

**FACTORS AFFECTING THE GROWTH OF LIFE INSURANCE IN NAIROBI  
COUNTY**

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REQUIREMENTS FOR THE DEGREE OF BACHELOR OF COMMERCE AT  
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**DECLARATION AND APPROVAL**

I declare that this work has not been previously submitted and approved for the award of the degree by this or any other University. To the best of my knowledge and belief, the Research Proposal contains no material previously published or written by another person except where due reference is made in the Research Project itself.

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This Research Project has been submitted for examination with my approval as the Supervisor.

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## **DEDICATION**

I dedicate this research project to my parents and all those contributed to the success of this project

## **ACKNOWLEDGEMENT**

I am much grateful to God Almighty for his abundant grace all through my period of writing this research project. A special thanks goes to our supervisor for the advice she gave us through the writing of this project. Finally, I acknowledge the support of friends, local citizens; in writing this project may God bless them all.

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## **ABSTRACT**

The study aim was factors affecting the growth of life Insurance in Nairobi County. The study was guided by the following objective, to evaluate the effect of national culture on the growth of life insurance policies in Kenya, to evaluate the effect of disposable income on the growth of life insurance policies in Kenya, to investigate the effect of public awareness on the growth of life insurance policies and to analyze the effect of client attitude on the growth of the life insurance business in Kenya. The study used a descriptive research approach. Target population was 375 respondents with a sample size of 150. Questionnaire was used as the data collection instruments. Data was collected using questionnaires which were filled by the respondents. Quantitative and quantitative methods were employed in analyzing data which was presented in form of tables after the analysis. The study finding revealed that majority of the participants disagreed that insurance products are not difficult to understand that shows that insurance products difficult to understand. Furthermore, from the study findings it was noted that majority of the respondents agreed that the general public is aware of numerous companies that provide insurance and the various types of insurance they offer. Also, it was noted from the study that majority of the respondents agreed that differentiation of insurance products is done correctly. Finally, majority of the respondents agreed that better insurance is aided by public awareness .The study findings also indicated that majority of the respondents agreed that Kenyans are a people who value bravery, achievements, boldness and material rewards for success. On top of that, majority of the respondents agreed that cooperation, modesty, and concern for the weak are all virtues that should be cultivated. Further majority also agreed that insurance services are available country-wide and finally on contrary majority disagreed that insurance is very important to have. The study concluded life insurance is important After you die, the death benefit is paid to the designated recipient. It might assist in providing money to your loved ones when they require it. Understanding life insurance can assist you in making long-term financial plans for your family. The study recommends that all people in Kenya should adopt life insurance

## CHAPTER ONE

### INTRODUCTION

#### **1.1 Background of the study**

Life insurance offers peace of mind to the beneficiaries in case of an unfortunate event. When individuals know that insurance exists to meet the financial consequences, they will be more confident in knowing that their loved ones will be sorted in case of any eventuality. Life insurance also acts as an investment opportunity. Life policyholders may also be able to take loans from their insurers or banks using their policy as collateral once the policy has acquired a surrender value. The individuals can then use such funds in whatever investments they may choose (Kogi,2011). Life assurance provides a mechanism through which people can save through purchasing endowment policies that mature at the time of retirement or annuities (Maragia,2011).

By the time Kenya gained independence, the insurance institutions had been upgraded to full insurance companies. The intake of life insurance in Kenya is less than 3% of the population according to the current report by AKI (Association of Kenya Insurers). This is extremely low given that the population of Kenya now stands at around fifty-three million (53,000,000) as of 2019.

There are 26 life insurance companies in Kenya as of 2019. According to the AKI (2019) life Insurance report, 'Gross Written Premium was KES 97.85 billion in 2019 compared to KES 87 billion in 2018, an increase of 12.14%. The life insurance penetration rate increased slightly in 2019 to 1.00 % compared to 0.98% in 2018. The average growth rate from 2015 to 2019 stands at 11.54%. The rising income levels and the low level of penetration of life insurers in Kenya continue to create an attractive environment for both local and international insurance markets to expand and tap the huge uninsured population (AKI,2019). Britam Life, Jubilee Life, and ICEA Lion Life currently hold the largest market share when it comes to Life Insurance.

Since the beginning of life, human beings have always been confronted by several forms of risk of being physically challenged, diseases, premature death, and many others. These are the main challenges for which insurance seeks to provide financial solutions. Insurance is a form of risk transfer mechanism; it is the most superior method of handling risks. This is because it transfers risk to those with the financial ability and technical know-how to handle them.

It is important to emphasize that insurance is a complex and sophisticated system of handling risks. It shifts risks from Individuals and organizations and places them with an insurance

company. The Insurance company in turn facilitates the spread of risks to the collective body of the insured in its books that are broadly exposed to the same risk. The insurer ensures that all members of the group, on an equitable basis, share in the losses. The company transfers the risk it feels it cannot handle on its own to other insurance companies through the process of reinsurance.

### **1.1.1 Concept of life Insurance**

Insurers have at their disposal large sums of money, which they can lend to individuals, governments, commerce, and industry. This arises because there is a time gap between the time premiums are received and the time claims are paid. In general, the period may be only a few weeks while in life assurance it can be several years. Life assurance where the time lag between premium collection and claims payment is much longer, the funds can be put into long-term investments such as real estate and long-term instruments. Such funds can also be invested in the stock exchange, in treasury bills and bonds, or be available as loans to various sectors of commerce and Industry (Kogi,2011).

In Kenya, life insurance has aided the development of the real estate. This is because life insurance guarantees that if a borrower defaults on a loan, the lender will be paid. Lenders would be hesitant to provide money to those who wanted to buy or build a house if there was no life insurance. As a result, life insurance has become such a crucial part of every country's economic success (Bull,2009).

Life Insurance companies have played a key role in providing employment opportunities to the people of Kenya. Many people have gained confidence in investing because of the presence of life insurance. Insurance companies give assurance of compensation when a loss occurs, this has created immense confidence in investors who want to invest. This in turn has created employment opportunities because jobs are created when investment is done.

Investments are required for economic development. Savings are used to make investments. A life insurance firm is a key tool for encouraging people to save, particularly those in the middle- and lower-income categories. These savings are put to good use. The Funds are invested in safe havens such as government bonds, profitable corporations, and mutual funds, and so on. As a result, life insurance businesses play a critical role in capital market stability. The expansion of life insurance would boost the industry's confidence, which is now low.

Because of economies of scale, insurers would be able to cut premiums, resulting in further industry growth. Many Kenyans nowadays are unable to buy life insurance due to the exorbitant rates charged by insurance firms to cover the risk of business failure. According to

the AKI research, growth in life insurance acts as a stimulus for growth in other industries. If life insurance grows, it implies more money is available for other purposes.

### **1.1.2 Factors that influence the growth of life insurance in Kenya**

In comparison to industrialized countries, third-world countries have a very low rate of life insurance adoption. Only South Africa (15%) has a reasonable penetration of life insurance in Africa. According to the report LIMRA(2011), Several causes have been blamed for Kenya's low insurance penetration rate, including poor customer perceptions of insurance, low public knowledge, low disposable income, and religious and cultural attitudes towards insurance (Kogi, 2011). For this study, these elements have been referred to as disposable income, client attitude, public knowledge, and culture.

According to AKI (2008), the growth of life insurance is hampered by a lack of trust in the business. According to studies conducted by AKI, the general population has a poor perception of insurance companies. There is a widespread belief that insurance firms exist to mislead the public and that they will never pay a claim after it has occurred. Individuals have been discouraged from purchasing life insurance plans as a result of this. Following the public's lack of trust in the insurance industry, Redja (2004) points out that insurance companies are notorious for being slow in processing claims. This has weakened potential clients' trust in insurance, resulting in the industry's poor development, particularly in life insurance.

The agency approach is primarily used to distribute life insurance in Kenya. This means that insurance salespeople have been the exclusive point of contact for customers. Customer confidence has been eroded as a result of the distribution model. Many agents have inadvertently misinformed customers on the policies' products. At the same time, agents have plundered money; instead of being used to pay premiums, they have diverted them to personal use. As a result, customers are wary of engaging with insurance brokers, hence low uptake of life insurance.

For many families in poor countries, life insurance is not a necessity (Kaguma, 2011). In a country like Kenya, where more than 40% of the population lives on less than \$1 per day, life insurance is considered a luxury item and is not included in most families' budgets. In the majority of cases, this is the case. Insurance is viewed as a product for the wealthy in African countries. Many folks do not have enough. A sufficient amount of discretionary income to get life insurance.

The methods of producing and distributing factual information to the general public to raise their knowledge of disaster risks and their comprehension of how they may act to limit their exposure and vulnerability to hazards are referred to as public awareness. The Kenyan

populace, according to AKI (2010), is uninformed of life insurance coverage. Furthermore, there is a dearth of information on cover advantages. Kenya's poor life insurance penetration is exacerbated by this.

The collective programming of the mind that separates members of one category of people from those of another" is what culture is defined as. Culture is made up of particular ideals that influence one's behavior and perspective of the world" (Hofstede & Bond, 1988). Tyler is a British actor. An anthropologist defined culture as "that complicated whole that comprises knowledge, belief, art, and other forms of expression. Morals, law, custom, and any other abilities and habits that man has acquired as a member of society. Different religious beliefs have different negative views when it comes to insurance.

### **1.1.3 Life Insurance Industry in Kenya**

Twenty-six businesses in Kenya sell Group Life, Group Creditor annuities, and Individual Life insurance plans. Individual life insurance penetration in Kenya is the focus of this research. In terms of total written premiums, Kenya's life insurance industry is moderate. Except for South Africa, most Sub-Saharan African countries have very low density (i.e., premiums per capita). According to a survey commissioned by (AKI, 2018), there were only 1,500,000 individual life policies in a 12.2 million working population at the end of 2018 (about 4 percent coverage). Nonetheless, the segment's quick growth in density, as well as the fact that it accounts for a large share (about a third) of the total insurance business, is highly positive (AKI, 2011). Only over 1.3 percent of Kenyans have life insurance, compared to about 3% who have general insurance. Because it is a legal requirement, general insurance such as vehicle and fire insurance have a higher uptake. It is a legal necessity to purchase such insurance. Life insurance is usually optional and unaffordable.

Kenya's life insurance industry generates around 1% of the country's GDP. However, this is a fraction of what the banking financial sector offers. The expansion of life insurance will not only boost Kenya's GDP but will also offer more job possibilities. The Nairobi Securities Exchange has listed five life insurance firms. Sanlam Kenya Plc, Liberty Kenya Holdings, Britam Holdings Ltd, and Jubilee Holdings Ltd are among the insurance companies.

There are two classifications of Insurance: General Insurance and Life Insurance. Life insurance is also known as Long-term insurance. Most life business transacted in Kenya falls under Ordinary Life Assurance. Ordinary life assurance describes the type of business where premiums are paid usually through the check-off system or standing banker's orders. It can be divided into three categories. Term-assurance, Endowment assurance, and whole life

assurance. Very few people who work in informal sectors possess any form of life assurance, for life Insurance to grow it is important to target these people.

Life Insurance reported a premium amounting to KES 58.66 billion by the end of June 2021 however this represented a growth of 22.6% compared to a growth of 8.2% in 2020. Pensions and Life Assurance classes remained the biggest contributors to the life GPI accounting for 36.9% and 28.5% respectively (IRA 2021). There is so much potential for life Insurance in Kenya, this is because only 3% of the total population have this kind of insurance (AKI,2020) The insurance industry in Kenya needs to improve the penetration of life insurance. Given that barely 3% of Kenya's population carries life insurance, the country has enormous potential. Kenya's economy is thriving, which might help life insurance flourish. Only if the industry's flaws are rigorously examined and addressed will life insurance achieve its full potential.

### **1.2 Research Problem**

Despite the efforts by the Association of Kenya Insurers and Insurance Regulatory Authority to improve the penetration of life insurance in Kenya, the uptake remains critically low. It is, therefore, worth discovering what ails the insurance industry in Kenya. Numerous life insurance companies have invested heavily in marketing to increase awareness and market share. But despite these efforts, life insurance penetration remains low in Kenya.

Insurance players in Kenya claim that there is a disconnect between the industry players and the general public (IRA, 2011). Understanding how life insurance works in Kenya can help formulate a working model that can increase the uptake of life insurance packages. The market study done by the Association of Kenya Insurers (2010), noted that the public doesn't have knowledge on life insurance covers in Kenya. There is also a deficiency of information on cover benefits. This contributes to the low penetration of life insurance in Kenya.

The market study done by AKI (2010) notes that affordability of a life insurance cover was the main issue amongst the insured, those that have lapsed, and also the uninsured. Fortune (2003), and Campbell (2000) have shown that the demand for life insurance is positively correlated with income. AKI (2008) notes that lack of trust in the industry affects the uptake of life insurance. According to a research report by SBO for the Association of Kenya Insurers (2008), The Association was concerned with the poor public perception of insurance by the general public.

A previous study by Muchire (2003) on assessing the service quality regarding Kenya's Insurance Industry noted that the customer may be a lot more informed and thus the delivery of the service to the customer must be done professionally. Kabui (2002) argued that marketing and communication strategies within the general insurance industry are vital in informing

consumers about the advantages of insurance. In most of those studies, the main focus was more on the General insurance business.

Etemesi (2004) analyzed the consequences of process operations on service delivery in selected insurance firms in Kenya. However, little has been written particularly about the factors affecting the expansion of the insurance business in Kenya. Kaguma (2011) focused on the standard of customer service in insurance companies. The study concentrates on the elements of service that customers concede to be of quality service insurance. Wairegi (2003) focused on the character of competition within insurance companies in Kenya.

IRA (2011) looks at the expansion opportunities for the industry while KPMG, (2011) study dwells on the economic importance of life assurance. The studies that have been done in the industry generally address the status of the industry and competition but don't address the slow growth within the industry. The present study, therefore, sought to provide answers to the question; factors affecting the growth of life insurance in Nairobi County?.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

To determine the factors that affects the growth of life insurance in Nairobi County .

#### **1.3.2 Specific Objectives**

- i.To evaluate the effect of public awareness on the growth of life insurance policies in Nairobi County.
- ii.To evaluate the effect of national culture on the growth of Life Insurance Policies in Nairobi County.
- iii.To investigate the effect of client attitude on the growth of Life Insurance Policies in Nairobi County.
- iv.To analyze the effect of disposable income on the growth of the Life Insurance business in Nairobi County.

### **1.4 Research Questions**

The study attempted to answer the following questions:

- i.How does public awareness of life insurance affect the growth of life insurance in Nairobi County?
- ii.How does national culture affect the growth of life insurance in Nairobi County?
- iii.To what extent does client attitude affect the growth of life insurance in Nairobi County?
- iv.What is the relationship between disposable income and the growth of life insurance in Nairobi County?

## **1.5 Significance of the study**

### **1.5.1 Researchers and academicians**

The research formed a footing for future research in this area among scholars, whereby other scholars in this field used this report as a keystone for further studies. Scholars who would want to research Life Insurance in Kenya found a basis for comparison. This research was also give them a clear direction on where to start with their research project. The study is expected to fill the void that exists in Kenya as regards research and publications on life insurance.

### **1.5.2 The public**

The findings of this study are also expected to put life insurance in proper perspective in the minds of the public by providing much-needed exposure. It helped policyholders and potential policyholders to know exactly what to expect in their dealings with life insurance companies in particular and the insurance industry in general. The policyholders or potential policyholders might have a clear perspective on life insurance.

### **1.5.3 Association of Kenya insurers**

Association of Kenya Insurers (AKI) might utilize the findings on factors affecting the growth of life insurance and work on creating a better understanding of Life Insurance among all sections of the community. AKI might use this study to educate people on life Insurance and the benefits of having a policy. AKI might also bring different life Insurance companies together to discuss how to better the life insurance business in Kenya.

### **1.5.4 Life insurance companies**

Life insurance companies might find this study useful in its suggestions about those factors that have contributed to the industry failing to live up to the life insurance clients' expectations and led to the low life insurance penetration. It will be of great reference to the life insurance industry in drawing policies and programs aimed at restoring the customers' confidence, trust, and loyalty with a reflective effect in increased sales and life insurance penetration.

### **1.5.5 The commissioner of insurance**

The Commissioner of Insurance might utilize this research to formulate broad policies and guidelines to improve the business of life insurance in Kenya, through the Insurance Regulatory Authority, broad insurance policies and guidelines was formulated to suit the customer's needs. IRA might also encourage companies to reduce premiums to encourage potential clients

## **1.6 Scope of the Study**

The study was confined to adults who may or may not have a source of income within Nairobi and to be specific the five constituencies. Namely: Kibra, Langata, Starehe, Embakasi and Westland. Since a majority of life insurance companies are based in Nairobi, Nairobi was the best place to carry out this research study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

In this chapter, the factors affecting the growth of the life insurance business in Nairobi were given an in-depth analysis and different literature was reviewed. The literature review focuses on the variables of the study, theories, and life insurance influencing factors. The research allowed for the use of literature from a variety of sources.

#### 2.2 Theoretical literature review

Based on this study, the Agency theory and Hofstede's cultural dimensions' model will be used.

##### 2.2.1 Agency theory

The Agency theory was developed by Stephen Ross and Barry Mitnick in 1973. An agency relationship is a contract under which one party (the principal) engages another party (the agent) to perform some service on their behalf. As part of this, the principal will delegate some decision-making authority to the agent (Jensen,1976). Agency theory assumes that the interests of a principal and agent are not always in alignment (Carol, 2021). Agency theory assumes that both the principal and the agent are motivated by their self-interests. Thus, if both parties are motivated by self-interest, agents are likely to pursue self-interested goals that may not align with the goals of the principal.

The theory also assumes that one party has more or better information than the other regarding a particular subject. Hence, many disputes might arise from asymmetric information. The principal-agent problem arises when the principal expects the agent to perform tasks that are profitable for the principal and costly to the agent. It might also arise when there are elements of the tasks that are difficult to perform or even costly to perform for the principal to observe, this, in turn, motivates the agent to act inappropriately.

Following the Insurance regulatory authority requirements, insurance agents, among others, act as an intermediary between the insurer and the insured. The underpinning of this intermediary relationship is agency theory. Agency theory is a management and economic theory that aims to explain corporate connections and self-interest. It explains how principals and agents work together. The principal decides the task to be performed or decisions to be made by the agent.

The insuring public would be the owners or principals, and the insurance agents would be the managers or agents, according to agency theory. The general population has little faith in the

insurance sector (IRA, 2012). Because of this lack of confidence, the insuring public hires intermediaries, such as insurance agents and brokers, to act on their behalf when entering into insurance contracts. This is to allow the insuring public to make use of the bargaining power of agents and brokers in the delivery of the insurance promise when claims or benefits under insurance contracts fall due.

Insurance agents, like insurance brokers, are regulated by the IRA and serve as middlemen between the insuring public and the insurance firms. They are paid a commission depending on the premiums paid by the insureds for the insurance products they have purchased. The life insurance industry faces a negative outlook by the public in many ways. Agency theory tries to explain what life insurance companies are doing so as to change the perception. They do this by allowing agents and brokers to act on behalf of them.

### **2.2.2 Hofstede's cultural dimensions' model**

Using Hofstede's cultural dimensions' model, the impact of national culture on life insurance growth was examined. Hofstede's 2011 model, which takes into account a vast number of country observations, is the most often utilized in the review of national cultures in business literature. Power distance, individualism versus collectivism, uncertainty avoidance, Long-term versus the short-term orientation, and masculinity versus femininity is among the dimensions.

The concept of power distance is based on how society interprets people's power relationships. Power is unequally distributed in high power distance civilizations, according to a hierarchy. The degree to which a society is focused on achievement or nurture is referred to as masculinity vs. femininity. Femininity refers to a culture in which the social gender roles of men and women are blurred. Collectivism is a culture in which people are devoted to their inner circles, such as their extended family and neighborhood (Bull, V. 2009).

Uncertainty avoidance refers to a culture's tolerance for ambiguity and its people's ability to deal with the unexpected, unknown, or contradictory to the status quo. Long-term vs. short-term planning. The degree to which a culture connects the past, present and future is referred to as orientation (Hofstede, 2011). The Hofstede's cultural dimensions model was utilized to develop the constructs used to quantify national culture in this study.

## **2.3 Empirical review**

### **2.3.1 Public Awareness and life insurance growth**

The Kenyan population's level of insurance awareness and information needs is influenced by a negative impression of insurance and a general lack of understanding about it. This is a serious impediment to Kenya's insurance industry's expansion (IRA, 2015). In one of its 2015

polls, IRA discovered that around 67 percent of Kenyans are aware of insurance. In terms of the benefits of insurance to consumers and the procedure of obtaining benefits, the poll found a few information gaps. Furthermore, the survey found that there is a negative perception that insurance is only for the wealthy. The poll advocated forming partnerships and coordination structures with many stakeholders to educate the public about insurance, as well as continuing to track behavioral changes in insurance uptake (IRA, 2015).

Even for the most intelligent clients, insurance policies are complicated. In comparison to other financial services, such as banking, which users deal with regularly, they are difficult to identify. The insurance business in Kenya has to focus more on consumer education to change public perceptions of insurance and improve general insurance understanding (IRA, 2015). To increase insurance penetration, the general public must have a fair level of insurance awareness (Nirjhar, 2015). Insurance, according to Nirjhar, plays an important role in providing much-needed social security to the public, but it remained a preserve of the urban population. He pointed out that in areas where the growth of insurance had increased, the government had made significant efforts to make insurance products more popular.

Several research has been conducted to look at the relationship between risk aversion and educational attainment. Outreville (2015) observed that there is no clear evidence of a link between risk aversion and educational attainment. According to his findings, the positive and strong association between insurance demand and educational attainment reflects something other than risk aversion. The fact that there is increased interest in the insurance sector in emerging and developing countries further complicates the correlation.

In general, client impressions of a product are influenced by product expertise. In both urban and rural populations in India, a significant positive link was discovered between the household's degree of education and the likelihood of participation in life insurance programs. For rural people, the marginal effects were greater (Shankar & Chakrabarti, 2015).

According to Pandit (2015), marketing insurance to the rural population is complicated by a lack of financial literacy, a low per capita income, a negative attitude among the public, and intermediaries' unwillingness to travel to far locations. To penetrate the rural sector, he suggests that insurance companies build policies that are acceptable for the rural population and take into account the characteristics of the rural people (lifestyles and incomes patterns).

Kenyan consumers are digitally aware, according to data from the Kenya National Bureau of Statistics (KNBS) Economic Survey. In 2019, mobile phone subscriptions climbed to 40.7 million, resulting in an 85.4 percent penetration rate. Subscriptions to the internet surged

dramatically from 16.4 million in 2014 to 39.6 million in 2015. There were 305 licensed Internet Service Providers (ISPs) in 2019, up from 177 in 2014. Due to the availability of fiber optics, data speed for computer modems and transmission carriers rose by 66.9% to 20,293 bits per second per capita (BPs/person) (KNBS, 2019).

In the recent decade, digital and mobile-enabled marketing channels have grown in importance. According to data from the Central Bank of Kenya's (CBK) annual supervisory report for 2015, mobile payments have surpassed all electronic card payments combined in terms of user numbers and transaction value (CBK, 2016). In every element of human existence, mobile platforms are used. Using mobile money to pay insurance premiums, onboard new insurance clients, and pay claims within the mobile money thresholds are just a few of these features. The implementation of alternative distribution channels and the usage of technology, according to AKI (2015), are also expected to increase the growth of Insurance in the country.

### **2.3.2 National culture and life insurance growth**

Culture has been recognized as a determinant in both product and service buying decisions in previous studies. Consumers may respond to solicitations for life insurance products based on cultural reasons rather than economic considerations, according to Park and Lemaire (2012) Chui and Kwok (2008) examined the impact of national culture on life insurance use in 41 countries using data from 1976 to 2001. Individualism/collectivism, masculinity/femininity, uncertainty avoidance, and power distance were the four cultural principles studied, according to Hofstede (1983, 2001). They concluded that individualistic countries consume more life insurance than collectivistic countries. However, they discovered a negative correlation between life insurance use and power distance, uncertainty avoidance, and masculinity/femininity.

Park and Lemaire conducted a study on the impact of culture on consumption in 82 countries over ten years in life insurance. They concluded that life insurance usage was negatively related to the percentage of the population that adhered to Islamic beliefs. The percentage of the population who adhered to Christian or Buddhist beliefs, on the other hand, had no discernible effect on insurance consumption. Their perspective on the impact of religion on insurance consumption was similar to that of those who believe religion has historically opposed life insurance (Zelizer, 1979). Most religions encourage their adherents to put their confidence in a supreme being (God) for protection, which is opposed to what insurance is designed to provide: personal safety.

Park and Lemaire (2012) also discovered that life insurance consumption and power distance had a negative association. However, they discovered a link between life insurance usage and

individualism and the avoidance of uncertainty. Their findings on masculinity and femininity were mixed, although unlike Chui and Kwok (2008), the male side was dominating in non-life insurance consumption. According to Park and Lemaire (2012), masculine civilizations are more commodities oriented, so they buy more non-life insurance, but feminine societies are more sensitive to mortality risks, so they buy more life insurance.

Consumers' risk appetite is what affects how much insurance they buy. Wealth (or total assets), expected income, expected rate of return on choices, and subjective discounting functions to evaluate these choices all influence demand for goods and services. Previous research has found a strong link between education, income, and wealth. Households are said to exhibit diminishing (growing) relative risk aversion (RRA), that is, they are relatively less (more) risk-averse, as wealth increases across households and a bigger (smaller) share of wealth are held in the form of hazardous assets. Risk aversion is influenced by culture.

IRA conducted a study in 2015 on the impact of culture, beliefs, and values on the adoption of insurance products in Kenyan communities. Machakos, Kajiado, Nakuru, and Murang'a were chosen for the study. While the study's findings have yet to be extended to the national level, the findings show that the sampled communities prefer to cope with risk using traditional methods such as creating groups (chamas) rather than obtaining insurance (IRA, 2015).

### **2.3.3 Customers attitude and life insurance growth**

The many attitudes of a person, according to Kotler (2009), are a true portrayal of their feelings and actions toward a certain feature. They indicate what they think about life insurance in this scenario. The poor state of insurance culture in developing nations has piqued the concern of both academics and practitioners (Urdu, 1994). The negative attitude people have toward life insurance is one of the issues related to this level (Kasule, 2003). Consumer attitudes regarding life insurance patronage in Kenya, for example, are assessed by AKI (2018), which finds a lack of trust and faith in insurance companies. Nsimbe (2011) set out to analyze public attitudes regarding the insurance sector and the implications of these sentiments (both good and negative) on the insurance service market in his paper "understanding the hurdles to the expansion of the insurance industry in Kenya. The survey found that the general population has a poor perception of the life insurance business, which appears to be affecting the insurance market in Kenya. According to the survey, insurers should educate the public about the necessity of insurance services.

Rudra (2002) investigated "women's perceptions and attitudes about life insurance plans." According to him, 75% of women believe life insurance plans provide coverage against future risk, 58 percent believe insurance provides accidental coverage, roughly 41% believe insurance

is advantageous for obtaining housing loans, and 70% of respondents are satisfied with the corporation's services. 58.75% of the women were aware of the various types of policies offered by the company, and 41% of those polled had not taken any additional plans.

Kogi (2018) seeks to understand policyholders' attitudes regarding life insurance services, as well as their degree of satisfaction with the rate of bonus, rate of premium, and medical examination, among other things. The study found that overall services are excellent in terms of numerous areas, with 80 percent of respondents rating premium rates as normal and bonus as moderate at the end of the maturity period. The majority of policyholders believe that a medical examination is required before purchasing coverage.

#### **2.3.4 Disposable income and life insurance growth**

The demand for life insurance is positively connected with income, according to Fortune (2003) and Campbell (2000). Life insurance becomes more affordable as one's income grows. Furthermore, the demand for life insurance increases with income, as it protects beneficiaries from the financial consequences of the main breadwinner's untimely death. Fortune (2003) found a favorable correlation between life insurance premium expenditures and national income using aggregated national data. Before this, gross national product (GNP) and gross domestic product (GDP) were employed as income sources in global life insurance education. Fitzgerald (2007) finds that insurance demand rises with the husband's future wages (and falls with the wife's future earnings) using household data. According to research conducted by SBO in Kenya, affordability is a major concern among the insured, those who have lapsed, and those who are uninsured. As a result of poor and insufficient information on the true price of assurance laws, the subject of the ability to buy came to be more of a concept than a reality. Many of the respondents received less than Ksh. 20,000. Cover companies must make an effort to accommodate all types of potential clients by devising appropriate cover responses.

Although the relationship between economic progress and the development of the insurance market differs by country (Tienyu and Brian, 2005), there is a link (Osterville, 2006; Ward and Zurbruegg, 2000). They conducted studies in China regions that revealed that rising pay levels coupled with rapid economic uptake could be the driving force behind the increased desire for economic security. Hong Kong and Taiwan have been classified as "advanced economies" since 1997, after previously being classified as "industrial countries". The reorganization reveals their rapid economic expansion, and they now share several significant characteristics with the most advanced countries, including comparatively higher pay limits, finely honed financial souks, high grades of fiscal intermediation, and diverse economic structures with rapidly rising service subdivisions (International Monetary Fund, 2007).

The expansion limits of infrastructure are thought to be proportional to the amount of life insurance consumed in the area. The findings of the study in mainland China, Hong Kong, and Taiwan show that rising pay levels are linked to changes in social structure and that an increase in knowledge has fueled a need for economic security in mainland China, Hong Kong, and Taiwan. Discrepancies in life cover ingesting occur as the amount of economic growth varies among locations. Insurance spending is higher in forward-thinking economies like Hong Kong and Taiwan.

Furthermore, even though life assurance consumption in these three Chinese regions is increasing in general, the various phases of their souks agree on different lifetime assurance consumption restrictions. The study finds differences in the earnings springiness of requests for lifetime insurance across areas, with mainland China, a low-income country, having the most resilient earnings elasticity in comparison to Taiwan and Hong Kong.

#### **2.4 Summary of literature and research gaps**

The evidence supporting a direct relationship between National culture, Client attitude, Availability of disposable income, and public awareness about the growth of life insurance is rather sparse, but the studies below attempted to bring out the relationship. Fortune (2003), and Campbell (2000), conducted a study to document the link between the effect on the availability of disposable income and the growth of life insurance. The study did indeed find a relationship. However, the authors of the paper felt like the findings would have been more effective if the study was conducted in an area where disposable income was already not as low. among individuals.

AKI (2008), conducted a study to document the link between the lack of trust in the industry and how it affects the uptake of life insurance. The findings of this study were that the public has a negative perception of insurance and that many people don't trust the Insurance Industry. The flaw of this research was that there was already a negative attitude towards life insurance and therefore it was difficult to establish a link between how the clients felt about insurance and the growth of life insurance.

According to research undertaken by IRA (2015), Nirjhar (2015), Chakrabarti and Shankar (2015), there is a link between product knowledge, customer perceptions, and final acceptance of the product. The key findings of their study showed that the public didn't have enough knowledge on insurance hence many people didn't purchase any cover. The gap established in this particular study was that the research did not properly establish why the public had a negative view of insurance and why the knowledge of life insurance was scarce among people.

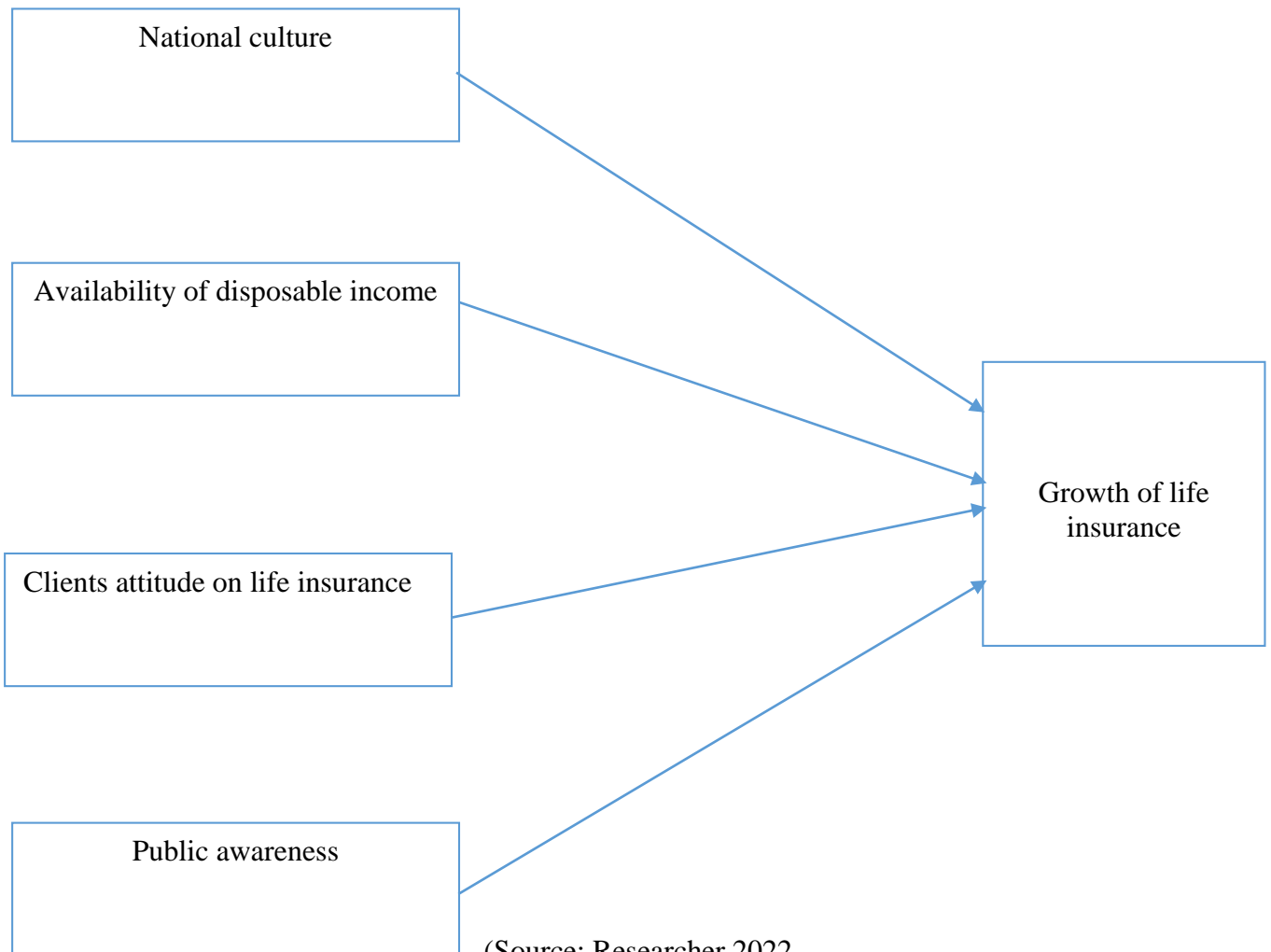
Culture has an influence on buying decisions, according to Park and Lemaire (2012), The influence of culture on insurance penetration has conflicting findings, with certain cultural characteristics having a favorable impact. Others have an influence, while others have the opposite effect. The goal of this study was to look into the influence of culture on insurance.

### 2.5 Conceptual Framework

The conceptual framework summaries the independent and dependent variables. The study focused on four independent variables. These were the various factors affecting the growth of the life insurance business in Kenya.

#### Independent Variables

#### Dependent Variable



## 2.6 Operationalization of Variables

Four variables were measured: Client attitude, Public Awareness, Disposable income, and National culture as the independent variable and the growth of life insurance as the dependent variable.

VARIABLE	INDICATOR	MEASUREMENT
<b>Growth of life insurance</b>	→ Increased profitability (Profit margin)	Nominal Scale
	→ Increased purchase of the policies	
	→ Increased customer numbers	
	→ Power distance index	
<b>National Culture</b>	→ Individualism vs Collectivism	Five-point scale (5= Strongly agree, 1= Strongly disagree)
	→ Uncertainty Avoidance	
	→ Masculinity vs Femininity	
	→ Long-term vs Short-term	
<b>Availability of disposable income</b>	→ Tax rates	Five-point scale (5= Strongly agree, 1= Strongly disagree)
	→ Difficulty of borrowing	
	→ Propensity to save	
<b>Client's attitude on Life Insurance</b>	→ Media	(5= Strongly agree, 1= Strongly disagree)
	→ Personal experience	
	→ Educational and Religious Institutions	
	→ Economic status and Occupation	
<b>Public Awareness</b>	→ Past experiences	
	→ Individual differences	
	→ Socioeconomic status	

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter covers the research design, target population, the methods of data collection, and how the data was analyzed to bring about the research findings for reporting. The chapter also discusses the validity and reliability of research instruments and the ethical considerations of this study.

#### 3.2 Research Design

To explain data with high accuracy and precision, the study used a descriptive research approach. According to Mugenda and Mugenda (2003), descriptive survey research aims to collect data from members of a population to establish the population's current condition regarding one or more variables. According to the study of Best and Kahn (1993) (as stated in Muchire, 2003) descriptive research is also concerned with: existing circumstances or relationships, prevalent practices, people's beliefs, points of view, or attitudes, processes in progress, effects that are being felt, or emerging trends. It's about what's there and how it's connected to a previous event that has influenced or influenced a current situation or event.

A cross-sectional survey research design was also used in the investigation. Cross-sectional studies are a type of research in which the entire population, or a representative subset of it, is observed at a single point in time.

#### 3.3 Target Population and Sampling Technique

##### 3.3.1 Target Population

Mugenda and Mugenda (2003) suggested that if objectively selected, a sample of between 10-30% of the population is considered adequate for generalization of the findings. The study population will comprise of 497 respondents as the target population.

##### 3.3.2 Sampling Technique

Sampling is that part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inference (Mugenda and Mugenda, 1999). Stratified, purposive and simple random samplings was used in the study. The advantages of these methods is that they ensured inclusion of the sample of sub-group which otherwise would be omitted entirely by other sampling methods, because of their small numbers in population. The population will be divided into various strata. Simple random sampling and cluster sampling was used to select the employees from different categories In this study, a 30% of the target population included

in the sample. In simple random sampling technique, the sample is selected without bias to arrive at specific respondents from each stratum from the target population of 13 people was used with a sample size of 30 % in the study. This was based on statement of Mugenda and Mugenda (1999) who suggested that with a population less than 1000, at least 30% be used, therefore our sample was 63

**Table 3.1 Target population**

<b>Households</b>	<b>Strata</b>	<b>Target population</b>
Kibra	Street A	20
	Street B	30
	Street C	40
Starehe	Street A	35
	Street B	37
	Street C	70
Westlands,	Street A	35
	Street B	40
	Street C	48
Embakasi	Street A	35
	Street B	29
	Street C	33
Langata	Street A	23
	Street B	14
	Street C	8
<b>Total</b>		<b>497</b>

A sample is a statistically significant portion of a population, not the entire population. Nairobi County was the area of investigation for this study. Nairobi County, specifically the four seats within the County, was the primary focus of this research. Kibra, Starehe, Westlands, Embakasi, and Langata, to name a few. Nairobi County is a suitable location for the study because of its diversity, not only in terms of socioeconomic classes but also in terms of the sorts of incomes earned by residents, as well as the size and types of families that make up distinct households. This diversity opens up the research to a wide range of possibilities.

Nairobi County is also a good research area because it has residents from across Kenya. It is a representation of Kenya as a whole, with people from all over the. The sample population for the study was 30 percent of each stratum in population within the constituency and the County as a whole. Adults was the target audience because it is assumed that they are the household's primary income earners and decision-makers. The following are the constituencies and sample population that was used: country participating.

The sample population for the study was 40 percent of each population within the constituency and the County as a whole. Adults were the target audience because it is assumed that they are the household's primary income earners and decision-makers. The following are the wards and sample population that was used:

**Table 3.2 Sample size**

<b>Households</b>	<b>Strata</b>	<b>Target population</b>	<b>Sample size</b>
Kibra	Street A	20*0.3	6
	Street B	30	9
	Street C	40	12
Starehe	Street A	35	11
	Street B	37	11
	Street C	70	21
Westlands,	Street A	35	11
	Street B	40	12
	Street C	48	14
Embakasi	Street A	35	11
	Street B	29	9
	Street C	33	10
Langata	Street A	23	7
	Street B	14	4
	Street C	8	2
<b>Total</b>		497	<b>150</b>

### 3.4 Data Collection

Primary data was collected in this study using a questionnaire as the main method. A questionnaire is referred to as a research instrument consisting of a series of questions used to gather information from respondents. A distinction was made between the first part which will contain background information and the second part which contained closed-ended questions. The second part of the questionnaire contained differential belief statements which the respondents are to answer either yes or no or complete as per the level of agreement. The study chose this method of data collection because closed-ended questions are simple to handle due to their uniform structure, and because they were objective, they are simple to code for data analysis. The questionnaires were self-administered to the target respondents. Two hundred questionnaires were handed out. The questionnaires were handed out through the drop and pick-later method.

### 3.5 Data Analysis

The process of receiving, organizing, and analyzing data to interpret it is known as data analysis. The research included both qualitative and quantitative data collection. Raw data was collected systematically and processed so that the analysis process is simplified in data analysis. As a result, the data was descriptively analyzed, with the raw data being coded into numerical form and regression analysis and correlation generated to determine the relationship between the independent factors and the dependent variable. The statistical method of regression analysis is used to estimate the associations between a dependent variable and one or more independent variables.

If the value of 'x' is known, the regression equation can be used to predict the values of 'y', and both 'y' and 'x' are the two sets of measures of a sample size of 'n'. The regression equation formulae are as follows:

$$Y = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + \epsilon$$

Where: Y = Growth of life insurance

{ $b_i$ ;  $i=1, 2, 3, 4$ } = The coefficients for the various independent variables

X1 = Client attitude

X2 = Public awareness

X3 = Availability of disposable income

X4 = National culture

Various diagnostic tests were performed on the data gathered to ensure that the basic assumptions of regression were met in order to appropriately estimate regression models. The tests that were carried out include homoscedasticity and collinearity test. The data was analyzed

using the Statistical Package for Social Sciences (SPSS). The results were presented by use of tables.

### **3.6. Research quality**

Quality research refers to the scientific process that involves all aspects of study design, including the assessment of the methodology and questions, subject selection, result measurement, and bias prevention (Knowledge Translation for Disability and Rehabilitation Research, 2012). Good research yields evidence that is reliable, ethical, and capable of withstanding criticism, allowing it to be utilized to inform policymaking. Professionalism, transparency, accountability, and data integrity must all be followed.

#### **3.6.1 Validity**

Validity determines whether the respondents perceive questions in research instruments the way the researcher expects them to (Kothari, 2013). Validity depends on the readiness of respondents to give proper information. The research used content validity as research instrument tools. Content validity attempts to evaluate the standard of the research instruments which are established (Golafshani, 2013). The questionnaires were cross-checked by experts in the insurance industry to check on the format, relevance, and reliability. This enhanced modification of the research instruments thereby enhancing validity.

#### **3.6.2 Reliability Test**

According to Saunders (2019), reliability is a measure of the degree to which the research instruments present consistency of results even after several trials. The reliability will be determined using the test-retest method where the research instrument will be administered and re-administered after a short time of about two weeks. This assisted in determining the relationship between the results gathered, hence measuring the reliability. In addition to the test-retest method the Cronbach's coefficient alpha scale was used to assess the research instrument's reliability.

### **3.7 Ethical Considerations**

During this study, the respondents won't be required to give any form of identification. Their names, phone numbers, and identification card numbers won't be required. No respondent will be forced to answer the questionnaire. Confidentiality to any answers given was assured to the respondents. The research tried to avoid any activity that kept the respondent's life in danger. The respondents won't be assured of any monetary benefits that they would obtain if they took part in answering the questionnaire.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the study findings then goes a step ahead to interpret and discuss them. It provides the inferential and descriptive statistics that was utilized to present the findings.

##### 4.1.1 Response Rate

The data in Table 4.1 present the outcome in terms of participation by the respondents in the field survey with a total units of observation derived from the study estimate of 150 participants.

**Table 4.1:Response Rate**

<b>Outcome</b>	<b>Frequency</b>	<b>Percentage %</b>
Responded	150	100%
Not- responded	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

This study obtained a response rate of 100% which was attributed to 150 questionnaires that were dully filled. This response rate was considered appropriate for analysis as it surpassed 60%, as recommended by Mugenda (2010). Therefore, this response rate was adequate and sufficient to carry out data analysis.

#### 4.1 Background Information of Participants

Analysis of background was done based on gender, age, experience and finally level of education.

##### 4.1.1 Gender of the Participants Interviewed

The study sought to find out the gender of teachers. The findings are represented in Table 4.2

**Table 4.2:Gender response**

	<b>Frequency</b>	<b>Percent</b>
Male	104	69.3
Female	36	24.0
Prefer not to say	10	6.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

According to Table 4.2 Majority of the respondents 104(69.3%) were male and 36(24.0%) were female. The study was not biased since both male and female were represented.

#### 4.1.2 Age brackets

The study also analyzed the age of the doctors and nurses and the findings were represented in Table 4.3

**Table 4.3:Age Brackets**

	<b>Frequency</b>	<b>Percent</b>
21-30 Years	92	61.3
31-40 Years	22	14.7
41-50 Years	26	17.3
Above 50 Years	10	6.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

From Table 4.3, it is noted that majority of the respondents 92(61.3%) are of the age brackets 21-30 years. Further 26(17.3%) were the respondents between ages 41-50 years. Also, 22(14.7%) were the respondents between ages 31-40 years and 10(6.7%) were those of the age Above 50 Years. The study was not biased on age since all the age brackets were well represented.

#### 4.1.3 Level of Education

The researcher also sought to determine the education level of the respondents. Table 4.4 presents the study results.

**Table 4.4:Level of Education**

	<b>Frequency</b>	<b>Percent</b>
Bachelor's degree	118	78.7
College Diploma	19	12.7
Secondary certificate	10	6.7
Primary education and below	3	2.0
<b>Total</b>	<b>150</b>	<b>100.0</b>

From the results in Table 4.4 revealed that majority 118 (78.7%) of the respondents had Bachelor's degree. Also, 19(12.7%) of the respondents had College Diploma. Further,

10(6.7%) of the respondents had Secondary certificate and 3(2.0%) were Primary educated and below. It is clear that the staff have the necessary abilities to carry out their responsibilities efficiently.

#### 4.1.4 Job

The respondents were asked if they have a Job or not. The results are shown in Table 4.5

**Table 4.5:Job**

	<b>Frequency</b>	<b>Percent</b>
Yes	128	85.3
No	22	14.7
<b>Total</b>	<b>150</b>	<b>100.0</b>

From The study results in Table 4.5 Majority 128(85.3%) of the respondents said that they had a job. On contrary, 22(14.7%) had no Job.

#### 4.2 Descriptive analysis

This section represents the descriptive statistics of the four study objectives and the dependent variable. To achieve this, a five-point Likert scale was used where; 1=Strongly Disagree, 2=Disagree, 3=Uncertain Agree.4=Agree, 5=Strongly Agree.

##### 4.2.1 Effect of National culture on the growth of life insurance policies.

The first specific objective of the study was to determine the Effect of National culture on the growth of life insurance policies. Table 4.6 presents the study results.

**Table 4.6:Effect of National culture on the growth of life insurance policies in Kenya**

		SD	D	U	A	SA	Mean	Std. dev
Insurance products are not difficult to understand	F	31	61	35	18	5	2.00	1.045
	%	20.7	40.7	23.3	12.0	3.3		
The general public is aware of numerous companies that provide insurance and the various types of insurance they offer	F	3	37	79	19	12	3.00	.882
	%	2.0	24.7	52.7	12.7	8.0		
Differentiation of Insurance products is done correctly	F	6	52	77	13	1	3.00	.720
	%	4.0	34.7	51.3	8.7	.7		
Better insurance is aided by public awareness	F	3	41	79	25	2	3.00	.750
	%	2.0	27.3	52.7	16.7	1.3		

From the study results in Table 4.6 is noted that 18(12.0%) of the respondents agreed and 61(40.7%) disagreed, 31(20.7%) strongly disagreed that Insurance products are not difficult to understand. In terms of mean and standard Deviation the study showed that majority of the respondents disagreed that Insurance products are not difficult to understand (Mean = 2.00, Standard deviation = 1.045).

Further 19(12.7%) of the respondents agreed, 12(8.0%) strongly disagreed and 34(24.7%) disagreed that the general public is aware of numerous companies that provide insurance and the various types of insurance they offer. In terms of mean and standard Deviation the study showed that majority of the respondents agreed that the general public is aware of numerous companies that provide insurance and the various types of insurance they offer. (Mean = 3.00, Standard deviation = .882).

Also, 13(8.9%) of the respondents agreed and 52(34.7%) of the respondents disagreed that differentiation of Insurance products is done correctly. In terms of mean and standard Deviation the study showed that majority of the respondents agreed that differentiation of Insurance products is done correctly. (Mean = 3.00, Standard deviation = 0.720).

Finally, 25(16.7%) of the respondents agreed and 41(27.3%) disagreed that better insurance is aided by public awareness. Further the study showed in terms of mean and standard Deviation that majority of the respondents agreed that they think better insurance is aided by public awareness (Mean = 3.00, Standard deviation = 0.750). The findings from scheduled interviews on whether there a link between National culture and the growth of Life Insurance as shown

One of the respondents interviewed revealed that:

*Yes, with awareness majority of the public would sign up for a life insurance and vice versa also People get to know and understand what life insurance policy is, it's pros and cons and the need to have it, therefore creating awareness can lead to the growth of life*

Another respondent added

*Yes, people these days are getting more and more aware of the importance of insurance unlike the past where many were quite ignorant of it, he added that Knowledge is a great marketing tool. People these days are getting more and more aware of the importance of insurance unlike the past where many were quite ignorant of it.*

#### **4.2.2 Effect of disposable income on the growth of Life Insurance Policies.**

The second specific objective of the study was to determine the Effect of disposable income on the growth of Life Insurance Policies. Table 4.7 presents the study results.

**Table 4.7:Effect of disposable income on the growth of Life Insurance Policies**

		SD	D	U	A	SA	Mea n	Std. dev
I spend according to my means	%	9	50	13	14	64	2.45	1.196
	%	6.0	33.3	8.7	9.3	42.7		
I think the Government should consider reducing the tax-rates	F	13	13	38	36	50	3.50	1.460
	%	8.7	8.7	25.3	24.0	33.3		
I avoid borrowing finances as much as I can	F	4	43	22	10	71	3.67	1.383
	%	2.7	28.7	14.7	6.7	47.3		
I believe it is critical for me to divide my spending among my family members	F	9	41	29	18	53	3.43	1.368
	%	6.0	27.3	19.3	12.0	35.3		
I always have extra income to spend on luxurious goods	F	6	50	17	17	60	3.50	1.403
	%	4.0	33.3	11.3	11.3	40.0		

From the study results in Table 4.7 Majority 78(52%) of the respondents agreed and 59(39.0%) disagreed that they spend according to their means. Further the study showed in terms of mean and standard Deviation that majority of the respondents agreed that they spend according to their means (Mean = 2.45, Standard deviation = 1.196). The findings from scheduled interviews on whether there a link between National culture and the growth of Life Insurance as shown.

On top of that Majority 86(57.3%) of the respondents agreed and 26(17.4%) disagreed that they think the Government should consider reducing the tax-rates. Further, Majority 81(54%) of the respondents agreed and 47(31.4%) disagreed that they avoid borrowing finances as much as they can. Also, 71(47.3%) of the respondents agreed and 50(33.3%) disagreed that they believe it is critical for them to divide their spending among their family members. Finally, Majority 77(51.3%) of the respondents agreed and 56(37.3%) disagreed that they always have extra income to spend on luxurious goods.

### 4.2.3 Effect of public awareness on the growth of Life Insurance Policies

The third specific objective of the study was to determine the Effect of public awareness on the growth of Life Insurance Policies. Table 4.8 presents the study results

**Table 4.8:Effect of public awareness on the growth of Life Insurance Policies.**

		SD	D	U	A	SA	Mea n	Std. dev
The media has changed my perspective on Life Insurance in a good way	F	38	5	13	86	8	3.14	1.351
	%	25.3	3.3	8.7	57.3	5.3		
My personal experiences have played a key role in my perspective of life insurance	F	7	53	31	51	8	3	1.049
	%	4.7	35.3	20.7	34	5.3		
I think Insurance companies are there to steal from the public	F	9	25	5	103	8	3.51	1.028
	%	6	16.7	3.3	68.7	5.3		
My Educational background has played a key role in how I perceive life Insurance	F	3	39	33	64	11	3.27	0.996
	%	2	26	22	42.7	7.3		
My occupation has played a key role in how I perceive life insurance	F	5	44	5	86	10	3.35	1.074
	%	3.3	29.3	3.3	57.3	6.7		

From the study results in Table 4.8 Majority 86(57.3%) of the respondents agreed, 8(5.3%) strongly agreed and 38(25.3%) disagreed, 5(3.3%) strongly disagreed that the media has changed their perspective on Life Insurance in a good way. The study Further showed in terms of mean and standard Deviation that majority of the respondents agreed that the media has changed their perspective on Life Insurance in a good way (Mean = 3.14, Standard deviation = 1.351).

Furthermore, 51(34.0%) of the respondents agreed, 8 strongly agreed, 7 strongly disagreed and 53(35.3%) disagreed that their personal experiences have played a key role in their perspective of life insurance. The study Further showed in terms of mean and standard Deviation that majority of the respondents agreed that their personal experiences have played a key role in their perspective of life insurance (Mean = 3, Standard deviation = 1.049). Also, Majority 103(68.7%) of the respondents agreed, 8(5.3%) strongly agree and 25(16.7%) of the respondents disagreed that they think Insurance companies are there to steal from the public. Further the study showed in terms of mean and standard Deviation that majority of the respondents agreed that they think Insurance companies are there to steal from the public (Mean = 3.51, Standard deviation = 1.028).

Further, majority 64(42.7%) of the respondents agreed, 11(7.3%) strongly agreed, 39(26.0%) disagreed and 3(2.0%) strongly disagreed that their educational background has played a key role in how they perceive life Insurance. Further the study showed in terms of mean and standard Deviation that majority of the respondents agreed that their educational background has played a key role in how they perceive life Insurance (Mean = 3.27, Standard deviation = 0.996). Finally, a majority 86(57.3%) of the respondents agreed and 44(29.3%) disagreed that their occupation has played a key role in how they perceive life insurance. The study Further showed in terms of mean and standard Deviation that majority of the respondents agreed that their occupation has played a key role in how they perceive life insurance (Mean = 3.35, Standard deviation = 1.074).

#### **4.2.4 Effect of client attitude on the growth of the Life Insurance**

The final specific objective of the study was to determine effect of client attitude on the growth of the Life Insurance. Table 4.9 presents the study results.

**Table 4.9:Effect of client attitude on the growth of the Life Insurance**

		SD	D	U	A	SA	Mean	Std. dev
The Kenyan public is more focused on individuals than on groups	%	32	43	16	39	20	2.81	1.382
	%	21.3	28.7	10.7	26.0	13.3		
In Kenya, power is distributed unequally among institutions and Organizations	F	7	46	11	69	17	3.29	1.155
	%	4.7	30.7	7.3	46.0	11.3		
I think Insurance companies are there to steal from the public	F	5	32	19	89	5	3.38	.967
	%	3.3	21.3	12.7	59.3	3.3		
I prefer to pay monthly rent than pay monthly payments for a mortgage	F	9	38	27	63	13	3.2 2	1.104
	%	6.0	25.3	18.0	42.0	8.7		
Kenyans are a people who value bravery, achievements, boldness and material rewards for success	F	3	25	7	100	15	3.66	.940
	%	2.0	16.7	4.7	66.7	10.0		
Cooperation, modesty, and concern for the weak are all virtues that should be cultivated	F	6	39	36	48	21	3.26	1.113
	%	4.0	26.0	24.0	32.0	14.0		
Insurance services are available country-wide	F	26	12	15	90	7	3.27	1.224
	%	17.3	8.0	10.0	60.0	4.7		
Insurance is very important to have	F	15	68	20	41	6	2.47	.969
	%	10.0	45.3	13.3	27.3	4.0		
The Insurance Industry can do better	F							

From the study results in Table 4.9 59(39.3%) of the respondents agreed and 75(50.0%) disagreed that the Kenyan public is more focused on individuals than on groups. On the other

hand, majority 86(57.3%) of the respondents agreed that and 53(35.4%) disagreed that in Kenya, power is distributed unequally among institutions and Organizations. Further, 94(62.6%) of the respondents agreed and 37(24.6%) disagreed that they think Insurance companies are there to steal from the public. Also, majority 76(50.7%) agreed and 47(31.3%) disagreed that they prefer to pay monthly rent than pay monthly payments for a mortgage. On top of that majority 115(76.7%) of the respondents agreed and 31(18.7%) disagreed that Kenyans are a people who value bravery, achievements, boldness and material rewards for success. Furthermore, Majority 69(46.0%) of the respondents agreed and 45(30.0%) disagreed that Cooperation, modesty, and concern for the weak are all virtues that should be cultivated. Also, Majority 97(64.7%) of the respondents agreed and 38(25.3%) disagreed that Insurance services are available country-wide. Finally, 47(31.3%) of the respondents agreed and 83(55.3%) of the respondents disagreed that The Insurance Industry can do better.

### 4.3 Diagnostic test

Diagnostic tests were run prior to conducting the regression model. The assumptions of regression run were; linearity, homoscedasticity and normality.

#### 4.3.1 Normality Assumption

The study tested the normality of the regression model to determine whether the assumption of normality of distribution was attained. Table 4.10, present the Shapiro walk statistic results.

**Table 4.10:Normality Test Results**

	Shapiro-Wilk	
	Statistic	Sig.
Culture adoption	.684	.165
Disposable income	.793	.221
Public awareness	.751	.169
Client attitude	.566	.132

The test results in Table 4.10 revealed that the Shapiro-Wilk significance value for Plan based Culture adoption was  $0.165 > 0.05$ . Shapiro-Wilk significance value for Disposable income was  $0.221 > 0.05$ . Shapiro-Wilk significance value for public awareness was  $0.169 > 0.05$ . Shapiro-Wilk significance value for Client attitude was  $0.132 > 0.05$ . This implied that all the study variables were not significant ( $p > 0.05$ ) indicating that the distribution of the data was normal.

### 4.3.2 Linearity Assumptions Test

The study used linearity ANOVA test to test for linearity of the data and to visually show whether there was a linear relationship between two continuous variables before carrying out regression analysis. The study results are presented in Table 4.11.

**Table 4.11: Linearity Test**

Variables	Linearity	Deviation from Linearity
Culture adoption	.000	.143
Disposable income	.000	.236
public awareness	.000	.148
Client attitude	.000	.142

Results presented in Table 4.11 revealed the linearity values and deviation from linearity for Culture adoption were  $0.000 < 0.05$  and  $0.143 > 0.05$  respectively. For Disposable income the linearity values and deviation from linearity were  $0.000 < 0.05$  and  $0.236 > 0.05$  respectively. For public awareness the linearity values and deviation from linearity were  $0.000 < 0.05$  and  $0.148 > 0.05$  respectively. For Client attitude the linearity values and deviation from linearity were  $0.000 < 0.05$  and  $0.142 > 0.05$  respectively. This gives implications that the linearity values for the four study variables were less than 0.05 implying that the linearity assumption was made. The regression models can only accurately estimate the relationship between dependent and independent variables if the relationship is linear (Osborne & Waters, 2002).

### 4.3.3 Homoscedasticity Assumption

Levene's test of equality of error variances was used to homoscedasticity assumption. The assumption test results are presented in Table 4.12.

**Table 4.12: Homoscedasticity Assumption**

F	Sig.
1.397	.083

Levene's test results in Table 4.12 indicated that the p-value in was  $.083 < 0.05$ . This gave an implication that homoscedasticity assumption was made.

#### 4.3.4 Correlation Analysis

The correlation analysis was undertaken for the study to determine on whether the independent variables (National culture, Availability of disposable income, Client’s attitude on life insurance and public awareness) had correlation relationship with growth of life insurance

The results were presented in Table 4.7 below.

**Table 4.13: Correlation Analysis**

		<b>Culture Adoption</b>	<b>Disposable income</b>	<b>Client’s attitude</b>	<b>Public awareness</b>
<b>Growth of life insurance</b>	Pearson Correlation Sig. (2-tailed)	-.321*	-.439*	-.331*	-.414*
	N	150	150	150	150

#### 4.3.5 Autocorrelation Assumption Test

Test for Autocorrelation was done through Durbin-Watson test. The autocorrelation assumption test results are presented in Table 10

**Table 4.13 Autocorrelation Assumption Test**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	.116 <sup>a</sup>	.013	.014	.69330	2.144

The results as indicated in Table 4.13 revealed that Durbin-Watson statistic value was 2.144. This implies that the study variables had independence of errors because it meets the threshold of Durbin-Watson between 0-4. The Durbin Watson test reports a test statistic, with a value from 0 to 4, where: 2 denotes no autocorrelation; 0 to 2 < 2 denotes a positive autocorrelation; while >2 denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern (Field, 2009).

#### 4.4 Regression analysis

##### 4.4.1 Analysis of Variance

**Table 4.14 Analysis of Variance**

		ANOVA				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.943	4	.236	.490	.743 <sup>b</sup>
	Residual	69.697	145	.481		
	Total	70.640	149			

The study findings revealed that the F test value was 0.490. Further the study result revealed the significance value was more than 0.05 thus the F-statistic is not statistically significant at 95% confidence level. This implies that the model is not fit! This implies the independent variables are not good predictors of growth of life insurance.

##### 4.4.2 Regression Model Coefficients

**Table 4.15 Regression Model Coefficients**

###### Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.600	.381		4.198	.000
National culture	.013	.030	.041	.423	.673
disposable income	.018	.019	.096	.949	.344
public awareness	.006	.023	.026	.266	.791

client	.010	.013	.074	.751	.454
attitude					

The study presented study results on statistical significance of each individual regression coefficient. The  $\beta$  coefficients were all not significant to be used for multiple regression as follows; culture adoption ( $\beta_1=0.041$ ,  $p>0.05$ ), disposable income ( $\beta_2=0.096$ ,  $p>0.05$ ), public awareness ( $\beta_3=0.026$ ,  $p>0.05$ ) and client attitude ( $\beta_4= 0.074$ ,  $p>0.05$ ). Therefore, the multiple regression model equation was developed from the coefficient as shown in equation 1;

**Y= 1.600+ 0. 013X<sub>1</sub> + 0. 018X<sub>2</sub> + 0. 006X<sub>3</sub> +0. 010X<sub>4</sub>.....Equation 1**

## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter had the following sections; summary of results, conclusions and recommendations. These parts were informed by the, objectives, and the findings of the study.

#### 5.2 DISCUSSION

This section presents the discussion of the finding as per each objective in the study.

##### 5.2.1 Effect of National culture on the growth of life insurance policies

The first specific objective of the study was to find Effect of National culture on the growth of life insurance policies. From the study findings it was noted that majority of the participants Disagreed that Insurance products are not difficult to understand that shows that insurance products difficult to understand Furthermore from the study findings it was noted that majority of the respondents agreed that the general public is aware of numerous companies that provide insurance and the various types of insurance they offer. Also, it was noted from the study that majority of the respondents agreed that Differentiation of Insurance products is done correctly. Finally, majority of the respondents agreed that better insurance is aided by public awareness. The study revealed that national culture had a negative relationship with growth of life insurance. The study revealed national culture had a negative relationship with growth of life insurance with a Pearson correlation of -0.32. This correlation relationship was deemed statistically insignificant at 5% level of significance due to a f value of 0.50 which is greater than 0.05.

The results from previous studies are consistent with the findings of the study. The findings of the study agree with Chui and Kwok (2008) who examined the impact of national culture on life insurance. They concluded that individualistic countries consume more life insurance than collectivistic countries. However, they discovered a negative correlation between life insurance use and power distance, uncertainty avoidance, and masculinity/femininity. The results of the study were also consistent with Park and Lemaire(2012) who conducted a study on the impact of culture on consumption. They concluded that life insurance usage was negatively related to religious beliefs.

### **5.2.2 Effect of disposable income on the growth of Life Insurance Policies**

The second specific objective of the study was to find Effect of disposable income on the growth of Life Insurance Policies. From the study findings it was noted that majority of the respondents agreed that they spend according to their means. On top of that majority of the participants agreed that they think the Government should consider reducing the tax-rates. Also, a majority of the respondents agreed that they avoid borrowing finances as much as they can. Furthermore, majority of the respondents agreed that they believe it is critical for them to divide their spending among their family members. Finally, from the results it was also noted that majority of the participants agreed that they always have extra income to spend on luxurious goods.

Disposable income was examined in respect to its correlation on the growth of life insurance policies. The study achieved a Pearson correlation coefficient of -0.439 indicating a negative correlation between disposable income and growth of life insurance. This relationship was found to be statistically insignificant at 5% level of significance due to the achieved f value of 0.41 being more than 0.05. This results are consistent with Fortune (2003) and Campbell (2000). Fortune (2003) found unfavorable correlation between life insurance premium expenditures and national income using aggregated national data. The results also agree with Fitzgerald (2007) who found that insurance demand rises with the future wages using household data. The results are inconsistent with (Tienyu and Brian, 2005), who found there is a link and (Osterville, 2006; Ward and Zurbruegg, 2000) Who conducted studies in China regions that revealed that rising pay levels coupled with rapid economic uptake could be the driving force behind the increased desire life insurance uptake.

### **5.2.3 Effect of public awareness on the growth of Life Insurance Policies**

The third specific objective of the study was to find Effect of public awareness on the growth of Life Insurance Policies. From the study results it was noted that a majority of the respondents agreed that the media has changed their perspective on Life Insurance in a good way. On top of that majority also agreed that their personal experiences have played a key role in their perspective of life insurance. Furthermore, Majority also agreed that they think Insurance companies are there to steal from the public. Further majority of the respondents agreed that their educational background has played a key role in how they perceive life Insurance and finally majority also agreed that their occupation has played a key role in how them perceive life insurance.

Public awareness was examined in respect to its correlation on the growth of life insurance policies. The study achieved a Pearson correlation coefficient of -0.414 indicating a negative correlation between public awareness and growth of life insurance policies. This relationship was found to be statistically insignificant at 5% level of significance due to the achieved f value of 0.100 being more than 0.05. Several research has been conducted to look at the relationship between risk aversion and educational attainment. The study is consistent with Outreville (2015) who observed that there is no clear evidence of a link between risk aversion and educational attainment. The results of the study by (Shankar & Chakrabarti, 2015) are inconsistent with the findings of this study. The study found a significant positive link between the household's degree of education and the likelihood of participation in life insurance programs.

#### **5.2.4 Effect of client attitude on the growth of the Life Insurance**

The final specific objective of the study was to find Effect of client attitude on the growth of the Life Insurance. From the study results it was noted that majority of the respondents agreed that the Kenyan public is more focused on individuals than on groups. Also, majority of the participants agreed that in Kenya, power is distributed unequally among institutions and Organizations. Furthermore, majority of the respondents agreed that The Kenyan Public is receptive to change. Also, majority of the respondents agreed that they prefer to pay monthly rent than pay monthly payments for a mortgage. Also, a majority of the respondents agreed that Kenyans are a people who value bravery, achievements, boldness and material rewards for success. On top of that, majority of the respondents agreed that Cooperation, modesty, and concern for the weak are all virtues that should be cultivated. Further majority also agreed that Insurance services are available country-wide and finally on contrary majority disagreed that Insurance is very important to have.

The study also discovered that, with a Pearson correlation coefficient of -0.331, client attitude showed unfavorable link with growth of life insurance policies. Because the observed f value of 0.21 was more than 0.05, this association was deemed to be statistically insignificant at the 5% level of significance. From the empirical review on this objective, results from several studies can be compared with the findings of the study. The findings of the study are consistent with Nsimbe (2011) who set out to analyze public attitudes regarding the insurance sector and the implications of these sentiments (both good and negative) on the insurance service market. The survey found that the general population has a poor perception of the life insurance business, which appears to be affecting the insurance market in Kenya.

The findings were also inconsistent with Kogi (2018) who sought to understand policyholders' attitudes regarding life insurance services. The study findings indicated that policyholder's attitude have negative correlation with growth of life insurance policies.

#### **5.2.5 Regression analysis**

The study findings revealed that the F test value was 0.490. Further the study result revealed the significance value was more than 0.05 thus the F-statistic is not statistically significant at 95% confidence level. This implies that the model is not fit! This implies the independent variables are not good predictors of growth of life insurance.

These results are inconsistent with Outreville (2015) who's findings indicated positive and strong association between insurance demand and educational attainment, customer attitude and risk aversion. The fact that there is increased interest in the insurance sector in emerging and developing countries further complicates the correlation.

The study presented study results on statistical significance of each individual regression coefficient. The  $\beta$  coefficients were all not significant to be used for multiple regression as follows; culture adoption ( $\beta_1=0.041$ ,  $p>0.05$ ), disposable income ( $\beta_2=0.096$ ,  $p>0.05$ ), public awareness ( $\beta_3=0.026$ ,  $p>0.05$ ) and client attitude ( $\beta_4= 0.074$ ,  $p>0.05$ ). There is no linear relationship between independent variables and dependant variables. Hence the model cannot be used to explain the predictors of growth of life insurance policies. This results are inconsistent with Pandit (2015), there findings indicated that marketing insurance is complicated by a lack of financial literacy, a low per capita income, a negative attitude among the public, and intermediaries' unwillingness to travel to far locations.

### **5.3 Conclusions of the Study**

#### **5.3.1 Effect of National culture on the growth of life insurance policies**

The study revealed that national culture had a statistically insignificant negative relationship with the growth of life insurance policies. Therefore, the study concluded that national culture has negative correlation influence on the growth of life insurance policies in Nairobi County, Kenya.

#### **5.3.2 Effect of disposable income on the growth of Life Insurance Policies**

The study revealed that disposable income had a statistically insignificant negative relationship with the growth of life insurance policies. Therefore, the study concluded that disposable income has negative correlation influence on the growth of life insurance policies in Nairobi County, Kenya.

#### **5.3.3 Effect of public awareness on the growth of Life Insurance Policies**

The study revealed that public awareness had a statistically insignificant negative relationship with the growth of life insurance policies. Therefore, the study concluded public awareness has negative correlation influence on the growth of life insurance policies in Nairobi County, Kenya.

#### **5.3.4 Effect of client attitude on the growth of the Life Insurance**

The study revealed that client attitude had a statistically insignificant negative relationship with the growth of life insurance policies. Therefore, the study concluded client attitude has negative correlation influence on the growth of life insurance policies in Nairobi County, Kenya.

### **5.4 Recommendations of the Study**

#### **5.4.1 Policy Recommendations**

The study recommends that insurance firms in Nairobi County should put an emphasis on other factors that affects the growth of life insurance other than public awareness, national culture,

client attitude and disposable income because they have negative influence on the growth of life insurance according to the findings of the study. The study also recommends that the management of the insurance firms should strategize new ways of improving the growth of life insurance policies in Nairobi.

#### **5.4.2 Recommendation for Further Studies**

The study recommends that other life insurance dynamics influencing growth of life insurance be examined. The study further recommends that similar studies be carried out in other counties so as to compare the results and contribute to the pool of knowledge.

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## APPENDICES

### APPENDIX 1: QUESTIONNAIRE

#### Part 1

##### SECTION A: Background Information

1. Gender. Please tick one (/)

A. Male [ ] B. Female [ ]

2. Age. Please tick one (/)

20 years and below

21-30 [ ]

31-40 [ ]

41-50 [ ]

Above50 years [ ]

3. Indicate your highest level of education attained:

Bachelor's degree [ ] College Diploma [ ] Secondary certificate [ ] Primary education &below [ ]

4. Do you have a job? Yes [ ] No [ ]

#### Part II

##### SECTION B: Public awareness and its effect on the growth of life insurance

5. Is there a link between public awareness and the growth of Life Insurance? [ ] Yes [ ] No If you answered yes, please explain... ..

6. Describe how management may promote public awareness in your own terms.....

7. Using 5-level point likert scale given, indicate the extent to which you agree with the statement in the table below. (SA: Strongly Agree; A: Agree; UD: Undecided; D: Disagree and SD: Strongly Disagree)

Tick where appropriate

Statement	SA	A	U	D	SD
Insurance products are not difficult to understand					
The general public is aware of numerous companies that provide insurance and the various types of insurance they offer					
Differentiation of Insurance products is done correctly					
Better insurance is aided by public awareness					

**SECTION C: Disposable income and its effect on the growth of life insurance**

8. Is there a link between disposable income and the growth of Life Insurance?  Yes  No If you answered yes, please explain.....  
 .....  
 .....

9. How much does disposable income influence the growth of life insurance?

Great extent  Moderate extent  no relation

10. Please rate how strongly you agree (SA), agree (A), undecided (UD), disagree (D), or severely disagree (SD) with the following assertions concerning disposable income.

<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
------------------	-----------	----------	----------	----------	-----------

I spend according to my means

I think the Government should consider reducing the tax-rates

I avoid borrowing finances as much as I can

I believe it is critical for me to divide my spending among my family members.

I always have extra income to spend on luxurious goods

11. What are the consequences of increased disposable income?.....  
 .....

**SECTION D: Client's attitude and its effects on the growth of life insurance**

12. Does the attitude of the client have an impact on the growth of life insurance?  Yes  No

If you answered yes, please explain...

.....

13. How do you generally trust the Insurance Industry?  Fully trust  Fair  don't trust

14. How does the attitude of customers influence the expansion of life insurance?

Extremely effective  Efficient  Less effective  Ineffective.

15. Describe how the management can improve the client attitude towards life insurance?.....

16. Please rate how strongly you agree (SA), agree (A), uncertain (UD), disagree (D), or severely disagree (SD) with the following assertions. ( Tick as appropriate)

Statement	SA	A	U	D	SD
The media has changed my perspective on Life Insurance in a good way					
My personal experiences have played a key role in my perspective of life insurance					
I think Insurance companies are there to steal from the public					
My Educational background has played a key role in how I perceive life Insurance					
My occupation has played a key role in how I perceive life insurance					

**17. SECTION E: National culture and its effect on the growth of life insurance**

Please rate how strongly you agree (SA), agree (A), undecided (UD), disagree (D), or severely disagree (SD) with the following assertions (Tick as appropriate )



19. Please rate how strongly you agree (SA), Agree (A), undecided(UD), disagree (D), or severely disagree (SD) with the following assertions ( Tick as appropriate )

Statement	SA	A)	UD	D),	SD
Insurance services are available country-wide					
Insurance is very important to have					
The Insurance Industry can do better					