). Zakaria et al. (2016) suggested that life insurance assists individuals save money while defending against any personal risks or hazards in their life. According to Hofstede (1995), the most important task of life insurance is to protect against financial loss derived from the loss of human life. In addition to covering the risk of death, life insurance also covers the risks of disability, critical illness, and superannuation (Nekmahmud, Shahedul and Ferdush, 2017).

Therefore, life insurance is considered as a mean for people to ensure a constant flow of income to the beneficiaries (Todd, 2004). Chaudhary (2016), expressed that life insurance is needed in order to meet family's financial requirements, make repayments of loans and expenses, encourage diverse investment options, get support in case of illnesses and accidents, get tax benefits, draw loans against insurance. Therefore, life insurance plays a vital role in encouraging savings, financial investment, and risk management (Nekmahmud, Shahedul and Ferdush, 2017). Consumer behavior can be defined as: "The study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences, or

ideas to satisfy needs and the impacts that these processes have on the consumer and society.(Hawkins et al., 2001:7.) Consumer behavior is the study of when, why, how, and where people do or do not buy a product. Behavior of consumer differs between a purchase of a physical product and a service related product.

In line with the above facts, in our country, Ethiopia, there were and still are traditional Institutions of society welfare known as “IDIR and EKUB”. These self-help institutions of society had been in service of general public of our country since long time in the remote past. On the other hand, modern insurance in Ethiopia was introduced at the beginning of the 20th century though the sector is one of the most underdeveloped (HailuZelke, 2007, p: 41). The contribution of insurance sector in the country for gross domestic product is insignificant for several years and number of people employed in the sector is very few when compared to other countries.

An attitude refers to a set of emotions, beliefs, and behaviors toward a particular object, person, thing, or event. Attitudes are often the result of experience or upbringing, and they can have a powerful influence over behavior. While attitudes are enduring, they can also change.

Less awareness about life insurance plans may be considered as a barrier in purchasing a life insurance policy, a reasonable proportion of community is actually unaware of real benefits and privileges that they could get by purchasing life insurance policy. Additionally, education level of common community is not as high as to understand the perks of life insurance policy accordingly (Sigma, 2014).

1.2. Back ground of the organization

Nile Insurance Company (S.C) is one of the pioneer private insurers established on April, 1995 with a capital of birr 12.5 million. The company has a legal entity registered with the licensing and supervisory body of the National Bank of Ethiopia in accordance with proclamation No86/1994 and licenses No 006/95. Over the past years, the company has grown from birr 12.5 million to 230 million birr capital, from 26 to 124 shareholders, from 4 to 41 branches both in the capital and regional cities and has more than 36,000 customers across the country. The total asset of the company has reached birr 734 million. This tremendous growth was largely driven by active participation of its valuable Employees, Customers, Shareholders, and other Stakeholders. Nile provides both general and long term insurance solutions along with engaging in promising investments across the country. The company provides a wider range of insurance solutions both

in the general and long-term (Life) insurance categories. General insurance / non-life; Motor Insurance, Cargo Insurance (Land, Sea and Air transit covers), Property Insurance, Engineering Insurance, Liability Insurance, Pecuniary Bonds long term/life insurance includes endowment, Medical, Term, Riders, Travel. Presently, the company has 41 networked branches both in Addis and regional cities rendering convenience and proximity to our customers. Moreover, we also work with more than 50 renowned Insurance brokers and 250 qualified insurance sales agents.

Therefore, the life insurance department and division, is one of the major sections dealing with the provision of different types of insurance policy including endowment, term, riders and other types to the market. So that, the researches investigate factors that influence customers attitude towards life insurance policy by taking selected sample buyers from Nile Insurance Company.

1.3. Statement of the Problem

Insurance sector in general and life insurance in particular in Ethiopia have been given little attention to from the public. We all recognize that, unlike the value of property, the value of a human being cannot be measured in terms of money but we should care about the economic value of a person. The continued life of an income earner may have economic significance to many people. Certainly it is most important to any dependents he may have. These dependents have to bear the expenses of last illness and burial. Their greatest economic loss, however, is the loss of the future earnings on which their livelihood depends apart from the emotional trauma suffered as the result of the death of a loved one. As (Roman, 2011) stated, in Ethiopia, the life insurance market is undeveloped, uncompetitive and there exist lack of information on the kind of life insurance that is currently provided. The current practice of insurance coverage in Ethiopia focuses mainly on general insurance with a very limited coverage to life insurance.

In Ethiopia the public at large is not as such very much aware of the benefit of insurance and how the insurance system works and as a result the demand for insurance products remained low (Hailu, 2007).

The demand for life insurance is very low in our country because of lack of awareness on importance of life insurance. The attitude of public to consider insurance is as luxury rather than the necessity and the limited level of income of citizens affected the growth the life insurance. The occurrence of risk on a life insurance is higher than that of non-life

insurance. Risks in life insurance like illness and death of individuals are frequent and certain.

According to (Demis, 2016) life insurance market is not recognized well even for those who are engaged in the business. (Dawit, 2011) also agreed on the little awareness of the public about the existing life insurance products, he added the competition between the industry players in unhealthy it is just with price without product and service differentiation, the cost of the product is not affordable for the majority poor peoples and the industry is restricted to private local investors which contributed for the poor insurance practices (not technology driven). The products are not accessible for the high number of young dependents.

Due to the above points and related issues, the study on predictors on the purchase of life insurance policy has become a very important issue for the researchers. Therefore, this study tries to investigate factors that influence customer's attitude towards life insurance factors such as awareness, education, age, income level, gender. This research tries to answer the question about the factors that influence customer's attitudes toward life insurance.

1.4. Research Question

1.4.1. Main research question

- What are the factors that influence customers' attitude toward life insurance in Ethiopia?

1.4.2. Sub-research questions

- What is the effect of education on customers' attitude toward life insurance?
- How does awareness influence customers' attitude toward life insurance?
- To what extent does income affect customers' attitude toward life insurance?
- What is the effect of gender on customers' attitude toward life insurance?
- To what extent age affect customers' attitude toward life insurance?

1.5. Objectives of the Study

1.5.1. General Objective

The general objective of the study is to examine the most important factors that influence customers' attitude toward life insurance.

1.5.2. Specific Objectives

- To examine the effect of education on customers' attitude toward life insurance.
- To determine the effect of awareness on customers' attitude toward life insurance.
- To analyze the effect of income on customers' attitude toward life insurance.
- To determine the effect of gender on customers' attitude toward life insurance.
- To examine the effect of age on customers' attitude toward life insurance.

1.6. Research Hypothesis

- **H₁:** Education has a positive and significant effect on customers' attitude toward life insurance.
- **H₂:** Awareness has a positive and significant effect on customers' attitude toward life insurance.
- **H₃:** Income has a positive and significant effect on customers' attitude toward life insurance.
- **H₄:** Age condition has a positive and significant effect on customers' attitude toward life insurance.
- **H₅:** Gender has a positive and significant effect on customers' attitude toward life insurance.

1.7. Significance of the study

The results of this paper serve as inputs to sellers of life insurance enterprise including Nile Insurance Company on how they formulate and implement relevant marketing strategies towards addressing the right factors that influence customer's attitude towards life insurance policy. Second, it is a portion of contribution to the current knowledge in the practice of life insurance marketing in Ethiopia and invites for further research to bring buyers' attitudinal change in the areas of life insurance purchasing and benefits.

1.8. Scope and limitation

This paper is delimited to the data were collected from only sample customers of Nile insurance company (NIC). In this paper, moreover, customer's attitude towards life insurance purchasing is investigated in relation to their influence factors awareness, education, age, income level, gender).Due to the limitation of time and other factors this paper excluded other factors affecting attitude like life style, brand image of company, marketing factors, organizational and

administrative factors and also macro-economic factors. In addition, Life insurance policy purchase is being performed mainly in Addis Ababa where the head quarter is located and our geographical scope is limited to Addis Ababa. The lack of relevant and up to date literature, lack of localized previous research papers in the area of the study were also major constraints in this study. Many other insurance company are also not part of the scope of the study due to the number of insurance companies are a lot.

1.9. Organization of the study

This study is organized into five chapters. Chapter one includes background of the study, statement of problem, research question, objective of the study, research hypothesis, significance of the study, scope of the study, limitations, definition of terms and organization of the study. Chapter two involves extensive theoretical and empirical literature review and conceptual framework with diagrammatic representation of the study. Chapter three presents research methodology of the study in which research design, sampling and sampling procedure, target population and sample size, data source and collection methods and method of data analysis were included. Chapter four includes the data analysis and results and discussion of the findings. Finally, Chapter five presents conclusions and recommendations.

2. CHAPTER TWO: LITERATURE REVIEW

2.1. Theoretical Background

2.1.1. Definitions and Concepts

Insurance can be defined from individual and economic point of view. From individual point of view insurance is economic device where by the individuals substitute small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) that would exist if it were not for the insurance. From the society point of view, insurance is an economic device for reducing and elimination risk through the process of combining a sufficient number of homogenous exposures in to a group to make the loss predictable for the group as a whole (Emmett & Therese, 2007).

Insurance is a financial arrangement that redistributes the costs of unexpected oasiss. Insurance involves the transfer of potential losses to an insurance pool. The pool combines all the potential losses and then transfers the cost of the predicted losses back to those exposed. Thus, insurance involves the transfer of loss exposures to an insurance pool and there distribution of losses among the members of the pool. Certainty of financial payments from a pool with adequate resources and accurate predictability of losses are the hall-marks of insurance transaction. (Dorfman, 2005)

As Cited in Annual Report of National Bank of Ethiopia,

Article 654(2) of the Commercial Code of Ethiopia provides a legal definition of insurance as

“An insurance policy is a contract where by a person called the insure render takes against payment of one or more premium stop aye person, called the Beneficiary, a sum of money where a s pacified risk materializes”

Here insurance is a contractual agreement whereby one party agrees to compensate earn other party for losses, the agreeing party to pay losses is called, insurer; the other party whose losses causes the insurer to make a claim spay mentis called, insured; while the contract is called policy; and the insured' possibility of loss is called the insured' sex posture to loss. Therefore, insurances a branch of contract law and thus the insurance policy, like all contracts, is an arrangement creating rights and corresponding duties for those who are parties to it. For instance, the insurance contract creates the insured's right to collect payments from the insurer if covered loss occurs and in similar way the insurer has corresponding duty to pay for such losses.

2.1.2. Life insurance

Life insurance undertakes to protect the insured's family, creditors, or others against financial loss growing out of the death of the insured. The contract embodies an agreement in which the insurer undertakes to pay a stipulated sum upon the death of the insured, or at some designated beneficiary. Legal status was given long ago to the definition which indicates the life insurance agreement to be: a contract by which the insurer, for a certain sum of money or premium proportioned to the age, health, profession, and other circumstances of the person whose life is insured engages that, if such person shall die within the period limited in the policy, the insurer will pay the sum specified in the policy, according to the terms thereof, to the person in whose favor such policy is granted (H.Magee&Bickelhaupt, 1964).

The above definition entails that like the general insurance, life insurance policy, has a contractual nature, in addition the policy provides methods for payment of the proceeds in installments or in some manner other than a lump sum; the choice is made by the insured, or by the beneficiary, if the insured has not made a choice. As a social and economic device life insurance is a method by which a group of people may cooperate to ameliorate the loss resulting from the premature death of members of the group. The insuring organization collects contributions from each member, invests these contributions, guarantees both their safety and a minimum interest return, and distributes benefits to the estates of the members who die (Assefa, 2004).

From the above definition, for many people, the risk management tool that is most appropriate for dealing with the exposure of premature death is life insurance. There are many different types of life insurance, but the standard arrangement is contract specifying that upon the death of the person whose life is insured, a stated sum of money (the policy's face amount) is paid to the person designated in the policy as the beneficiary.

In a personal risk management program, life insurance is an important technique for alleviating the financial consequences of premature death (E.Rejda, 1995). Life insurance death benefits can restore, either partly or completely, the family's share of the decreased bread winner's earnings. There are numerous life insurance policies that can be purchased to meet the financial goals and objectives of consumers. However, because life insurance policies are complex, consumers can become confused about the type of life insurance to buy.

2.1.3. Main Types of insurance

Insurance business is usually divided into two main classes namely: Non-life insurance and life insurance

2.1.3.1.General insurance (non-life insurance) business

This is a contract between an insurer and the insured where by the insurer undertakes to indemnify the assured against losses, which may result from the occurrence of specified events within specified periods. General insurance business can be subdivided into: motor, fire, accident, oil and gas, contractors' all risks and engineering risks; marine and credit insurance, bond and surety ship etc. This is a contract between the assurer and the assured whereby the assurer undertakes to pay benefits to the policy holder on the attainment of a specified event.

2.1.3.2.Life insurance business

Life insurance business comprises individual life business, group life insurance and pension business, health insurance business and annuities.

As a social and economic device life insurance is a method by which a group of people may cooperate to ameliorate the loss resulting from the premature death of members of the group. The insuring organization collects contributions from each member, invests these contributions, guarantees both their safety and a minimum interest return, and distributes benefits to the estates of the members who die (Teklegiorgis, 2004).

2.1.4. Why people need to be insured

Concerning why peoples need to be insured different scholars mentioned different issues in relation to the decision making under uncertainty and here are some theories related to why consumers need to purchase insurance especially for their health insurance and there are different theories discussed based on scholars. Among the theories that analyze decision-making under uncertainty are expected utility, state-dependent utility, endowment effect, status quo bias, regret and disappointment paradigms, and prospect theory (Case and Deaton 2002).Based on expected utility theory, insurance demand is a choice between an uncertain loss that occurs with a probability when uninsured and a certain loss like paying a premium (Manning and Marquis 1996). Expected utility theory assumes that people are risk averse and make choices between

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taking a risk that has different implications on wealth and their life also. At the time of insurance choice, consumers are uncertain whether they will be ill or not, and of the related financial consequences. Insurance reduces this uncertainty (Pia Schneider, 2004). This certainty allows the insured to reach a higher utility in case of illness than those without insurance. Accordingly, the insurance demand reflects individuals' risk aversion and demand for certainty, implying that the more risk adverse individuals are, and the more insurance coverage they will buy (Begg et al. 2000). This theory is silent about the level of consumers' income and its impact on the insurance choice. According to Proper C. (1993) the need for private insurance is explained by demographics, income and quality of care.

According to state dependent utility theory the relative need to purchase insurance is affected by their state which are health and socio economic status. Because the degree of risk varies with their state or condition and this will influence their insurance policy buying decision. Hence, the Anticipated need for medical care given the current state, and the magnitude of the related insurance pay-off in case of sickness will affect individuals' insurance demand (Phelps 1973).

Prospect theory states that people need insurance not for a reason that they avert uncertainty but the prospect gain is the factor to purchase insurance. According to (Marquis and Holmer 1996) first they assess their current health status and what will it be in future, will it become worst or improve and they will consider the deviation and the prospect gain from insurance to decide for insurance purchase.

Cumulative prospective theory combines state-dependent utility and prospect theory: people assign different weights to the probability that an event will occur. Then, they make choices between prospects through the weighted probabilities of losses and gains. However, they tend to overweight small probabilities, whereas high probabilities are underweighted. When this theory applied to insurance people need to purchase insurance is their overweighting of small probabilities of future happenings or events on their life (Case and Deaton 2002).

Regret and disappointment theories are based on the assumption that people have a loss aversion and conservative preferences. Individuals try to avoid regret and disappointment and do not just consider the eventual outcome, as suggested by expected utility theory. They factor in their

feelings of regret, in case the decision would have been wrong, and of disappointment, if the outcome does not correspond to what they have expected (Bell 1982, 1986).

2.1.5. Consumers' Attitude towards purchase of Life Insurance Policy

Attitudes are generally known as judgments and these are results of either direct experience of the social environment or through observations. So attitude can be considered as a hypothetical construct, which represents degree of liking or disliking of an individual towards a particular object. Winning and losing are two opposite sides of a same coin and that coin is attitude. Attitude is composed of beliefs about the consequences of performing the behavior and an evaluation of how the consumer will feel about those consequences. Attitude may be defined as an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment (Best et.al, 2003). Whereas, the context of consumer behavior, attitude is a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object (Kanuk and Schiffman, 2000). As learned predispositions, attitudes have a motivational quality; that is they might push a consumer toward a particular behavior or repel the consumer away from a particular behavior. Various attributes and benefits of the product brands affect the attitudes of the consumers towards these product brands. On this basis it can be argued that what are the benefits, which can be perceived by the consumers from the insurance services for themselves, and also they can enquire about the way to get those benefits from insurance services.

2.1.6. Concepts of insurance and the product Life Insurance

Insurance, generally, protects people from economic loss. Economic loss may arise from any number of misfortunes and without insurance, either the party causing the loss or the party that suffered the loss would be forced to bear the full economic impact. While there is no way to transfer the pain, inconvenience, or sorrow that may accompany a particular misfortune, insurance acts to distribute the risk of economic loss among as many as possible within a given category. Each member of the protected category, that is each insured, makes a predetermined payment called a premium. The premiums are collected into a fund out of which payment is made for covered economic losses of an insured in the group. In effect, each member contributes a small amount to compensate other members of their group for losses they suffered. In general,

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no member will know in advance whether they will receive more compensation than the premiums paid or whether they will merely be paying for the losses of others in the group.

Despite this feature of insurance, it makes sense to purchase insurance because the typical goal for the insured is to avoid the risk of going it alone. Life insurance undertakes to protect the insured's family, creditors, or others against financial loss growing out of the death of the insured. The contract embodies an agreement in which the Insurer undertakes to pay a stipulated sum upon the death of the insured, or at some designated Beneficiary. The life insurance agreement to be: "a contract by which the insurer, for a certain sum of money or premium proportioned to the age, health, profession, and other circumstances of the person whose life is insured engages that, if such person shall die within the period limited in the policy, the insurer will pay the sum Specified in the policy, according to the terms thereof, to the person in whose favor such policy is granted" (John H. Magee and David L. Bickelhaupt, 1964, p: 600).

The above definition entails that like the general insurance, life insurance policy, has a contractual nature, in addition the policy provides methods for payment of the proceeds in installments or in some manner other than a lump sum; the choice is made by the insured, or by the beneficiary, if the insured has not made a choice. As a social and economic device life insurance is a method by which a group of people may cooperate to recognize the loss resulting from the premature death of members of the group. The insuring organization collects contributions from each member, invests these contributions, guarantees both their safety and a minimum interest return, and distributes benefits to the estates of the members who die (Assefa, 2004, p: 134). From the above definition, for many people, the risk management tool that is most appropriate for dealing with the exposure of premature death is life insurance. There are many different types of life insurance, but the standard arrangement is contract specifying that upon the death of the insured. In general, life insurance is categorized in to two major categories according to Black and Skipper (2008).

Protection policies: these policies are devised to provide a benefit to the designated beneficiary in the event of the occurrence of specified event typically death benefit at a lump sum. Term insurance policy is a common plan of this category.

Investment policies: these policies are mainly designed for saving a specific amount of money during the time of the policy to facilitate the growth of capital by regular or single payment. In addition to this benefit it provides the same benefit like protection policies does. Thus it gives protection and investment benefit. Endowment insurance policies can be categorized in to these schemes.

2.1.7. Types of Life Insurance Policy

From a traditional or historical perspective, life insurance can be classified in to three categories: Term life insurance, Whole life, and Endowment life insurance policy. However, today numerous variations and combinations of these basic types of life insurance are available. The types of the life insurance and definition is as per the definition stated on the book “principle and practice of life insurance “2008 issued by institute of chartered accountants of India, Newdelhi.

2.1.7.1. Term life insurance

When a life insurer sells a term life insurance policy, it promises to pay the beneficiary if the insured dies within a specified period. If the insured outlives the period, the insurer makes no payment. According to Mark S. Dorfman (2005, p: 256) Thus, Term life insurance has several basic characteristics. First, it provides protection for a temporary period, such as one, five, and ten or twenty years unless the policy is renewed, the protection expires at the end of the period.

As per the book “principle and practice of life insurance “2008 term life insurance has the following nature .It furnishes protection for a limited number of years and it terminates with no maturity value.

The face amount of the policy is payable only if the insured’s death occurs during the stipulated term. Nothing is paid in case of survival. It is more comparable to property and liability insurance contracts than to any other life insurance contract. Initial premium rates are low compared to other life products because the period of protection is limited.

➤ Features of term life insurance are

Renewability – prolongation of the policy for another term without reference to insured’s insurability; premiums increase at each interval.

Convertibility – is an option to modify over to a cash value policy [whole life or endowment] without reference to insured's insurability; conversion allowed on attained age method or on original age method.

Most term insurance policies are renewable, which means the policy can be renewed for additional periods without evidence of insurability. The premium is increased at each renewal and is based on the insured's attained age. Therefore, to minimize the adverse selection, many insurers have an age limitation beyond which renewal is not allowed such as age 70 or 80 most of the time and others still to an age of 100.

2.1.7.2. Endowment life insurance policy

It provides not only security to the dependents when the insured dies during the term of the policy but also offer as a saving element to be payable to the insured in case he/she survive until maturity date (end of the period of the policy). It combines a saving plan with financial protection to the dependents.

➤ Features of an endowment insurance policy:

- Endowment plans promise protection from risk in the event of death of the insured during the policy term as well as an assured sum upon the maturity of the policy.
- In this type of policy the maturity of the policy is usually chosen to coincide with the retirement of the person.
- These policies are issued for specific terms chosen by the proposer who can choose the duration of the policy which may be 10, 15, 20 or 30 years. Where the duration is short the premium involved is higher.
- It is to be noted that whether the assured meets a premature death or not the full amount of the policy has to be paid by the insurance company provided the premiums have been paid as stipulated in the policy.

2.1.7.3. Whole life insurance policy

As the name describes it is insurance for the whole of one's life. It provides long term financial protection to the insured dependents regardless of when death occurs.

Whole life insurance is intended to provide insurance protection over one's entire lifetime. It provides for the payment of the face amount upon the insured's death regardless of when death occurs. Universal life policies can function as whole life insurance if they have sufficient cash value.

The face amounts payable under whole life policies typically remain at the same level throughout the policy duration, although dividends are often used to increase the total amount paid on death.

In most policies, the gross premium also remains at the same level throughout the premium payment period with some exceptions saving component.

2.1.7.4. Annuity life insurance policy

It provides retirement benefit to the insured who wish to supplement their pension income. It is to protect against the probability of outliving ones income that is protection against living too long. It is the opposite of a person who desire life insurance for protection against premature death, i.e. dying too short.

2.1.7.5. Universal life insurance policy

This type of policy is introduced in 1979 (Black and Skipper, 1987). It differs from other type of Life insurance in that it offer flexible, potentially low cost coverage on a basis that permits product transparency. It does not require a fixed schedule of premium payments; instead, the premium payment schedule is flexible. Flexibility allows policy owners to skip scheduled premium payments occasionally without causing the policy to lapse. The policy holder, can access his or her cash value by making partial withdrawals. A single universal life policy can serve the needs of a family throughout their life cycle.

A UL policy can be used, as can most other cash value policies

2.1.7.6. Variable life insurance policy

It is a fixed premium policy in which the death benefit and cash values vary as a result of the investment performance of a separate account. It is the other form of cash value life insurance that performs like traditional whole life insurance in some ways: fixed premiums, guaranteed

death benefit equal to the original face value, and no partial withdrawal. In contrast, the owner of the policy under a variable policy has a right to choose various financial vehicles to invest premiums, such as mutual funds of stocks, bonds, or money market securities. If the investment performance is favorable, the face amount of life insurance is increased. If the investment performance is poor, the face amount of life insurance is reduced, but it will typically not fall below the original face amount.

2.1.8. Socio-demographic factors

Awareness: Awareness of the importance of life insurance is assumed to positively related to insurance consumption. Because obviously the higher level of awareness of a thing or a product, the more likely the individual will have knowledge and understand its value. One of the major obstacles to consume life insurance is lack of awareness. (Tom et al., 2014) agreed there is a positive relationship between awareness and insurance consumption.

Education: Education is assumed to have positive influence on the purchase of life insurance. (Truett&Truett, 1990) suggested that people having higher education usually tend to a have strong desire and awareness to safeguard their dependents against risk while maintaining their standard of living. (Browne & Kim, 1993) explicated that higher level of education results in greater awareness of uncertainties in individual's life, hence leading to higher life insurance coverage. Higher education helps household develop a positive attitude toward life insurance (Yusuf et al., 2009). Educated people have more positive attitude to insurance than less educated ones (Yusuf et al., 2009).

Income: (Browne & Kim, 1993) have shown that the demand for life insurance is positively correlated with income. More over the correlation is that as income increases, life insurance becomes more affordable.

Age: The life insurance purchase decision varies significantly depending on the different age groups of individuals. (Ando & Modigliani, 1963) posited that individuals usually plan their saving behavior over the long-term. As income differs depending on the different life cycle stages of individual, saving varies over the age of individual. According to (Curak et al., 2013)

the demand for life insurance is lined up with the life-cycle theory because of income variability during the lifetime of an individual. A possible reason is that increase in age leads to a higher positive attitude toward insurance and people who are leading towards the end of an active life are more likely to aware of after retirement life (Yusuf et al., 2009).

Gender: (Gandolfi& Miners, 1996) examined the influence of gender on purchase or consumption of life insurance. It can be generally said that demand for life insurance may differ among men and women depending on the different stages in lifetime. The assumption is that the insurance demand increases along with the probability of death and individuals having high probability of death are more likely to purchase insurance. As men live shorter than women, they will demand insurance more. But (Curak et al., 2013) didn't find any significant relationship between gender and life insurance demand and concluded differently that men and women equally demand life insurance.

2.1.9. Drivers of Consumers in making decision

It is common known that the influence of society, of culture, of family and friends are not the only factors that drives a consumer in making a market decision. The subliminal factors like psychological ones and cognitive dissonance play a main role in what consumer perceive and decide in the insurance world (Solomon, 2008).

Insurances are intangible products that have some special features apart from the material good. Insurances represent a service that cannot be touched, price standardization is not possible, there is no ownership transfer and production and consumption are inseparable. The consumer is a part of the production process so the delivery system must go to the market or the consumer must come to the delivery system. Because the insurance is linked also to the value of risk is very important to analyze if consumer of insurance is risk averse or not. The risk is evaluated before insuring to charge the amount of share of an insured, consideration or premium. There are several methods of evaluation of risks. If there is expectation of more loss, higher premium may be charged. So, the probability of loss is calculated at the time of insurance. (Solomon, 2008)

The insurance serves indirectly to increase the productivity of the community by eliminating worry and increasing initiative. The uncertainty is changed into certainty by insuring property and life because the insurer promises to pay a definite sum at damage or death. From a family

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and business point of view all lives possess an economic value which may at any time be snuffed out by death, and it is as reasonable to ensure against the loss of this value as it is to protect oneself against the loss of property. In the absence of insurance, the property owners could at best practice only some form of self-insurance, which may not give him absolute certainty.

Having into consideration this aspect we can say that, the ultimate level beside the real utility of the insurance product in the decision process is played by the perception of the insurance product.

Consumers can evaluate a product along several levels. Its basic characteristics are inherent to the generic version of the product and are defined as the fundamental advantages it can offer to a customer. Generic products can be made distinct by adding value through extra features, such as quality or performance enhancements. The final level of consumer perception involves augmented properties, which offer less tangible benefits, such as customer assistance, maintenance services, training, or appealing payment options. In terms of competition with other products and companies, consumers greatly value these added benefits when making a purchasing decision, making it important for manufacturers to understand the notion of a “total package” when marketing to their customers. For example when acquiring an insurance, the consumer do not acquire only the risk protection represented by the sum of money paid in case of a disaster but also the feeling of security and the psychological comfort that can be offered by this exchange through the insurance policy.

Nevertheless, is obvious that some people are more risk averse and value more the insurance protection, others like to take risk and the insurance will not appear so appealing. Also, gender differences relating to risk behavior, the perception of insurances, the information acquisition and reporting, information and moral hazard in financial decision-making together with the importance of differing contextual instances in explaining such differences in building the stereotypes. If some behavioral factors as gut feeling and emotion effect decision making and how the persons react to those is the subject of our debate.

Purchase intention is the customer’s preference to purchase a product or service (Agyapong et al., 2018). In other words, purchase intention has another aspect, namely, that the customer will buy the product after evaluating the products and services offered by the company (Bolton & Drew, 1991; Gundersen et al., 1996). Purchase intention is the result of an evaluation of the

comparison of expectations with perceptions of the product experience (Oliver, 1980). Purchase intention is usually related to consumer behavior, perceptions and attitudes (Oliver, 1993; Oliver, 1999; Sebjan&Tominc, 2015). Purchasing behavior is a key point for consumers to access and evaluate certain products (Umamaheswari, 2019; Hong & Cha, 2013). If the product is in accordance with their expectations, customers will be satisfied with these products and services, which positively affect company profits (Anderson et al., 1994; Luo& Homburg, 2007).

2.1.10. Customer Attitude

According to Robbins (2001) attitude is the statements or evaluative assessment related to the object, people or certain event. Attitude is one thorough evaluation and allows a person to respond in a way that is favorable or not to the assessed object. Attitude plays main role in forming behavior, which is the attitude that is useful to assess the affectivity of marketing activity, to help evaluating marketing action before it is executed in market, to successfully form market share and choose target market share. Peter & Olson (2005) states that attitude means learned predisposition to response in consistently favorable or unfavorable manner with respect to a given object. According to All port, attitude is "a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related (Dharmmesta, 1999). According to Kotler (2005) an individual personal evaluation, emotional feeling attached and action tendency toward some objects or ideas. According to Peter and Olson (1999), attitude is defined the overall evaluation of a person in a concept. Thus it could be said that attitude is an evaluative response. Response will appear if the individual is faced with certain stimulation that expects individual reaction.

2.1.11. Purchase Intention

Purchase intention is a part of behavior components in consumption attitude. According to Kinnear and Taylor, purchase intention is a part of consumer behavior components in consumption attitude, respondent tendency to act before the purchase decision is obviously carried out.

Purchase intention is a customer's tendency to purchase a certain product (Fishbein and Ajzen, 1975; Dodds et al., 1991; Schiffman and Kanuk, 2000, in Wang and Tsai, 2014). Higher willingness to purchase a product shows that a higher purchase probability, but it does not meant

they will really purchase the product. On the contrary, lower willingness does not reflect absolute improbability to purchase. Wang and Tsai (2014) in Bagozzi and Bumkrant (1979) define that purchase intention is a personal attitude tendency towards a certain product. Wang and Tsai (2014) in Spears and Singh (2004) define that purchase intention as “individual plan which is consciously conducted in trying to purchase a brand.

Purchase intention determined by a value and an advantage reached by the consumer (Xua, Summersb, and Bonnie, 2004; Grwal et al., 1998; Dodds et al., 1991; Zeithaml, 1988). Purchase Intention defined as “an intention to make a purchase of a specific product or service in upcoming (Malik, 2013)¹ which means a desire to make a purchase of certain product or service in the future. While Fishbein&Ajzen in Malik (2013) defines Purchase Intention from consumer may be considered as subjective tendency towards a product and turns into a crucial index to predict consumer behavior. The definition being used in this research was the definition used by Malik (2003).

Engel, Blackwell and Miniard in Chi et al. (2009) present a model about purchase decision making of a consumer. This model separates purchase decision making process (purchase intention) of a consumer into five stages, namely (1) problem recognition (2) information research, (3) alternative evaluation, (4) purchase decision, (5) post- purchase behavior.

Meanwhile, Mowen and Minor in Chi et al., (2009) suggest that consumer decision making is a set of process which begins with (1) perceiving problems (2) searching a solution (3) evaluating alternatives (4) making a decision.

Engel et al. in Chi et al. (2009) further make a detail that Purchase Intention is divided into unplanned purchasing/ buying, partially planned, impulse buying/ planned buying. Unplanned buying/ purchase are when the consumer makes a purchase decision of a product or brand category in a store. This may be considered as purchase behavior based on temporary tendency. Purchase behavior which is “partially planned” shows that the consumer only decides a product category and its specification before buying a product, but the brand other product’s type are decided by the consumer at the time the consumer shops at the store, There is a purchase decision which being “well- planned”, refers to the consumer decides which product specifically is going to buy at the store later.

Kotler (2009) suggests that individual attitude and unpredictable situation will influence Purchase Intention. Individual attitude involved to personal preference towards other individual

and an obedient towards an expectation and an unpredictable situation shows that consumer changes the Purchase Intention since a certain situation occurs, for example, when the product price is higher than the price being expected by the consumer makes Purchase Intention size allows to buy (possible to buy), intended to buy, considered to buy.

2.1.12. Historical Development of Insurance Concept in Ethiopia

As there is no acceptable evidence as to where and when the service called “Insurance” had begun in the global history of human civilization, it is true for Ethiopia too. However, some scholars and researchers in social systems speak affirmatively the existence in history, in the various form of traditional institutions formed on family, religious, tribal, national and on other parochial lines in Africa continent meant to combat fortuitous accidents in daily life. Among these social welfare Institutions in Ethiopia were IDIR and IKUB having some similarities with modern Insurance service (Wondaferaw, 2003).

Life insurance is a long-term contract between a policy holder and an insurer and facilitates long term savings. Regular savings over a long period ensures that a decent amount is accumulated to meet the policy holder’s financial needs at various stages in life. Life insurance not only provides for financial support in the event of untimely death but also acts as a long term investment. Upon the death of the insured, the beneficiary may choose to accept a lump-sum settlement of the face amount of the life insurance policy, receive the proceeds over a given period, leave the money with the insurer temporarily and draw interest on it, or use it to purchase an annuity that guarantees regular payments for life.

There are four basic types of life insurance contracts are term life, whole life, variable life, and universal life:-

Term insurance contracts, a set amount of coverage, such as Br 50,000 or Br 500,000, are issued for a specified period of time. The premiums on such policies tend to increase with age, meaning that premium costs will be higher for a 60-year-old than for a 30-year-old. This is the case for new policies as well as renewals of existing policies. Protection expires at the end of the period, and there is no cash value remaining.

Whole life insurance, which runs for the whole of the insured’s life, is established with a fixed premium and a fixed payout amount. Most whole life contracts also accumulate a cash value that is paid when the contract matures or is surrendered; the cash value is less than the policy’s face

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value. While the fixed premiums represent a means of controlling costs in the future, the fixed payout offers no opportunity to protect against inflation.

Variable life insurance is similar to whole life insurance in that the insured obtains a fixed-premium life insurance policy that provides for a minimum death benefit. It differs, however, in that the insured's policy holdings are allocated to variable investment accounts (i.e., portfolios that invest in securities or bonds) that operate much like mutual funds. If the accounts perform well, they can provide substantial gains in the value of the insured's policy. If they perform poorly, they can result in a loss. Income from the accounts can be used to pay annual premiums or can be added to the value of the policy.

Universal life insurance policies are distinguished by flexible premiums and adjustable levels of coverage. Although the coverage is permanent (it does not expire, as does term insurance), the value of the policy may vary according to the performance of the investments on which it is based. After an initial premium is paid by the insured, there may not be any contractually scheduled premium payments, provided that the cash value of the policy is sufficient to pay the cost of protection each month (as well as any other related expenses or charges incurred by the insurer). An annual report is provided to the policyholder that shows the status of the policy, including the death benefit, the amount of insurance in force, the cash value and surrender value, and any transactions made within the policy during the previous year. The life insurance market in Ethiopia is very small as the number of life insurance companies and has remained relatively stable.

The Ethiopian insurance industry does not have a long history of development despite the country's long history of civilization. Modern forms of insurance service which were introduced in Ethiopia by Europeans, trace their origin as far back as 1905 when the bank of Abyssinia began to transact fire and marine insurance as an agent of a foreign insurance company. The number of insurance companies increased significantly and reached 33 in 1960. At that time insurance business like any business undertaking was classified as trade and was administered by the provisions of the commercial code. This was the only legislation in force in respect of insurance except the maritime code of Ethiopia that was issued to govern the operations of maritime business and the related marine insurance. The law required an insurer to be a domestic

company whose share capital (fully subscribed) to be not less than Birr 400,000 for a general insurance business and Birr 600,000 in the case of long-term insurance business and Birr one million to do both long-term & general insurance business. Non-Ethiopian nationals were not barred from participating in insurance business. However, the proclamation defined domestic company as a share company having its head office in Ethiopia and in the case of a company transacting a general insurance business at least 51% and in the case of a company transacting life insurance business, at least 30% of the paid-up capital must be held by Ethiopian national companies.

Four years after the enactment of the proclamation, the military government that came to power in 1974 put an end to all private entrepreneurship. Then all insurance companies operating were nationalized and from January 1, 1975 onwards the government took over the ownership and control of these companies & merged them into a single unit called Ethiopian Insurance Corporation. The insurance sector during the command economic system was characterized by monopoly of the sector by the government, lack of dynamism and innovation, volatile premium growth rates and reliance on a couple of classes of insurance business (motor and marine) for much of gross premium income. The nationalization of private insurance companies, the restrictions imposed on private business ventures, and management of the insurance sector had significant adverse impact on the development and growth of Ethiopian insurance industry (Hailu, 2007).

However, following the change in the political environment in 1991, the proclamation for the licensing and supervision of insurance business No. 86/1994 heralded the beginning of a new era. Immediately after the enactment of the proclamation private insurance companies began to flourish. According to the directive of ISB/34/2014, any insurance company required to be a domestic company whose share capital (fully subscribed) to be not less than Ethiopian Birr 60m for a general insurance business and Ethiopian Birr 15m in the case of long term (life) insurance business and Ethiopian Birr 75m to do both long term & general insurance business. Today the total number of insurance companies, branches and their capital increased significantly. At 2014, there are seventeen insurance companies in operation. Ethiopian Insurance Corporation (EIC) is state owned while the rest are private. Number of branch reached 332 in 2014. The gross

premium of sector is 5 billion in 2014, which is increasing 8% from previous year total premium of the sector i.e. 4.6 billion (NBE, 2014).

2.2. Empirical studies of the factors affecting attitude to life insurance.

Eminence of life includes different factors health, community life, gender equality, political freedom, political stability and security, material wellbeing, family life, and job security. In addition to it, insurance against illness or death is also considered as indicator for quality of life in developing countries. Being an indicator of quality of life, insurance has significance in human life as Gautam V. and Kumar M(2012) cited on the study on attitudes of Indian consumers towards insurance services. The literature of attitude and perception of life insurance policyholders have largely focused on factors predicting these attitudes (Skinner and Dubinsky, 1984; Kruse and Ozdemir, 2004). Factors such as consumers' perceived value (Smith, 2006) satisfaction (Kuhlemeyer and Allen, 1999) and purchase decision-making responsibility (Barron and Staten, 1995) have been considered as most important on the literature on attitude and perception of life insurance policyholders. For example, in a survey of 1,462 families, Skinner and Dubinsky found out that employment status of the wife and education of the husband discriminate mostly between which family member(s) is responsible for insurance purchasing decision. Other significant variables include wife's educational level, husband's employment status, family income, and husband's occupation.

Kruse and Ozdemir (2004) explore the relationship between individual's risk perceptions and their willingness-to-pay for increased safety in a low-probability, high-consequence event. Namasivayam et al., (2006), examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of life insurance. From the analysis, the study concluded that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors.

(Redzuan, 2014) identified that income is the key determinant in the consumption of life insurance both in the long- and short-run. Evidence also suggests that income has a significant influence on family tactful consumption in the long-run, but its effect is less obvious in the short-run. The number of dependents, level of education, savings in the Employees' Provident Fund,

life expectancy and price of insurance are among the other factors that have a significant impact on the demand for life insurance and family tactful.

(Kjosevski, 2012) found that GDP per capita, inflation, health expenditure, level of education and rule of law are the most robust predictors of the use of life insurance. (Celik&Kayali, 2009) investigated the determinants of demand for life insurance in cross section of 31 European countries. They found that income is the central variable which affects life insurance consumption. In addition, while the impact of population and income on demand for life insurance is positive, education level and inflation affect life insurance consumption in negative way.

(Sehar et al., 2012) on their study on impacts of macroeconomic & demographic variables on the demand of life insurance in Pakistan identified that financial development, gross savings, income level are directly linked to life insurance demand while, price of insurance are inversely linked with life insurance demand and the demographic variables of crude birth rate, crude death rate, old age dependency ratio, urbanization are positively related with life insurance demand for Pakistan.

(Gustina& Abdullah, 2012) in Malayasia found that, there are three variables that significantly influence the demand for life insurance; these are GDP per capita, saving and religion. The study also reveals that, Customer Price Index is also one factor which affects the demand of life insurance.

(Loke&Goh, 2011) on their study on 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. However, gender and number of dependents are found to have no significant influence on the demand for life insurance.

(Curak et al., 2013) analyzed the demographic and social determinants of life insurance consumption in Croatia by using a questionnaire-based survey. The variables used were age, gender, education, occupation, marital status, number of household members. The research result indicate that age, occupation and education have a significant impact on the demand for life insurance in Croatia while gender, marital status and number of family members do not seem to influence the demand for life insurance.

(Namasivayamet al., 2006) examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of

policies of life insurance. From the analysis, the study concluded that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors.

Up on a study made in India by (Gautam& Kumar, 2012) consumers attitude towards life insurance service demographic factors were used like age, gender, marital status, level of education, mode of employment & other factors. Up on the result of the study age has significant impact on Indian consumers' attitude towards insurance services. In the case of gender, male respondents' attitude mean is higher than female respondents, and gender is found to have significant impact on Indian consumers' attitude towards insurance services. This result is in accordance of status of females in Indian social set up, as in economic matters, females are not given due importance because of male dominating nature of society in India. Marital status has a statistically significant impact on Indian consumers' attitude towards insurance services. In case of married and unmarried respondents, no significant difference was found in the study, whereas in case of widowed, mean score of positive attitudes was highest among all the categories in marital status variable of demographic profile. Apart from these categories, divorced respondents got least mean score of positive attitudes, which can be evident from the society that these types of people face difficult economic conditions in their life. Education status of Indian consumers has significant impact on attitude towards insurance services. This may be because education leads them to secure their life. Working status has a significant impact on attitudes of Indian consumers towards insurance services. Study shows that employed and retired Indians show highest mean score of positive attitudes towards insurance services as compared to rest categories of working status variable like unemployed, part time workers, student and others household income came as a significant variable to influence the attitude towards insurance service in the study conducted among Indian people.

(Ayaliew, 2013) on his article on determinants of life insurance in Ethiopia examined the determinants of life insurance by a time series data for the period 1991-2010. He identified that life insurance is determined by per capita income, life expectancy, real interest rate and inflation. It is suggested that life insurance industry in Ethiopia seriously consider these factors to bring growth in the insurance industry.

The research done by (Demis, 2016) concluded that: lack of awareness of people towards life

insurance culture, education, family status, physical factor and low level of income are economic challenges for life insurance business.

2.3. Conceptual Framework

This conceptual framework clarifies the concepts of the study and proposes dependency of the subject matter. The study is developed to find out the interrelation between independent variables and dependent variable.

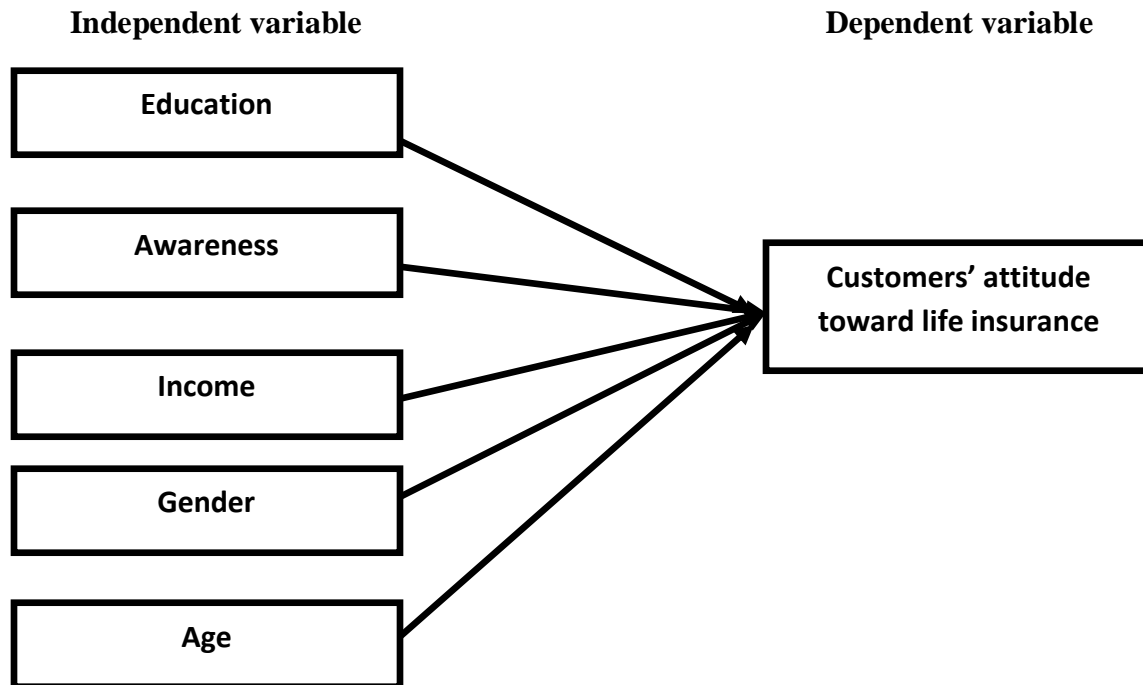


Figure 1: Conceptual framework of the research

Source: developed form the literature review

3. CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Description of the organization

Nile Insurance Company (S.C) is one of the pioneer private insurers established on April, 1995 with a capital of birr 12.5 million. Over the past years, the company has grown from birr 12.5 million to 230 million birr capital, from 26 to 124 shareholders, from 4 to 41 branches both in the capital and regional cities and has more than 36,000 customers across the country. The total asset of the company has reached birr 734 million. Currently the insurance company employees' are 384 and have more than 54,000 Customers. This tremendous growth was largely driven by active participation of its valuable Employees, Customers, Shareholders, and other Stakeholders. Nile provides both general and long-term insurance solutions along with engaging in promising investments across the country.

3.2. Research design and approach

This section of the study presents the methodology that the researcher used to select sample, collect data and analyze the data in accordance with assessing different factors and their effect on customer buying attitude. The study employed explanatory research design. The researcher carried out quantitative study and the research design is a cross-sectional design in which data was collected from the respondents using self-completion questionnaires. The research was designed in the way that questionnaires were conducted to sample respondents and the design was particularly important for the study because it helps to describe and interpret the actual events that exist now and existed in the past that influences on the present factors affecting employee turnover. The purpose of explanatory surveys, according to Ezeani (1998), is to collect detailed and factual information that explain an existing phenomenon. Quantitative approaches were used to collect data for this research. This is because the use of quantitative approaches in provides a better understanding of research problems than either approach alone (Creswell & Clark, 2007).

3.3. Target Population, Sample Size and sampling procedure

The company has 66 group life policy holders, 216 Active individual life Policy holders. To make the study manageable and because of cost and time Constraint the researcher were focused on individual policy holders. In order to determine the sample size, the researcher employed a

simplified formula developed by (Yamane, 1967). A 95% confidence level and 0.05% precision and $P=0.5$ are assumed for the equation:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size and N is the population size and e is precision level

$$n = \frac{216}{1 + 216(0.05)^2}$$

$$n = 140$$

Accordingly, based the above method 140 respondents were the determined sample size; and respondents were selected using simple random sampling techniques.

3.4. Data Source and Collection Methods

The objective of data collection is getting a good overall picture of how a process performs. It is important that before any study or process is carried out which are adequate for the purpose are available. This study used both primary and secondary data types respectively from respondents and from Published and unpublished documents. The primary data were collected by self-administered questionnaire to distribute to the respondents by using simple random sampling technique while the Secondary data were collected from different books, magazines, journals and different source of data by analyzing document to develop research background and further justification of the findings.

3.5. Methods of Data Analysis

To provide full and sufficient information the collected data was analyzed, interpreted and presented using quantitative type in nature. Furthermore, the data were analyzed using both descriptive and inferential statistics. The data collected from questionnaires is systematically organized in a manner to facilitate the analysis. The data were analyzed using Statistical Package for Social Sciences (SPSS) and summarized to relate the collected variables from questionnaires. The data were also classified, tabulated, and summarized using descriptive measures such as; mean, standard deviation, and percentages. In this study, regression and correlation analysis was performed to explain the association and the effect of independent variables and the dependent variable. For the purpose of regression analysis OLS model were employed.

3.6. Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results, Cronbach's Coefficient Alpha method was used to test the reliability of the data, and therefore, the cronbach alpha values of awareness, education, income, gender, age and attitude is 0.911, 0.873, 0.924, 0.886, 0.894, and 0.904. Furthermore, the overall alpha values are 0.898 which indicate the instrument was 89.8% reliable.

Table 1 Table3.1. Reliability test Statistics

Variables	Cronbach's Alpha
Awareness	0.911
Education level	0.873
Income level	0.924
Gender	0.886
Age	0.894
Attitude	0.904
Overall	.898

3.7. Ethical consideration

The researcher has to know and respect the willingness of the respondents and has not disclosed the respondent's identity, and not used the information for personal purpose. The process of conducting data collection was done after getting an approval and permission from Nile insurance S.C head office. Additionally, all participants for the success of the research should be acknowledged. Further, the researcher seeks informed consent of the respondent and the research data remained confidential throughout the study and the researcher ensure respondents participation in this study voluntary.

4. CHAPTER FOUR: RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents the data collected from the sample population. It outlines the response rate and demographic data to signify the amount of collected data and the general information of the respondents. In addition, it presents the major findings, interpretation and discussion depending on the driven result. Data analysis is done by using Statistical Package for Social Science version 22 to generate the mean, standard deviation, frequency and percentage. Furthermore, to collect a primary data questionnaire were distributed to 140 respondents who are buyers of life insurance policy from Nile insurance S.C. However, from the total 140 distributed questionnaires only 132 were filled and returned successfully; the remaining others 8 (5.71 percent) were not returned which indicate it has 94.29 percent response rate which is enough to make the analysis. And also the analysis is performed based on the returned questionnaire considering as 100 percent.

Table 4.1 Response Rate

Population	Number	Percentage
Number of questionnaires distributed	140	100%
Returned questionnaires	132	94.29%
Unreturned questionnaires	8	5.71%
Total usable questionnaires	132	94.29%

4.2. Demographics of respondents

For this Study, the demographic composition had five variables, gender, age, year as customer of the insurance, type of insurance purchased, education and income of respondents. The descriptive analyses of each of the variables are presented below in detail.

The descriptive analysis shows that out of the total respondents majority and larger number (58.3%) of the respondents were found to be male buyers of life insurance policies whereas, the remaining (41.7%) of them are female customers. Among the respondents, 5.3 percent of the respondents were in the age group of 18-24, 20.5 percent of them were in the age group of 25-36, 47.7 percent of the respondents were in the age group of 37- 46. Furthermore, 24.2 percent of the sampled customers were in the age of 47- 60, while the rest were above 60 which accounts 2.3

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percent of the respondents. The age category analysis shows that majority of the customers belongs to at the age group of 37-46 years. The other demographic variable were education level of respondents; the result shows that educational level of the respondents includes, 5.3 percent of the respondents have Diploma, 62.1 percent were BA/BSc graduates and about 28.8 percent of the respondents are at level of degree of Masters MA/MSc; while 3.8 percent of the respondents have a PHD. Concerning the education composition of customers the descriptive results show that most of the respondents were either BA or BSc Degree holders.

In addition to the above demographic factors respondents were asked about their income level; accordingly, among the respondents, 9.8 percent of them had net monthly income between ETB 5000-10,000, 33.3 percent of the respondents had net monthly income from ETB.10, 001 – 15,000, 40.9 percent of them had net monthly income from 15,001 – 20,000 and the remaining 15.9 percent of the sampled customer respondents replied that they had a net monthly salary of above 20,000. This shows that most of the respondents fall in the income range between 15,001 and 20,000. Regarding years spent on using life insurance policy 2.3 percent of the respondents spent less than 1 year, 14.4 percent spent between 1-2 years, 25.8 percent spent between 2-3 years, 38.6 percent of the respondents spent between 3-5 years while the rest 18.9 percent of the respondents spent more than 5 years. This shows that most of the respondents spent 3-5 years on using life insurance policy. Furthermore, concerning the type of insurance that the respondents have, (40.2%) is Endowment policy, (54.5%) is Term insurance and (5.3%) is whole life insurance. Results show that most of the respondents have Term insurance policy.

Table 3 Table4.2. Distribution of demographic variables

		Frequency	Percent
Gender	Male	77	58.3
	Female	55	41.7
	Total	132	100.0
Age category	18-24	7	5.3
	25-36	27	20.5
	37-46	63	47.7
	47-60	32	24.2
	Above 60	3	2.3
	Total	132	100.0
Education level	Diploma	7	5.3

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	BA/BSc Degree	82	62.1
	MA/MSc Degree	38	28.8
	PHD	5	3.8
	Total	132	100.0
Income level	5,001-10,000	13	9.8
	10,001-15,000	44	33.3
	15,001-20,000	54	40.9
	Above 20,000	21	15.9
	Total	132	100.0
Type of insurance	Endowment Policy	53	40.2
	Term Insurance	72	54.5
	Whole life Insurance	7	5.3
	Total	132	100.0
Time spent using life insurance	Less than 1 Year	3	2.3
	1-2 Years	19	14.4
	2-3 Years	34	25.8
	3-5 Years	51	38.6
	More than 5 Years	25	18.9
	Total	132	100.0

4.3. Result and Summary Descriptive statistics

This section describes the results obtained from the survey through a semi- structured questionnaire. The analysis has focused on the buyers of life insurance in Nile Insurance S.C. The mean values are categorized into three levels of interpretation; negative(below 2.5), moderate (Between 2.5 and 3.5) and positive (above 3.5).Such interpretation is based on the fact that mean value, being above 3.5, is rounded off in decimal points to 4.0(4=important or agree in the question) or 5.0 (5=most important or strongly agree); between 2.5 and 3.5 is rounded off to 3.0 (3=moderate); and below 2.5 is rounded off to 2.0 (2=unimportant or disagree) or 1.0(1=least important or strongly disagree) (Lee & Song, 2015). Therefore, the interpretation of each item and each variable is done accordingly.

4.3.1. Awareness

According to the result of the survey, Awareness program done by insurance company has a mean of 4.32 with a standard deviation 0.7043 which is positive signifying that insurance companies are not effectively making promotion of -life insurance products. In relation to the lack of awareness about life insurance advantage an average of 4.38 mean result which showing

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that most respondents agree on the lack of understandability of life insurance products by the public. In addition, it shows that most people do not know about advantage of life insurance in general with the result of 4.37 which is positive. Furthermore the cumulative average mean result of the variable awareness 4.15 fall at the agree level with a standard deviation of 0.711; this indicates that the insurance company didn't create sufficient awareness about life insurance, and as well as most people didn't know the advantage of life insurance; although, most customers are would like to advise their friends, families and peoples they know to purchase life insurance policy.

Table 4.3 Descriptive Statistics of Awareness

	N	Mean	Std. Deviation	Minimum	Maximum
Awareness program done by insurance companies is not sufficient to increase the knowledge of the people	132	4.32	.70436	3.00	5.00
Lack of awareness about life insurance advantage affects demand of life insurance	132	4.38	.70600	3.00	5.00
Most people's do not know about advantage of life insurance in general	132	4.37	.65854	2.00	5.00
I would advise my friends, families and peoples i know to purchase life insurance policy	132	3.53	.77597	2.00	5.00
Total Average		4.15	0.7112		

4.3.2. Education status

Four items were used to measure the variable education; according to the result of descriptive analysis, educational status has no significant relationship with buyers attitude towards life insurance has a mean of 2.34 which is negative and educated peoples have a positive intention to purchase life insurance has a mean of 4.08 which is positive this indicates that education has a significant implication in purchase of life insurance. Furthermore, the descriptive analysis further shows that people who do not purchase life insurance due to their level of education has a mean of 3.78 which is positive and their level of education is the reason to purchase life insurance has a mean of 3.93 which is positive. This indicates that education has a positive implication on life insurance purchase.

Table 5 Table 4.4 Descriptive Statistics of Educational Status

	N	Mean	Std. Deviation	Minimum	Maximum
Educational status has no significant relationship with buyers' attitude towards life insurance policy	132	2.3409	.83647	1.00	5.00
Educated peoples have a positive intention to purchase life insurance	132	4.0833	.68842	3.00	5.00
There are peoples who do not purchase life insurance due to their level of education	132	3.7803	1.01376	1.00	5.00
The level of your education helps people to purchase life insurance	132	3.9318	.83065	2.00	5.00
Total Average		3.53	0.8423		

4.3.3. Income level

Four questions were used to see the implication of income level on customers attitude towards life insurance; Based on the result of the survey, monthly income level has significant relation with buyers attitude has an average of 4.34 which is positive, life insurance policies are not affordable for the individual who gets low income has an average of 3.70 which is positive and the higher the income of an individual the higher the demand for life insurance has an average of 3.71 which is positive finally, people with high income doesn't need life insurance has an average of 2.66 which is slightly above negative. Generally, the descriptive result shows that income level is significantly affect the buyers' attitude towards the purchase of life insurance and the available policies are not affordable to low income earners. Apparently, there is there is higher tendency of buying life insurance as income increases.

Table 6 Table 4.5 Descriptive Statistics of Monthly Income level

	N	Mean	Std. Deviation	Minimum	Maximum
Monthly income level has significant relation with buyers' attitude of life insurance policy purchase	132	4.3485	.65364	1.00	5.00
Life insurance policies are not affordable for the individual who gets low income	132	3.7045	1.00941	2.00	5.00
The higher the income of an individual the higher the demand for life insurance	132	3.7197	.89370	1.00	5.00
People with high income doesn't need life insurance coverage	132	2.6667	.77820	2.00	5.00
Total Average		3.6098	0.8337		

4.3.4. Gender

According to the above result of gender, gender has its own impact to purchase life insurance scored an average of (3.1970) which implies that it is moderate and gender has no significance relation with buyers attitude scored an average of (3.5833) which is slightly above moderate this signifies that gender has no significant impact on purchase of life insurance. Regarding the intention of female and male buyers and average of (3.0530) and (3.1515) respectively is obtained which implies that it is moderate and showing that being female or males has no significance impact with buyers' attitude.

Table 7 Table 4.6: Descriptive Statistics of Gender

	N	Mean	Std. Deviation	Minimum	Maximum
Gender has its own impact to purchase life insurance	132	3.1970	.98414	1.00	5.00
Gender has no significant relation with buyers'	132	3.5833	.87407	2.00	5.00

attitude towards life insurance purchase					
Females have a positive intention to purchase life insurance than males	132	3.0530	.64577	1.00	4.00
Males have a positive intention to purchase life insurance than females	132	3.1515	.62376	1.00	4.00
Total Average		3.2462	0.78194		

4.3.5. Age

The variable age were measured using four different questions; according to the survey result, Age has its own impact on buyers' attitude towards purchase of life insurance policy has an average mean of 4.54 which is positive, As a Person get older willingness to purchase life insurance increase has an average of 3.90 which is positive and young people's are less interested in purchasing life insurance has an average of 3.99 which is positive. And,my age is the reason to purchase the life insurance policy has a mean of 3.16 which is slightly above negative. The grand mean of the variable attitude is 3.89; which also indicate that attitude of life insurance buyers in Nile insurance are determined by age where older ages are more interested to buy life insurance than younger people

Table 8 Table 4.7 Descriptive Statistics of Age

	N	Mean	Std. Deviation	Minimum	Maximum
Age has its own impact on buyers' attitude towards purchase of life insurance policy	132	4.54	.44364	1.00	5.00
As a Person get older willingness to purchase life insurance increase.	132	3.90	1.4331	2.00	5.00
young peoples are less interested in purchasing life insurance	132	3.99	.63370	1.00	5.00

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my age is the reason to purchase the life insurance policy	132	3.16	.72250	2.00	5.00
Total Average		3.8975	0.808235		

4.3.6. Attitude

Attitude were measured using four different items; according to the survey result, buyer's positive perception on purchase of life insurance has an average mean of 3.90 which is positive, having life insurance will protect the person from unexpected risk has an average of 3.46 which is moderate and buyers recommend other peoples to have life insurance has an average of 3.59 which is slightly above moderate. Finally, if customers will continue to be customer of life insurance has a mean of 3.81 which is positive. The grand mean of the variable attitude is 3.69; which also indicate that attitude of life insurance buyers in Nile insurance have positive perception, partially recommend other peoples to have life insurance and slightly more than half buyers agree to be a customer of life insurance.

Table 4.8: Descriptive Statistics of Attitude

	N	Mean	Std. Deviation	Minimum	Maximum
You have a positive perception on purchase of life insurance	132	3.9091	.70391	3.00	5.00
Having life insurance will protect the person from unexpected risk	132	3.4621	.93617	2.00	5.00
will you recommend other peoples to have a life insurance policy	132	3.5909	.80981	2.00	5.00
Will you continue to be a consumer of the life insurance product	132	3.8106	.85723	2.00	5.00
Total Average		3.69	0.8267		

4.4. Correlation and regression analysis

4.4.1. Correlation analysis

The primary objective of this study was to examine the most important factors that influence customers' attitude toward life insurance. Accordingly, using Pearson correlation coefficient a correlation analysis was performed. The correlation between customer attitude and all the anticipated variables are discussed below.

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The analysis in the table below indicates that insurance awareness were positively and moderately($r = .493^{**}$, $p < 0.005$) associated with customer attitude. There was also positive and moderate ($r = .650^{**}$, $p < 0.001$) association between customers education level and customer attitude toward life insurance. In addition, the correlation analysis indicates that customers income is positively and moderately($r = .507^{**}$, $p < 0.001$) associated with customer attitude. The finding further shows that there was positive and moderately($r = .460^{**}$, $p < 0.001$) association between gender of respondent and customer attitude. There was also positive and moderate association between customer attitude and ages of customer with $r = .643^{**}$, $p < 0.001$).

Table 10 Table 4.9 Correlations analysis

		Attitude	Awareness	Education	Income	Gender	Age
Attitude	Pearson Correlation	1	.493 ^{**}	.650 ^{**}	.507 ^{**}	.460 ^{**}	.643 ^{**}
	Sig. (2-tailed)		.003	.000	.000	.000	.000
	N	100	100	100	100	100	100
Awareness	Pearson Correlation	.493 ^{**}	1	.412 ^{**}	.290 ^{**}	.404 ^{**}	.680 ^{**}
	Sig. (2-tailed)	.003		.002	.003	.000	.000
	N	100	100	100	100	100	100
Education	Pearson Correlation	.650 ^{**}	.412 ^{**}	1	.784 ^{**}	.678 ^{**}	.519 ^{**}
	Sig. (2-tailed)	.000	.002		.000	.000	.000
	N	100	100	100	100	100	100
Income	Pearson Correlation	.507 ^{**}	.290 ^{**}	.784 ^{**}	1	.665 ^{**}	.658 ^{**}
	Sig. (2-tailed)	.000	.003	.000		.000	.000
	N	100	100	100	100	100	100
Gender	Pearson Correlation	.460 ^{**}	.404 ^{**}	.678 ^{**}	.665 ^{**}	1	.516 ^{**}
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	100	100	100	100	100	100
Age	Pearson Correlation	.643 ^{**}	.680 ^{**}	.519 ^{**}	.658 ^{**}	.516 ^{**}	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100

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

4.4.2. Regression analysis

4.4.2.1. Parametric statistical assumption tests

➤ Multicollinearity test

Three assumption tests were performed before the running the regression analysis; multicollinearity, heteroscedasticity and normality test. Accordingly, Variance Inflation Factor (VIF) method was used for multicollinearity problem. The interpretation is done through the VIF value, if any of the independent variables had a VIF value above ten (10) it is the indication of the problem of multicollinearity; however, as it can be shown in the table below the highest VIF value was 6.26; which indicates no major multicollinearity problem among the independent variables.

Table 4.10 multicollinearity test

Variable	VIF	tolerance
Awareness	3.48	0.295470
Education	2.17	0.360613
Income level	2.41	0.382659
Gender	3.22	0.451340
Age	6.26	0.484308
Mean VIF	3.508	

➤ Heteroscedasticity test

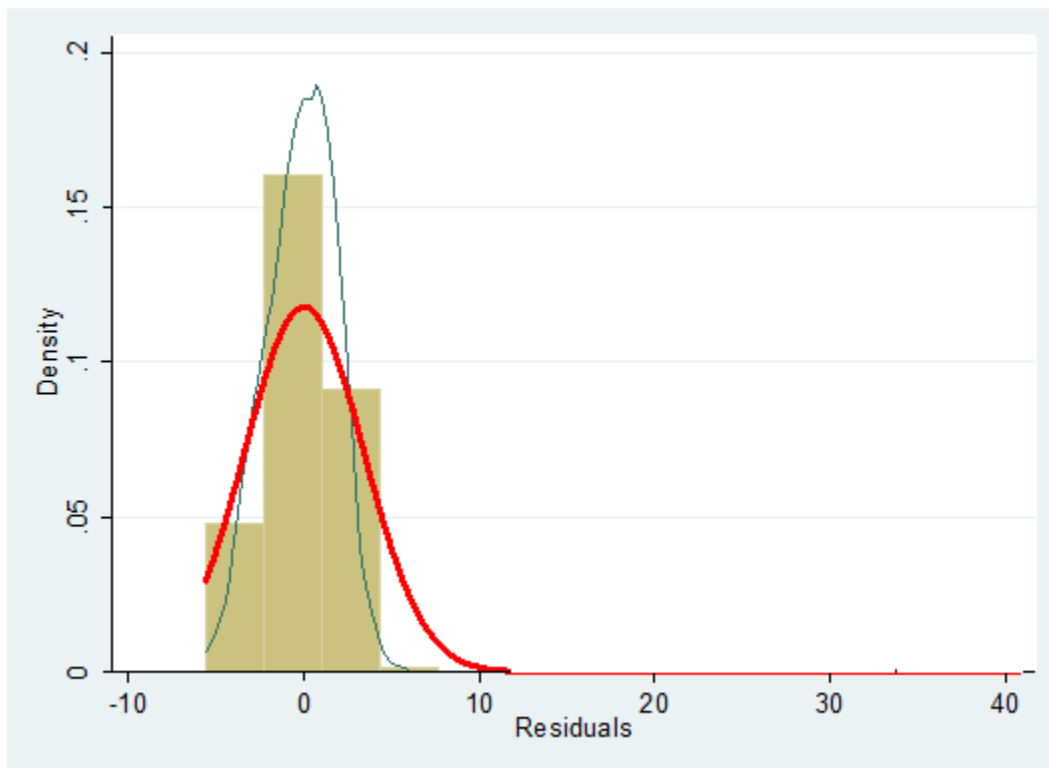
In addition to the multicollinearity test heteroscedasticity test was performed, accordingly, Breusch-Pagan method of test was used to test the assumption heteroscedasticity. The interpretation is done based on the p-value, the p-value is below 5 percent (0.05) it is the indication of the problem of heteroscedasticity; however, if the p-value is greater than 5 percent it is the indication of the absence of the problem; therefore, the result shows that the p-value is greater than 5 percent and it is concluded that there is no problem of heteroscedasticity.

Table 4.11 heteroscedasticity test

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity
Ho: Constant variance
Variables: fitted values of attitude
chi2(1) = 9.74
Prob> chi2 = 0.6418

➤ **Histogram test of normality**

Apart from the above two test in order to run the regression normality test should be performed, meaning that the error term should be normally distributed; accordingly, as shown in the figure below, taking as a reference the original normal distribution curve, the error terms are normally distributed.



4.4.2.2. Results of OLS Estimation: customer's attitude towards life insurance

In pursuit of analyzing the attitude of customers on life insurance ordinary least squares method was used. As shown in the Model summary and ANOVA table below the coefficient of determination (R^2) for the model is 0.7532 with F value 60.45, and p value 0.000. This shows that the model explained 75.32% of the variation in attitudes of customers and the overall model is statistically significant.

The findings of the study revealed that customer awareness, education, income level and age of customers had a positive and significant effect on customer attitude towards life insurance. On the other hand, gender of customers didn't show a significant effect on customer attitude.

The results of the regression analysis revealed that customer awareness had a positive and significant effect on customer attitude making other variables constant at 5 percent level of significance. The positive coefficient of 0.223 indicates a percentage change on customer's awareness associated with a 0.223 percent increasing change in customer attitude. The other variable which had significant effect on customer attitude is education level of customers; therefore, the variable education had a positive and significant effect on customer attitude at 1 percent significant level. The positive coefficient of this variable 0.827 implies a one level of education change in customers is associated with a 0.827 percent change in customer's attitudes towards life insurance. The more customers are educated the more will be their intention to buy life insurance. Education, as an index of the stock of human capital within a household, is associated with life insurance demand. Normally, people with higher education, which would imply that they have greater expectations of income growth, have more awareness of the necessity of life insurance purchase. Burnett and Palmer (1984) indicated that higher education is related to greater life insurance demand. Thus, the education level of the household head is hypothesized to be positively associated with life insurance consumption. In this study, education is categorized into four dichotomous variables: less than high school, high school, some college, and college degree or more (Milli, August 2008).

The third variable which had a significant effect on customer attitude is income level of customers; income level of customers had a positive and significant effect on customer attitude at

1 percent level of significance. The positive coefficient of this variable 0.604 implies a percentage change in income level of customers is positively associated with a 0.604 percent change of customer's attitude. This variable is highly significant and indicates as the society had more income they had more intention to buy life insurance. In line with this study, Assefa (2016) also find out that income is the most important determinant factor that influences buying behavior for life insurance. The last variable that had a significant effect on customer attitude is age of customers; the ordinary least square model analysis shows that age of customers had a positive and significant effect on customer attitude towards life insurance at 5 percent significant level. The variable age had a beta coefficient of 0.477, which implies as the age of customers increase by 1 year the intention of buying life insurance increased by 0.477 percentages.

According to the scholar PengWeiwen and Huang Yulang and Chen Ying (2010), attitudes can be attributed to learning. They can be attributed to gender, age, status, values, personality traits, lifestyle, family, relatives and friends, cultural and economic factors. Young people usually have strong support at home, which leads to their weak family responsibilities. Relative family attitudes are less conceptual. Because middle-aged people start a family and start a career, their sense of responsibility for the family will become more and more burdensome. Compared with young people, the importance of responsibility is more obvious. On the contrary, they will improve their attitude towards the family. The attitudes towards family of middle-aged and senior people are different from those of senior high school people. Time and experience make middle-aged and senior people choose to treat themselves well. Furthermore, according to Michaela & Iliescu (2013) in insurance, perception is determined by culture, social development, education and informational background. That is why in poor country the perception of insurance is different by the one people having in developed countries (Michaela & Iliescu, 2013). (Franken *et al*, 2010), also stated that consumers can be segments on the basis of their perceptions about insurance besides income, wealth, or life stage.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.8679 ^a	.7532	.7139	1.2193

a. Predictors: (Constant), awareness, education, income, gender, age

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	240.090	5	48.018	60.45	.000 ^b
	Residual	222.910	125	2.371		
	Total	463.000	130			

a. Dependent Variable: attitude

b. Predictors: (Constant), awareness, education, income, gender, age

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.889	1.356		3.605	.000
	Awareness	.223	.075	.104	2.975	.002
	Education	.627	.100	.643	6.274	.000
	Income	.604	.124	.104	4.873	.000
	Gender	.139	.080	.197	1.737	.084
	Age	.477	.111	.450	4.297	.001

a. Dependent Variable: Attitude

4.4.2.3. Summary of hypothesis test

The hypothesis summary statistics shows that except one hypothesis the other all are accepted as hypothesized. Accordingly, hypothesis one is accepted as Awareness has a positive and significant effect on customers' attitude toward life insurance. Hypothesis two also accepted which concluded as education has a positive and significant effect on customers' attitude toward

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life insurance. The third hypothesis also accepted and concluded as income of customers has a positive and significant effect on customers' attitude toward life insurance. The fifth hypothesis also accepted and concluded as age condition of customers has a positive and significant effect on customers' attitude toward life insurance. However, the fourth hypothesis is rejected as gender of customers has not a positive and significant effect on customers' attitude toward life insurance

Table 4.12 summary of hypothesis test

Hypothesis	Statistical result		result
	Beta value	p-value	
H₁ : Awareness has a positive and significant effect on customers' attitude toward life insurance.	.223	.002	supported
H₂ : Education has a positive and significant effect on customers' attitude toward life insurance.	.627	.000	supported
H₃ : Income has a positive and significant effect on customers' attitude toward life insurance.	.604	.000	supported
H₄ : Gender has a positive and significant effect on customers' attitude toward life insurance.	.139	.084	Reject
H₅ : Age condition has a positive and significant effect on customers' attitude toward life insurance	.477	.001	supported

5. CHAPTER FIVE CONCLUSION AND RECOMMENDATION

5.1. Conclusion

This study was conducted to examine the most important factors that influence customers' attitude toward life insurance. Specifically, the study is conducted to examine the effect of education, awareness, income gender and age on customers' attitude toward life insurance. Methodologically, the study employs explanatory research design and quantitative research approach was used; both descriptive and inferential static were used to analyze the data, for the purpose of descriptive mean, standard deviation and correlation analysis were used. To test the hypothesis regression analysis was performed particularly the research employed ordinary least square model to test the hypothesis. The findings of the study revealed that Nile insurance company didn't create sufficient awareness about life insurance for its customers and for the society as a whole, and as well as most people didn't know the advantage of life insurance; This indicates that education has a positive implication on life insurance purchase. Individuals had the higher tendency of buying life insurance as their income increases. The descriptive analysis further reveals that insurance purchasing decision is determined by religion and life insurance buyers in Nile insurance are determined by age where older ages are more interested to buy life insurance than younger people. However, the findings of the study also shows that most customers are interested to advise their friends, families and peoples they know to purchase life insurance policy. The correlation analysis shows that customer attitude is positively associated with customers' awareness, education, income level, gender and age. Furthermore, the regression analysis also shows that all the independent variables except gender, awareness, education, income, and age had a significant and positive effect on customer attitude towards attitude of life insurance. Among the independent variable customers income level and education level are the highly significant variables that determine the attitude of customers towards life insurance.

5.2. Recommendation

Based on the findings of the study the researcher forwards the following recommendation

- The findings of the study shows that income of customers is a highly sensitive factor towards customer attitude than the other variables; therefore, in order to accommodate the lower income level customers the insurance companies need to reduce their premium price so that to make it affordable for the lower income generating group. Also the insurance company also uses market segmentation which could also help the insurance firms to address all income level of customers and this would finally result to minimize their premium charges.
- Education level and awareness are the other highly significant variables where they determine the attitude of customers towards life insurance; therefore, as a profitable firm and faces many competitors the insurance companies should further enhance the existing level public awareness by using different approach such as public events, media, sponsorship different public events and etc.
- Age of customers also matters attitude towards life insurance; therefore, the insurance company invest and work to address the higher aged customers in every parts of the country since the ultimate objective is profit.
- Finally, the researcher suggests that the issue of insurance needs further investigation which should be conducted in large sample size so that the life insurance business could have grown more than its present status. Further, researches therefore, can investigate on different strategies which can sight ways of addressing life insurance for different parts of the country as well as for different group of people.

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Website source

<https://nileinsurancesc.com/establishment/>

QUESTIONNAIRE

St. Mary's University

School of postgraduate Studies

Department of Business Administration

Dear Sir/Madam

This Questionnaire is being conducted by second year business Administration under postgraduate student of St. Mary's University with the main aim to collect data on assessment on the attitude of buyers towards life insurance policy on Nile Insurance S.C. The response in the questionnaire will be used only for research purpose. All the information you give us will be kept secretly.

The purpose of the study will be for partial fulfillment of the requirements for the degree of master of Business Administration (MBA). The reliability of the study will be based on the accuracy of the information you provide. Therefore, your response and participation will be extremely valuable for the study.

In case of any question, please contact me via e-mail or phone.

Thank you in advance for your time and Cooperation.

Kind Regards,

SamitZuberAhmed

Mobile: +251983380437

+E-mail: samitzuber80@gmail.com

Direction

[Type the document title]

- Please read each question and provide appropriate answer
- No need of writing your name
- Mark “X” mark for your Choice
- Part I General Background

1 Gender

Male Female

2 Age

18-24 25-36 37-46
47-60 Above 60

3

Educational

Level

Certificate Diploma BA/BSc Degree MA/MSc Degree
PHD Other (Please Specify) _____

4 please indicate the range that describes your net monthly income

Below 5,000 5,001-10,000 10,001-15,000
15,001-20,000 above 20,000

5 What type of life insurance policy do you have

[Type the document title]

Endowment
life insurance

Term life Insurance

Whole life
Insurance

6 how many years you spent using of life insurance policy

less than 1 year

1-2 years

2-3 years

From 3-5 years

more than 5 years

Part II

Please indicate your extent of agreement to the following statements.

(1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree)

	Awareness	1	2	3	4	5
1	Awareness program done by insurance companies is not sufficient to increase the knowledge of the people					
2	Lack of awareness about life insurance advantage affects demand of life insurance					
3	Most peoples do not know about advantage of life insurance in general					
4	I would advise my friends, Families and peoples I know to purchase Life					

[Type the document title]

	Insurance policy.					
	Age	1	2	3	4	5
5	Age has its own impact on buyers' attitude towards purchase of life insurance policy					
6	As a Person get older willingness to purchase life insurance increase.					
7	young peoples are less interested in purchasing life insurance					
8	my age is the reason to purchase the life insurance policy					
	Gender					
9	Gender has its own impact to purchase life insurance	1	2	3	4	5
10	Gender has no significant relation with buyers' attitude towards life insurance purchase					
11	females have a positive intention to purchase life insurance than males					
12	males have a positive intention to purchase life insurance than females					
	Educational Status					
13	Educational Status has no significant relationship with buyers' attitude towards life insurance policy	1	2	3	4	5
14	Educated peoples have a positive intention to purchase life insurance					

[Type the document title]

1	There are peoples who do not purchase life insurance due to their level of					
5	Education					
1						
6	The level of your education helps you to purchase life insurance					
	Income Level					
1	monthly income level has significant relation	1	2	3	4	5
7	with buyers' attitude of life insurance policy purchase					
1	life insurance policies are not affordable for the individual					
8	who gets low income					
1	The higher the income of an individual the higher the demand for life					
9	insurance					
2						
0	People with high income don't need life insurance coverage.					
	Attitude of Consumers					
2				3	4	5
1	You have a positive perception on purchase of life insurance	1	2			
2						
2	Having life insurance will protect the person from unexpected risk					
2						
3	will you recommend other peoples to have a life insurance policy					
2						
4	will you continue to be a consumer of the life insurance product					