

**DETERMINANTS OF DEMAND FOR INSURANCE SERVICES IN THE MATATU
INDUSTRY IN KENYA: A CASE STUDY OF 2NK SACCO.**

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DECLARATION

This research proposal is my original work and has not been presented for a degree in any other University. No part of this research should be reproduced without my consent or that of University of Nairobi.

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Acknowledgement

Apart from my efforts, the success of any project depends largely on the encouragement and guidelines of many others. I take this opportunity to express my gratitude to the people who have been instrumental in the successful completion of this project.

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Abstract

This study examines the determinants of demand for insurance services in the matatu industry in Kenya, focusing on 2NK Sacco as the case study. Price, poor perception, risk and inflation are the major determinant of demand for insurance in the matatu industry.

The research design that this study utilized is descriptive method. Simple random sampling technique will be used for the study since the study intends to give every member of the target population an equal chance of being selected. Data used was primary data and the method of data collection was by use of questionnaires. The data was analyzed both quantitatively and qualitatively. Regression analysis was used to examine how the dependent variable is affected by the independent variables. The results of data analysis were presented in frequency tables, charts and graphs.

The results show that price has a far greater effect on matatu insurance demand. Moreover, the results reveal that the purchase of matatu insurance is significantly and positively related to age, lack of awareness, inflation and poor perception towards insurance, in addition to providing strong evidence of a negative relationship with education.

The insurance companies should try to come up with insurance packages that are fairly priced to ensure that every motorist can afford a comprehensive cover. In addition, premium can be reviewed using actuarial pricing system which makes reckless drivers to pay more and careful drivers to pay less through pooling of risk. Insurance companies should commence the assessment of individual insurance score to rate drivers for payment of premium.

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CHAPTER ONE

1.0 INTRODUCTION

The concept of insurance and particularly the “social insurance programme” dealing with socio-economic problems has been around Africa for a long time (Kenyatta, 1962). Members of a community pooled together resources to create a “social insurance fund”. The “premiums” ranged from material to moral support or other payments in kind. From the fund, “drawings were made out” to support the few unfortunate members exposed to perils (Azevedo, 1993).

Insurance reimburses an individual for some or all of a financial loss that is linked to an unpredictable event or risk. This protection is accomplished through a pooling mechanism whereby many individuals who are vulnerable to the particular risk are joined together into a risk pool. Each person pays a small amount of money, known as a premium, into the pool, which is then used to compensate the unfortunate individuals who do actually suffer a loss. Insurance reduces vulnerability by replacing the uncertain prospect of large losses with the certainty of making small, regular premium payments (Churchill et al., 2003).

1.1 BACKGROUND OF THE STUDY

The theory of the demand for insurance has been based on expected utility theory and an assumed preference for certain losses over uncertain ones of the same expected magnitude. At a more general level but still part of the demand for insurance as demand for certainty theory, other studies have postulated that the demand for insurance is by a risk averse consumers who use insurance to avoid, eliminate, hedge against, kill, manage, shed, protect against, or bear the risk of loss (Arrow, 1963)

Most individuals perceive their actions to be appropriate. One of the main benefits of the insurance is the fact that it allows the insured to balance their income whenever an adverse event occurs, or on the condition in which such event does not take place and this is done through the payment of premium and the receiving of compensation, in case of misfortune. In developing countries, markets for formal insurance and reinsurance are either underdeveloped or non-existent. Apart from the standard reasons for insurance market failure i.e. asymmetric

information problems, a common reason for its failure in developing countries is the lack of effective legal systems to enforce insurance contracts (Barnett et al., 2006).

Wachuka (2009) conducted a study on adoption of the no fault system in paying claims for motor accident victims. The author recommended the adoption of the no fault system stems from the fact that, the no-fault system provides for prompt payment to accident victims regardless of how the accident happened or who was at fault. Unlike the current insurance regime in Kenya where an injured party has to file a suit to recover damages in regard of a motor accident, the no fault system offers faster settlement of damages and is more efficient as it avoids delays, expenses in litigation and uncertainty. In Kenya for example, seriously injured victims are collecting nothing from the insurance industry and most are getting inadequate compensation after several years of attending court hearing.

In 2007, the global market for insurance, measured in terms of total revenue, grew by 5 percent to approximately \$1.5 trillion. Collectively, more than 90 percent of the global market was concentrated in three geographic regions: Europe (45 percent), North America (38 percent), and North Asia³ (9 percent). Slow growth in most developed countries contrasted with more rapid growth in many developing markets. Overall, premiums in developed countries registered flat or declining growth rates, largely due to market maturity and high levels of competition. Although financial market turmoil affected investment and commercial banking much more heavily in 2008, the insurance industry was also affected. In addition to serious financial problems at American International Group (AIG), one of the world's largest insurers, the insurance industry was also affected by the declining value of investment holdings, particularly asset classes favored by insurers such as equities, corporate bonds, and tax-exempt securities (USITC, 2009)

The history of the development of commercial insurance in Kenya is closely related to the historical emancipation of Kenya as a nation. With the conquest of Kenya as a British colony complete, settlers initiated various economic activities, particularly farming, and extraction of agricultural products. These substantial investments needed some form of protection against various risk exposures. British insurers saw an opportunity in this, and established agency offices to service the colony's insurance needs. Prosperity in the colony soon justified expansion of

these agencies to branch networks with more autonomy, and expertise to service the growing insurance needs. By independence in 1963, most branches had been transformed to fully-fledged insurance companies (Throup, 1988).

In the forty years since independence, Kenya's insurance industry has flourished, and by 2002 had 41 registered insurers, 15 transacting general insurance business, 2 transacting life business, while 24 were composite insurers transacting both life and general insurances. Kenya's insurance industry leads within the East Africa Community and is a key player in the COMESA region, (Common Market for Eastern and Southern Africa). The industry employs over 10,000 people, underwrites well over €300m premiums, and pays over €120m per annum in claims. The largest 10 insurers handle over 70% of the motor business with a similar number handling well over 90% of the property business in the market (Simangunsong et al 2004).

The insurance industry is divided into two broad sub sectors namely; General and Life insurance. General insurance penetration as a percentage of GDP is 1.79%. There are 11 main classes of general insurance business namely; Aviation, Liability, Personal Accident, Engineering, Marine, Theft, Fire Domestic, Motor Private, Fire Industrial and Motor Commercial. The first five classes account for over 77% of the total general insurance business. Life insurance has 21 companies which carry out long term insurance business. The top 8 companies control about 72% of the life business. The other 13 companies have a total market share of 27% which is slightly less than the market share held jointly by the top 2 companies i.e. CFC Life and British American. Life penetration as a percentage of GDP in Kenya remains low at 0.78% partially attributed to lower income per capita and ignorance of the existence of insurance products Trust (UK Trade & Investment Sector Briefing 2010).

The evolution of the matatu, from a quick and easy response to unmet travel demand, to the dominant mode of transport in Kenya, began in the late 1950s. After Kenya's independence in 1963, Africans migrated to Nairobi seeking employment opportunities. Informal settlements began to expand around the city and in areas where there was limited public transport service. The people residing in these areas were usually too poor to afford private vehicles. Recognizing the opportunity for financial gains while providing a much-needed service, mini-bus pirate taxis,

which were largely owned by middle-income people, began offering a transport service from rural areas and from informal settlements around the city. Due to high demand, the number of matatus, increased. They continued to operate illegally in the city until 1973 when then President Jomo Kenyatta issued a decree officially recognizing matatus as a legal mode of public transport. The decree allowed matatus to operate without obtaining any form of licensing (Mutongi 2006).

According to Kimani et al (2004), the main idea was to increase and make the mobility of people more efficient and create more jobs in the informal sector.” There was also the populist notion that Kenyatta believed that matatus were useful to the common man and that the owners, who were often the drivers as well, were examples of hard-working African entrepreneurs dedicated to contributing to the development of Kenya. “Matatus, in fact, revealed indigenous economic entrepreneurship at its best”. The matatu industry has played a central role in mobility, politics and economics, solidifying its role and importance in Kenya’s cultural fabric. As Nairobi became dependent upon matatus, to transport people to and from various destinations located in the metropolitan area, their numbers increased from 400 in 1973, to an estimated 15,000 matatus in the Nairobi Metropolitan Area today.

1.2 PROBLEM STATEMENT

Insurance is understood by most people to be critical to a well-functioning economy. By providing payment in the event of unexpected losses, insurance introduces security into personal and business situation. It also serves as a basis of credit as no financial institution would lend money for purchase of capital goods if risk is not insured (Pritchett et al., 1996).

Motor insurance business plays a significant role in the insurance industry in Kenya. It is the largest class of business representing 50% of the gross direct premium written and mitigates both third party losses, bodily injury and own damage losses to Kenyans and without it, the Government and the general public would be unduly exposed. This notwithstanding, this class of business continues to face numerous challenges in realizing profitable growth largely. As a result of these challenges, we have over the years experienced high loss ratios for both motor private and motor commercial (Makove 2010).

Indeed, the motor class of business private recorded negative underwriting results. For instance, in 2008, motor private insurance business incurred an underwriting loss of more than Kshs.1 billion. With regards to motor commercial, only 5 companies that carry out this business made profits with 13 recording losses. No doubt these losses reduced the overall industry underwriting profitability under general insurance business. Literature related to motor insurance demand has been rather scanty. This paper seeks to provide more insight on these elements in a bid to increase demand for motor insurance services in Kenya.

1.3 OBJECTIVE OF THE STUDY

The objective of the study is to identify determinants of demand for insurance services in the matatu industry in Kenya.

1.4 IMPORTANCE OF THE STUDY

Despite the rapid development in the insurance industry over the last decade, the motor insurance companies have continued to show further decline in profitability. This has been bad for business in the industry as most insurance companies strain to meet their budget and pay claims. The management will use the research findings for this study in trying to attract demand for motor insurance services.

Policy makers will apply the research findings to advice insurance service providers on how best they can raise awareness on importance of motor insurance services and hence increase demand for these services.

An information gap exists on the determinants of demand for insurance services in the matatu industry in Kenya. Findings of this study will be used in shedding light to the academicians on how to address this problem. It will also go a long way in adding value to the existing body of knowledge regarding the operation of performance appraisal.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

From an economic viewpoint, the demand for insurance is based on the expected utility paradigm (Browne et al. 2000), and suggests that different factors influence insurance purchases of an individual. These factors include the individual's income and wealth, the price of insurance, the probability of loss, and the individual's degree of risk aversion.

2.1 Theoretical literature review

2.1.1 Demand Theories

Generally, insurance demand studies use expected utility theory to explain individuals' decision of whether or not to insure. Under expected utility theory, the demand for insurance reflects individuals' risk aversion and demand for income certainty. The poverty literature suggests that poor households are expected to become increasingly risk averse if they move closer to or further below the poverty line (Wagstaff 2000).

Smith's (1968) theoretical model of the demand for property insurance by individuals implicitly assumes that individuals are able to form correct estimates of the probabilities associated with all possible loss outcomes. In his analysis, factors which are important determinants of insurance consumption include wealth, the probability of loss, the price of insurance, the value of the item exposed to risk, and the utility function of the individual considering the purchase of insurance. Smith finds that when the price of insurance per dollar of coverage is less than one and the probability of no loss is greater than zero the optimal insurance purchasing decision may entail either purchasing or not purchasing coverage. Given a particular price of insurance, utility maximization suggests that an individual is more likely to self-insure the lower the probability of loss. In contrast, given a fixed probability of loss an individual is more likely to insure the lower the price of insurance. Insurance purchases are also theorized to be positively linked to the value of the item at risk, other things equal.

Enz (2000) showed an S-curve relationship between insurance penetration and income per capita level. S-curve relationship indicates that the consumption of life insurance tends to grow as the economic level of the developing country rises, but as the time passes and the economic level of that country approach the level of developed countries the insurance consumption slows down. Using this model it is possible to build a long-term forecast for insurance demand and investigate why the outlier countries are located away from the S-curve on the plot.

State-dependent utility theory suggests that consumers' utility level and tastes are influenced by their state, such as their health or socio-economic status. Accordingly, people may have different degrees of risk aversion, which could influence their insurance decision and the magnitude of their expected insurance pay-off. Most people insure when they are healthy. A healthy person might optimistically expect to remain healthy in the near future, which has implications on the insurance choice. The resulting insurance coverage may be below full loss coverage, if the anticipated insurance pay-off is below the real loss in case of illness. 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).

Giné et al. (2008) considered a model of insurance participation with symmetric information, which predicted that a household's willingness to pay for an insurance contract increases if the household is more risk averse, increases with the expected insurance payout, increases with the size of the insured risks and decreases with basis risk. However, it is obvious that many households remain uninsured against significant income risks due to various reasons.

Consumer theory assumes that if consumers are perfectly informed, they maximize their utility as a function of consuming various goods, given relative prices, their income and preferences. Changes in prices and income influence how much of different goods rational consumers will buy. Health insurance is expected to be a normal good with a positive income elasticity of demand, implying that the poor are less likely to insure. A price increase of a substitute for insurance is expected to raise the insurance demand, as is a decrease in insurance premium. However, due to uncertainty about the unknown future health, insurance choice is not made

based on utility alone but on consumers' expectation about factors such as their health status (Begg et al. 2000).

Mossin's (1968) model also led to the prediction that insurance would be an inferior good i.e. that the rich backed by greater funds would be more likely to self-insure and demand less insurance cover. Wealth and income are however correlated with many other factors related to insurance demand. For example, wealthier people tend to have greater assets at risk and due to their lifestyle face different levels of risk. Wealthier people may also have different attitudes towards risk and a different level of education about risk and insurance. Nevertheless, the relationship between insurance demand and wealth remains an area of great empirical interest and one which is explored in this study.

2.1.2 Financial Intermediation Theories

Gurley and Shaw (1960) stressed the role of transaction costs. For example, fixed costs of asset evaluation mean that intermediaries have an advantage over individuals because they allow such costs to be shared. By creating products with stable distributions of cash flows they can lower participation costs for their customers.

Merton (1989) developed a model where the key value addition of intermediaries is that they provide the function of allowing risk to be allocated efficiently at minimum cost. Merton notes that intermediaries can transact at near zero cost while individuals have high trading costs. By hedging appropriately, they can create products with very safe payoffs which are particularly valuable to some intermediaries' customers. Alternatively they can engineer products with varying degrees of complexity if their customers need such securities.

Diamond and Dybvig (1983) analysed the provision of liquidity by banks. In Diamond and Dybvig's model, ex ante identical investors are risk averse and uncertain about the timing of their future consumption needs. Without an intermediary, all investors are locked into illiquid long-term investments that yield high payoffs only to those who consume late. Those who must consume early receive low payoffs because early consumption requires premature liquidation of long-term investments. An intermediary promising investors a higher payoff for early consumption and a lower payoff for late consumption relative to the non-intermediated case

enhances risk sharing and welfare. Therefore, the optimal insurance contract in Diamond and Dybvig's model is a demand deposit contract.

2.1.3 Risk Management Theories

The theory that consumers prefer certain losses to actuarially equivalent uncertain ones, however, is diametrically opposed to the empirical findings of studies that show that individuals tend to prefer certainty only when gains are at stake (Tversky and Kahnemann, 1990). When losses are at stake, however, individuals prefer uncertainty. That is, when given a choice between a certain loss and an uncertain loss of the same expected magnitude, individuals tend to prefer the uncertain loss.

Within an expected-utility framework, decision-makers are usually assumed to be non-satiated and risk-averse. In the theoretical literature the level of risk aversion is hypothesized to be positively correlated with insurance consumption in a nation. Unfortunately, measuring attitudes to risk is difficult if not impossible at a macro-level and in the past most empirical studies have used education to proxy risk aversion. In general a higher level of education may lead to a greater degree of risk aversion and greater awareness of the necessity of insurance. However, Szpiro and Outreville proved the negative correlation between the level of education and risk aversion. They deemed that higher education leads to lower risk aversion, and that, in turn, leads to more risk-taking by skilled and well-educated people (Szpiro and Outreville (1988).

According to Cumulative prospective 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. For example, over-weighting of small probabilities explains why people purchase lottery tickets. Applied to the insurance demand, cumulative prospective theory suggests that people insure because they overweight the relatively small probability of the event of illness. However, poor individuals, who do not have the luxury to let health compromise their daily work, might underweight the illness probability and remain uninsured (Tversky and Kahneman 1992).

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 EU 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. Hence, individuals may prefer to remain uninsured because they might regret their decision, or be disappointed if they do not benefit from an insurance payout; or they insure to avoid feelings of regret from falling ill while uninsured (Bell 1986).

2.2.4 Other Theories

Browne et al. (2000), based on the economic theory, considered that if the market of a country excludes the competition of foreign business, it will lead to merchandise of low quality and high prices. And the ratio of the premium volume of foreign companies in the market will be taken as the measure of price, i.e. the negative correlation between the shares of the market of foreign insurance companies and the price of insurance. In fact, considering the price with the probability of loss (i.e., $\text{claims} \div \text{premiums}$) and profit (i.e., $\text{premiums} - \text{claims}$) would be more tightly related.

Mechanic (1998) describes trust in insurance in three dimensions. First, patients' trust in providers, which is based on their previous experience with providers' ability to diagnose and treat illness and to act in patients' interest. Secondly, trust in insurers, based on the insurer's reputation of improving access to care. Thirdly, trust generated by the control mechanism for legal enforcement of commitments like contracts. He concludes that insurers can build a reputation of trustworthiness by demonstrating expertise, responsiveness to consumers, and by ensuring quality care in contracting health facilities.

2.2 Empirical literature review

Ghadirian and Ahmadi (2002), in their study on efficient factors, the tendency for Soya's insurance from Golestan province in Iran to work, discovered that factors such as age of beneficiaries, farm size, diversity of products, level of insurance of other crops and previous records of risk in Soya's farms have negative influence on the propensity and elasticity of farmers related to Soya insurance, while the amount of credits which have been received by

farmers, had positive effect on the propensity of farmers to purchase insurance. However, several problems inhibit the development of crop insurance, moral hazard, adverse selection, systemic risk and the absence of long-term data on agricultural yield and actuarial methods to accurately calculate the fair premium rate.

Manning and Marquis (1996), estimated insurance demand by adding the value of medical care to the value of risk avoided in the purchaser's utility function. At the end of the study, participants were asked to select from hypothetical insurance plans with different co-insurance rates. Results suggest that enrolment in a hypothetical insurance is not affected by household income and premium levels but rather by the expected pay-off individuals will receive when sick. The poor may expect less payoff when sick, which could influence their insurance decision. They may anticipate purchasing single tablets of medicine from a market vendor for self-treatment, not covered by insurance.

Hwang and Greenford (2005) use the ratio of the agricultural population to the total employed population as a measure of the change in social structure. The size of the population has of course a positive effect on the demand for insurance, but most studies are considering per capita variables to discount this effect. Population density should also have a positive effect on life insurance. Economies with a higher share of urban to total population are expected to have higher levels of life insurance consumption because urbanization simplifies the distribution of these products.

In a study of the life insurance market, Durvasula, Lysonski et. al. (2004) found that customer satisfaction was positively associated with customer's repurchase decisions. The satisfaction can arise from the experience of using the product, from the seller and or from after sale service. In the field of health insurance, this satisfaction may come from the experience and services provided by insurer and also policyholder's interaction with provider of services may significantly influence his decision.

According to Hamid et al. (2010), adverse selection is one reason in combination with mistrust in the providers and unfamiliarity with insurance for low take-up rates, high claim rates and low

renewal rates, so the providers are faced by difficult challenges to control for the incentive problems and simultaneously to educate the poor. Incentive structures such as solidarity enhancing rules seem to keep individual interests restrained by the group interests, whereas co-payment rules may be a strong deterrent to very poor households. In the case of micro health insurance, there is evidence for the existence of adverse selection, as households having a higher ratio of sick members are more likely to purchase micro health insurance

Survey of effective factors on demand for crop insurance in Fars province in Iran showed that land ownership, wheat production of previous year, age, level of education, farmer's capital, risk taking and previous record for facing risk, have positive correlation in adoption of wheat insurance. However other factors like land value, crop rotation and land diversity have negative correlation with adoption of wheat insurance. Also previous record in facing risk, amount of debt to credit institutions and banks, variations of product quantity, literacy of farmers and rate of insurance are effective variables in the adoption of insurance by wheat farmer (Torkamani, 2002)

Bernheim et al (2001) studied the issue of the linkage between the life insurance demand and financial vulnerability of the households of an older age. Vulnerability indicates the degree of household sensitivity to the loss of income as a result of death of a spouse. He did not find any significant relationship between demand for life insurance and financial vulnerability. However he found out that people with greater vulnerabilities tend to insure less, and those who experience smaller vulnerabilities purchase larger amounts of insurance

According to a recent study on key issues and challenges of risk management and insurance in China's construction industry, Liu et al. (2007) found that risk management and loss prevention are not a priority, and there is no motivation for contractors to transfer risks to insurers as the government will reimburse any losses incurred. This is because investments in many large and medium projects still come from governments.

Jack (1999) demonstrates that the dead-weight loss to the consumer is the difference between the individual's net surplus with and without insurance. Therefore, when the demand curve is not perfectly inelastic, the individual's choice between facing risk or insurance will depend on the

mean of the probability distribution of the medical care expenses in both cases. If the demand curve is perfectly inelastic, the individual will prefer having insurance to risking the cost of medical care. The elasticity of demand for healthcare will be important in choosing the optimal insurance policy by risk-averse individuals. The dead-weight loss depends on the slope of the demand curve. When the demand curve is nearly vertical i.e. inelastic, the dead-weight losses are small and relatively high levels of insurance will be desirable. For more elastic demand curves, the dead-weight losses are large and the appropriate coverage will be much lower, i.e. higher premiums will be charged and individuals may prefer risk to insurance.

Beck and Webb (2002) made a comprehensive research over 68 countries of the world, paying attention to the question what causes the variance in life insurance consumption between different countries. They used four different measures of life insurance consumption and incorporate various economic, demographic and institutional factors in their research. As a result, they find that countries with higher income per capita level, more developed banking sector and lower inflation tend to consume larger amounts of life insurance. In addition, life insurance consumption is observed to be positively influenced by private savings rate and real interest rate. Such demographic factors as education, life expectancy, young dependency ratio appear not to have any robust influence on the life insurance consumption.

Truett et al. (1990) discuss the growth pattern of life insurance consumption in Mexico and United States in a comparative setting, during the period 1964 to 1984. They assumed that at an abstract level, demand depends upon the price of insurance, income level of individual, availability of substitutes and other individual and environment specific characteristics. Further, they experimented with demographic variables like age of the insured and size of population within the age group 25 to 64 and also considered education level of the population under study to examine its bearing on insurance consumption decision. Their results show the existence of higher income inelasticity of demand for life insurance in Mexico at low income levels.

In another study, and in order to test the impact of price on non-life insurance demand, Browne et al (2000) used the market share of foreign insurers in a country as a proxy for price competition. They found out that the relationship between the proportion of foreign insurance

companies and motor vehicle premium density is negative and statistically significant. This might be due to the fact that a highly competitive internal insurance market, with low prices, is not attractive for foreign firms. They also found out that the relationship between general liability and foreign insurance market share is positive and significant, implying that the increased presence of foreign insurance companies fosters a highly competitive domestic market.

Padmanabhan and Rao (1993), conducted a study on demand for extended service contracts (ESCs) i.e. insurance products which require consumers to pay premiums up front for protection against possible failures or problems in later periods. They found out that demand is higher for consumers who are more risk averse, who are single and who have higher income levels but find no support for an effect of high product usage on ESCs purchase. They also found out that consumers who buy more expensive cars and cars with shorter manufacturer warranty coverage are more likely to buy ESCs.

Income level is hypothesized to positively influence insurance demand. Beenstock et al. (1988) point out a positive relationship in industrialized countries between national income and non-life insurance spending. He conducted a panel study across 12 countries and 12 years. They estimated long-run income elasticities of greater than 1; implying property-liability insurance is a superior good.

Levine et al. (2000) highlighted that countries with better creditor rights, more rigorous law enforcement and better accounting information tend to have more highly developed financial intermediaries. This is particularly relevant to the insurance industry where consumers can be at risk of opportunistic behavior by insurance companies. For example, this could include companies refusing to pay claims, or alternatively reducing the investment returns due on a policy.

In marketing context, it is stated that consumers can develop attitudes to any kind of product or service, or indeed to any aspect of the marketing mix, and these attitudes will affect their behaviour. It is also argued that a consumer's brand attitudes generally depend on the attributes and benefits of the brand. When confronted with the need to do assessment of quality of

offerings, particularly when there is perceived risk or lack of personal expertise, consumers rely on heuristics. Hence it could be stated that those who do not have the knowledge of insurance services will result into heuristic in the course of their evaluation of the relevant offerings (Chang, 2006).

Campbell (1980) has shown that the demand for life insurance is positively correlated with income. As income increases, life insurance becomes more affordable. In addition, the need for life insurance increases with income as it protects dependents against the loss of expected future income due to premature death of the wage earner

Health and resulting catastrophic financial losses are probably significant threats to people particularly those belonging to lower income groups as these people will be excluded from private health insurance. A health shock leads to direct expenditures for medicine transport, and treatment but also indirect cost of loss of wages. Since studies have found a very strong link between health and income the poor are more susceptible to health shocks (Morrisson 2001)

The factors that influence the demand for insurance also can be compartmentalized by the different law systems in various countries and areas. Other factors, like the degree of economic development and market structure, would also influence the demand of non-life insurance. However, the purchase of insurance could help with tax saving and clients' demands for insurance. These factors would influence the demand of non-life insurance, more or less, but would not do much harm (Ma and Pope, 2003).

2.3 CONCLUSIONS

Since the 1970s, the global motor insurance market has developed quickly, and Kenya is no exception. . Several theories have been developed to explain the motives to purchase motor insurance services. From the literature review, it can reasonably be concluded that demographical factors play considerable role in determining demand for insurance services. Specifically, age, marital status, educational status, profession, and income all have significant impact on demand for insurance services. Price and the level of risk aversion are also other strong determinants on demand for insurance services.

Greater focus is needed on insurance markets, especially in emerging economies like Kenya. One strand of that effort should review the role of insurance in economic growth, identifying and assessing the variables that link insurance market development with growth in Kenya. Another strand should assess the interrelationship between capital market and insurance market development, given the role of insurers as financial intermediaries and institutional investors. Another very promising strand involves the relationship between the availability of specific forms of business insurance and forms of social insurance and entrepreneurship.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods and procedures used to carry out the study. The purpose of this study is to examine determinants of demand for insurance services in the matatu industry in Kenya. The chapter looks at the research design, population and sample, data collection methods, research procedures and the data analysis methods employed in the study.

3.2 Research Design

The research design that this study utilized is descriptive method. According to Creswell 1994, a descriptive study is the most appropriate because it presents facts concerning the nature and status of a situation as it exists at the time of the study. In addition, this approach tries to describe present conditions, events or systems based on the impressions or reactions of the respondents of the research.

3.3 Population and Sampling

3.3.1 Population

A population is the total collection of elements about which the researcher wishes to make some inferences (Denscombe, 2003; Cooper and Shindler, 2005). The population in this study was all the registered matatu operators in 2nk Sacco totaling to 400.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Denscombe (2003) defines a sampling frame as an objective list of all those that comprise the population for research. The sampling frame in this study comprised all the registered matatu operators in 2nk Sacco totaling to 400.

3.3.2.2 Sampling Technique

Simple random sampling technique was used for the study. According to Denscombe (2003), it can be defined as one in which every member of the population has an equal chance of being

selected. This technique adheres to the underlying principles of randomness. The sample size therefore was randomized over all the registered matatu operators in 2nk Sacco. The data collection point was 2NK stage in Nairobi CBD along Accra road.

3.3.2.3 Sample Size

A sample size is a section of part that represents the whole. Denscombe (2003) contends that the absolute size of the sample will depend on the complexity of the population and the research questions being investigated. Because the population was large, the sample size for this study was 100 2nk Sacco matatu operators.

3.4 Data Collection Methods

A self administered questionnaire was used to collect the data which was administered to the matatu operators. This instrument allowed each person to respond to the same set of questions in a predetermined order. The questionnaire was researcher-developed and structured according to the specific objectives of the study. Both closed and open-ended questions were used to obtain responses. The instrument was physically administered to each respondent, who were allowed reasonable time to complete the questionnaires.

3.5 Research Procedures

The distribution of the questionnaires will be preceded by instructions on how to respond to each question. A pilot-test of the questionnaire was done on a small sample of 20 respondents, consisting of 10% of the sample size. This however, was not included in the final analysis. The researcher used the pilot study to identify any items in the questionnaire that were ambiguous and paraphrased or eliminated them accordingly. A cover letter from the University introducing the researcher and purpose of the research accompanied the questionnaires. This gave respondents assurance of confidentiality.

3.6 Data Analysis Methods

The data collected was coded and captured into the computer for analysis using the Statistical Package for Social Sciences (SPSS Ver. 12.0). The data was analyzed both quantitatively and qualitatively. Regression analysis was used to examine how the dependent variable is affected by

the independent variables. The results of data analysis are presented in frequency tables, charts and graphs as and where appropriate. The analysis has been used for discussion and conclusions.

The regression specification used was:

$$Ld_t = \alpha_0 + \alpha_1 LINCOME_t + \alpha_2 LPRICE_t + \alpha_3 LEDU_t + \alpha_4 RISK + e_t$$

Ld is the dependent variable-insurance demand

α_0 is the parameter estimator of the intercept

$\alpha_1, \alpha_2, \alpha_3$, stand for slope parameters

e_t is the random deviation

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CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

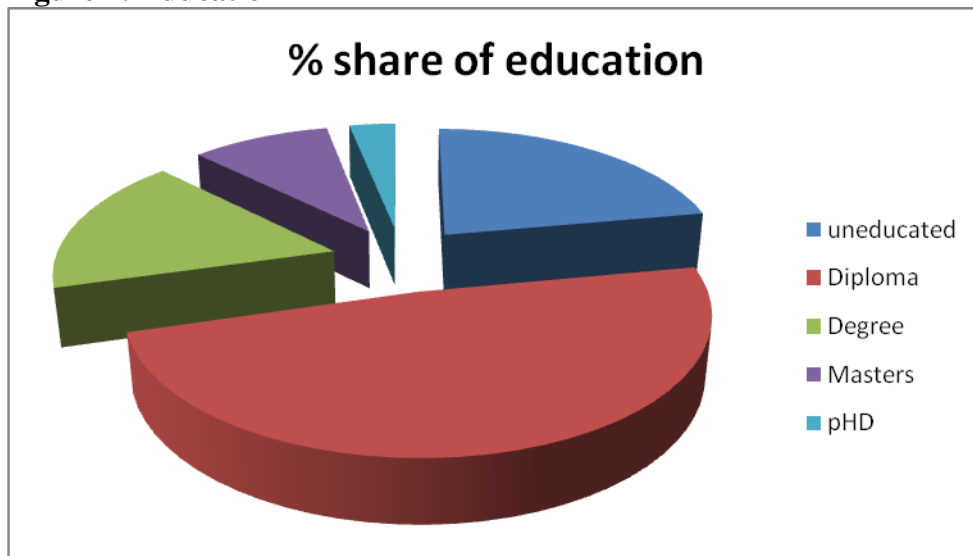
4.1 Frequency Tables

Table 1: Highest education level attained

	Percent
uneducated	21.0
Diploma	46.0
Degree	16.0
Masters	9.0
PHD	3.0

Source: Research Data

Figure 1: Education



Source: Research Data

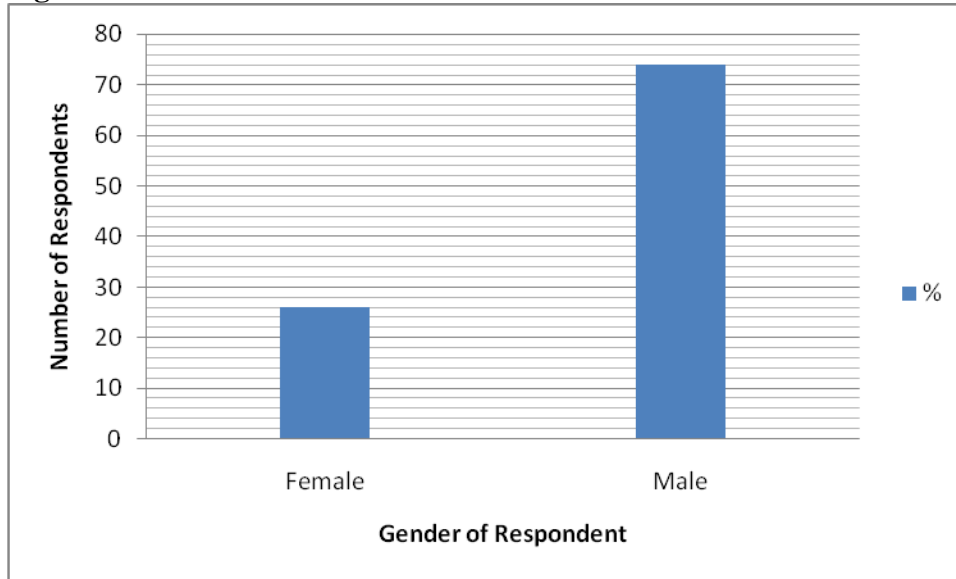
Out of the respondents interviewed 21 percent were uneducated 46 % hold a diploma 16 % hold a degree 9 % hold a masters and 3 % have a PHD.

Table 2: Gender

	Percent
Female	26.0
Male	74.0

Source: Research Data

Figure 2: Gender



Source: Research Data

Out of the respondents interviewed 26 % were female while 74 % were male.

Table 3: Do you own a matatu?

	Percent
No	37.0
Yes	60.0

Source: Research Data

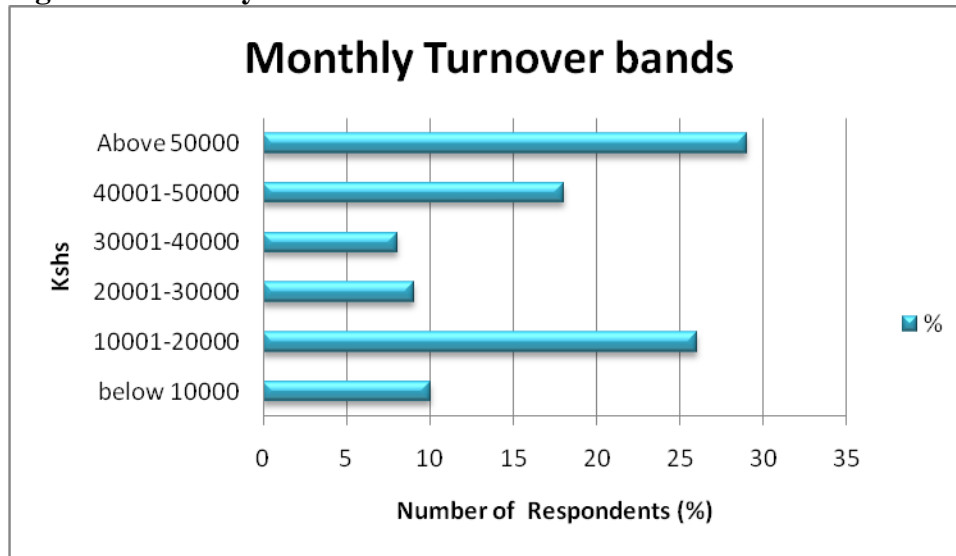
Out of the respondents interviewed 37 % do not own a matatu while 60 % own a matatu.

Table 4: What is your monthly turnover?

	Percent
below 10000	10.0
10001-20000	26.0
20001-30000	9.0
30001-40000	8.0
40001-50000	18.0
Above 50000	29.0

Source: Research Data

Figure 3: Monthly Turnover



Source: Research Data

Out of the respondents interviewed 10 % had a turnover of below 10,000 26 % 10,001-20,000 9 % 20,001-30,000 8 % 30,001-40,000 18% 40,001-50,000 while 29 % turnover is above 50,000.

Table 5: Do you have an insurance policy?

	Percent
No	26.0
Yes	74.0

Source: Research Data

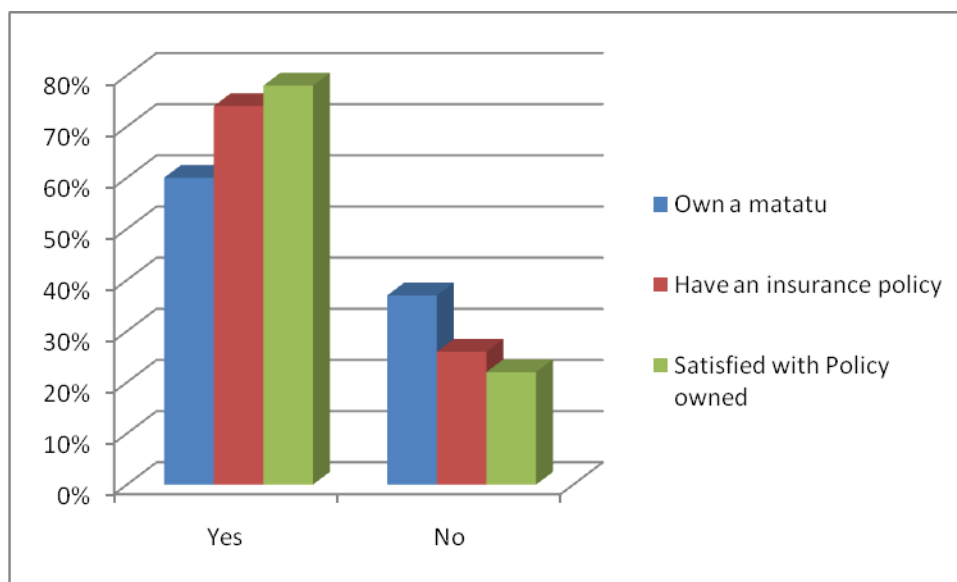
Out of the 100 respondents interviewed 26 % do not hold an insurance policy while 74 % hold an insurance policy.

Table 6: Do you have an insurance policy * Are you satisfied with the insurance policy

		Are you satisfied with the insurance policy	
		No	Yes
Do you have an insurance policy	No	0	3
	Yes	16	58

Source: Research Data

Figure 4: Insurance Policy Rating



Source: Research Data

Out of the 74 % of the respondents that hold an insurance policy, 58 % are satisfied with the policies they hold while 16 % are not satisfied. This shows that the level of satisfaction is high.

Table 7: Do you plan to purchase an insurance policy in the next one year?

	Percent
No	34.0
Yes	37.0

Source: Research Data

Out of the respondents interviewed 34 % do not plan on purchasing an insurance policy in the next one year while 37 % plan on purchasing an insurance policy in the next one year.

Table 8: Have you ever made a claim?

	Percent
No	36.0
Yes	63.0

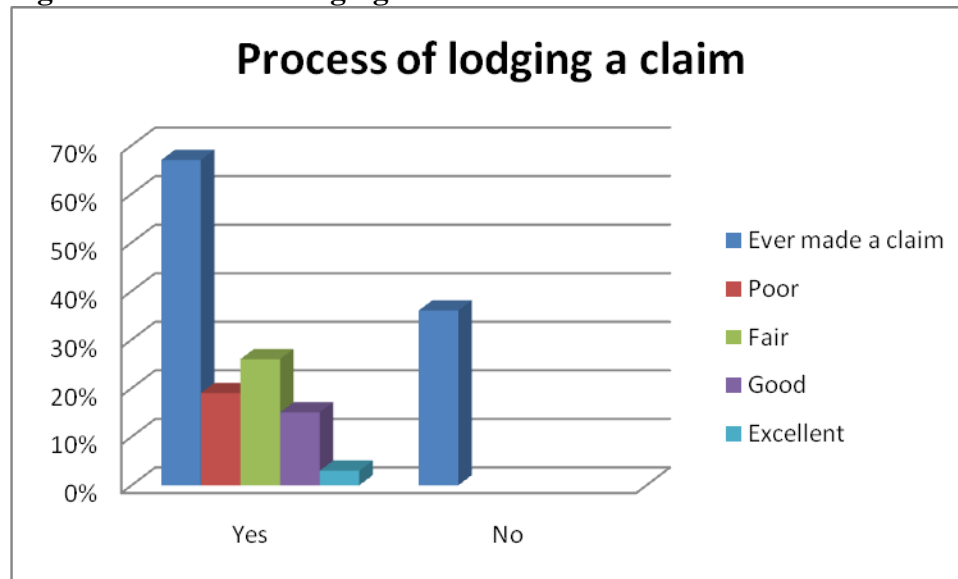
Source: Research Data

Out of the respondents interviewed 36 % have never made a claim while 63 % have made a claim.

Table 9: Have you ever made a claim * How would you rate the process if yes

		How would you rate the process if yes			
		Poor	Fair	Good	Excellent
Have you ever made a claim	Yes	19	26	15	3

Source: Research Data

Figure 5: Process of lodging a claim

Source: Research Data

Out of the respondents interviewed 63 % respondents that have made a claim 19 % rate the process as poor, 26 % fair, 15 % good and 3 % excellent. This shows that the highest percentage rate the process as fair. This means that the claim process requires major improvements.

Table 10: Analysis of attributes

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Low income is the main factor behind reduced demand	42.0	46.0	12.0		
Price is a hindrance	50.0	35.0	14.0	1.0	
Lack of awareness impairs demand	18.0	59.0	20.0	3.0	
Effect of Risk	29.0	28.0	38.0	3.0	2.0

Age is positively related to demand for insurance	17.0	25.0	32.0	22.0	4.0
Premium inversely related to demand	26.0	29.0	22.0	23.0	
Inflation makes insurance less desirable	18.0	23.0	40.0	12.0	7.0
Urban demand is more than rural demand	52.0	30.0	13.0	5.0	
Insurance well advertised in Kenya	16.0	27.0	19.0	21.0	17.0
Poor perception towards insurance	31.0	17.0	30.0	19.0	3.0
Educated are more insured	45.0	27.0	20.0	7.0	

Source: Research Data

Out of the respondents interviewed 42 % strongly agreed that low income is the main factor behind reduced demand 46 % agreed while 12 % were neutral.

Out of the respondents interviewed 50 % strongly agreed that price is a hindrance to insurance demand 35 % agreed 14 % were neutral while 1 % disagreed.

Out of the respondents interviewed 18 % strongly agreed that lack of awareness impairs insurance demand 59 % agreed 20 % were neutral while 3 % disagreed.

Out of the respondents interviewed 29 % strongly agreed that risk affects insurance demand 28 % agreed 38 % were neutral 3 % disagreed while 2 % strongly disagreed.

Out of the respondents interviewed 17 % strongly agreed that age is positively related to insurance demand 25 % agreed 32 % were neutral 22 % disagreed while 4 % strongly disagreed

Out of the respondents interviewed 26 % strongly agreed that premium is inversely related to insurance demand 29 % agreed 22 % were neutral while 23 % disagreed.

Out of the respondents interviewed 18 % strongly agreed that inflation makes insurance demand less desirable 23 % agreed 40 % were neutral 12 % disagreed while 7 % strongly disagreed.

Out of the respondents interviewed 52 % strongly agreed that urban insurance demand is more than rural demand 30 % agreed 13 % were neutral while 5 % disagreed.

Out of the respondents interviewed 16 % strongly agreed that insurance services are well advertised in Kenya 27 % agreed 19 % were neutral 21 % disagreed while 17 % strongly disagreed.

Out of the respondents interviewed 31 % strongly agreed that poor perception towards insurance affects insurance demand 17 % agreed 30 % were neutral 19 % disagreed while 3 % strongly disagreed.

Out of the respondents interviewed 45 % strongly agreed that the educated are more insured 27 % agreed 20 % were neutral while 7 % disagreed.

4.2 Regression

Table 11: Model Summary

Model				
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882 ^a	.777	.743	.230

Source: Research Data

Predictors: (Constant), claim procedures lengthy, Poor perception towards insurance, Inflation makes insurance less desirable, Effect of Risk, Highest education level attained, Do you own a matatu, Gender, Lack of awareness impairs demand, Low income is the main factor behind reduced demand, Age is positively related to demand for life insurance, Price is a hindrance, What is your monthly turnover

The Adjusted R squared indicates that the model explains 77.7% of the variations in the demand for insurance thus 22.3 are explained by variables outside the model.

Table 12: Model Summary^b

Model	Change Statistics					Durbin-Watson
	R Square Change	F Change	df1	df2	Sig. F Change	
1	.777	22.662	12	78	.000	1.804

Source: Research Data

The F Change tests for the joint significance of the variables included in the model. The F statistic results (22.66) indicate that the variables are jointly significant in explaining the variations in the demand for insurance in Kenya. In terms of autocorrelation, the Durbin Watson

statistic has been used to carry out the estimation. Results indicate that there is no autocorrelation given that the Durbin Watson statistic (1.804) is very close to 2 which is the threshold point.

Table 13: ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	14.432	12	1.203	22.662	.000 ^a
Residual	4.139	78	.053		
Total	18.571	90			

Source: Research Data

The ANOVA table above gives the analysis of variance with bias towards the residual sum of squares and explained sum of squares. The F statistic supports the regression results implying that the coefficients are jointly significant.

Table 14: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-.018	.168		-.106	.916
Gender	-.105	.062	-.105	-1.689	.095
Do you own a matatu	.435	.072	.459	6.020	.000
Highest education level attained	-.076	.032	-.172	-2.350	.021
What is your monthly turnover	.101	.021	.408	4.715	.000
Price is a hindrance	.097	.048	.168	2.014	.047
Low income is the main factor behind reduced demand	-.071	.051	-.105	-1.386	.170
Lack of awareness impairs demand	.130	.045	.197	2.874	.005
Effect of Risk	-.080	.028	-.171	-2.869	.005

Age is positively related to demand for life insurance	.050	.031	.123	1.649	.103
Inflation makes insurance less desirable	.074	.024	.185	3.144	.002
Poor perception towards insurance	.030	.025	.079	1.205	.232
claim procedures lengthy	-.153	.036	-.354	-4.292	.000

Source: Research Data

The table of coefficients presents the contribution of each variable towards the demand for insurance in Kenya. The demand for insurance for example increases by 0.43 among respondents who own matatus. While it would be expected that increase in education would create more awareness and raise the demand, the reverse was observed. Increase in education leads to a 0.076 unit reduction in the demand for insurance for public service vehicles. However this could be explained by the fact that learned persons opt for private transport means rather than public. Respondents felt that low income is not the main factor behind reduced insurance demand. This is presented by the negative coefficient (-0.071). Age on the other hand contributes positively to demand. The t- statistic gives the level of significance of the standardized coefficients. Results indicate that all the variables included in the model were significant at 5% in explaining demand for insurance except low income, education and risk.

Table 15: Correlations

		Price is a hindrance	Low income is the main factor behind reduced demand	Effect of Risk	Educated are more insured
Price is a hindrance	Pearson Correlation	1	.353**	.237*	-.094
	Sig. (2-tailed)		.000	.018	.353
	Sum of Squares and Cross-products	56.440	17.800	17.140	-6.778
	Covariance	.570	.180	.173	-.069
	N	100	100	100	99
Low income is the main	Pearson Correlation	.353**	1	.160	.169

factor behind reduced demand	Sig. (2-tailed)	.000		.113	.095
	Sum of Squares and Cross-products	17.800	45.000	10.300	10.778
	Covariance	.180	.455	.104	.110
	N	100	100	100	99
Effect of Risk	Pearson Correlation	.237*	.160	1	.198*
	Sig. (2-tailed)	.018	.113		.049
	Sum of Squares and Cross-products	17.140	10.300	92.590	18.222
	Covariance	.173	.104	.935	.186
	N	100	100	100	99
Educated are more insured	Pearson Correlation	-.094	.169	.198*	1
	Sig. (2-tailed)	.353	.095	.049	
	Sum of Squares and Cross-products	-6.778	10.778	18.222	91.778
	Covariance	-.069	.110	.186	.937
	N	99	99	99	99

Source: Research Data

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

In the table above, the correlation coefficient between risk and price is 0.237 at 0.05 level of significant. This indicates that there is significant positive relationship between price of motor insurance (premium) and risk perception of Kenyan motorists. The correlation coefficient between income and price is 0.353 at 0.05 level of significant. This indicates that there is significant positive relationship between income and price. The correlation coefficient between income and price is 0.353 at 0.05 level of significant. This indicates that there is significant positive relationship between income and price

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1 Summary of Findings and Conclusions

5.1.1 Summary of Findings

The pricing of motor insurance to a good extent affects the demand for motor insurance and this tends to lead to higher motor risks in Kenyan roads. A pragmatic management of the premium system would improve and increase the demand for insurance products.

From the analysis conducted in this study, lack of awareness is a major hindrance to insurance demand. This may be due to the fact that insurance companies assume that motor insurance is statutory thus they tend not to put more effort in advertising the products in this class of insurance.

The claim process was found to be long and cumbersome discouraging demand for insurance products. This may be attributed to the fact that insurance services view matatu drivers with suspicion and tend to think that most of the accidents are due to reckless driving. Also the claims in matatu industry are high compared to other industries. Thus this makes the employees to be overwhelmed thus slowing down the claim process.

From the analysis poor perception towards insurance to a large extent contributes to low demand for insurance. Most respondents claimed that insurance companies are thieves who are only after taking but not willing to give back.

The results proved that inflation is not a major factor in determining demand for insurance. This may be due to the fact that motor insurance is mandatory thus matatu owner have to purchase it despite the effect inflation has on the premiums.

The results indicate a significant relationship between price of motor insurance i.e. premium and risk perception of Kenyan motorists. This may be explained by the fact that when people perceive themselves more vulnerable to risk they tend to avert the risk by insuring themselves against it without much consideration of the cost to do so.

The results indicate a significant relationship between price and income. This may be explained by the fact the more income one has the higher the premium one is willing to pay.

5.1.2 Conclusions

Insurance manages risks so that the insured individuals could have confidence in risk taking or reduce risk aversion. While it would be expected that increase in risk level would create more vulnerability and raise the demand, the reverse was observed.

Increase in education leads to a reduction in the demand for insurance. However this could be explained by the fact matatu drivers are already aware of the fact that their jobs are risky.

While it would be expected that increase in education would create more awareness and raise the demand, the reverse was observed. Increase in education leads reduction in the demand for insurance for public service vehicles. This could be explained by the fact that learned persons opt for private transport means rather than public. Also Respondents felt that low income is not the main factor behind reduced insurance demand. Age on the other hand contributes positively to demand.

Insurance being an inferior good, it would be expected that income is a major factor in determining demand for motor insurance. However, respondents felt that low income is not the main factor behind reduced insurance demand. This may be explained by the fact that motor insurance is mandatory by law.

5.2 Limitations of the Study

The main limitation of the study was low literacy level amongst most of the respondents. The researcher therefore had a lot of difficulty in explaining what was being asked in the Questionnaires. Others answered the questions wrongly thus leading to inaccurate data. However the interviewer tried to mitigate by using Kiswahili to explain the questions to the respondent and translating the feedback to English.

Sample size was a limiting factor. This was because some of the distributed questionnaires were never returned, some partially filled and others were erroneously filled. Also the sample size was limited due to the costs and time involved. Therefore the limited the sample size represented the views of only few people hence not all views were captured.

Another limitation was lack of enough literature. This is because the topic under study has not been thoroughly researched on especially on the Kenya situation. This therefore led to heavy reliance on other countries literature.

The research tool used in this study i.e. questionnaire was also a limiting factor. This is because it cannot capture all the opinions of the respondents since they are restricted to only answer the questions asked.

Further, most of the people where the research was conducted were not willing to co-operate because of mistrust in the wake of rising insecurity in the country. The researcher however attempted to mitigate by assuring respondents of confidentiality expressly communicating the purpose of the study, namely, for academic purposes only.

5.3 Policy Recommendations

The insurance companies should try to come up with insurance packages that are fairly priced to ensure that every motorist can afford a comprehensive cover. In addition, premium can be reviewed using actuarial pricing system which makes reckless drivers to pay more and careful drivers to pay less through pooling of risk. Insurance companies should commence the assessment of individual insurance score to rate drivers for payment of premium.

The motor insurance companies should use the various tools of media to communicate to the motorist on the various motor insurance products available at their disposable and the benefits that accrue to each product so as to increase the demand.

The insurance companies should try to come up with more customer friendly claim procedures. The customer service executives should employ courtesy, respect and empathy towards their clients. Also companies should avoid dodging the clients when they have lodged a claim and instead they should openly inform them the stage their claims are. Computerization of the claim process, as well as, reduction of number of days a claim takes to mature are the most recommended measures.

They should also try and sensitize the matatu drivers of the various risks they are susceptible to such as; financial loss, deformity, loss of life, etc. The insurance companies should also come up with packages that cover the various risks available. By doing so they are going to increase the demand for insurance services in the industry.

Insurance companies should commence the assessment of individual insurance score to rate drivers for payment of premium. This will ensure that the clients are equally compensated for the amount of money paid in form of premium.

5.4 Suggestions for Further Research

Although there is considerable information available on the determinants of the demand for insurance there are several issues that still require further attention:

There is need for further research on the measures, which the government/regulators can put in place to address motor insurance demand problems and maximize benefits arising from motor insurance services.

A well-developed insurance sector is necessary for the economic development, as it provides long-term investments for economic growth, while simultaneously strengthening risk-taking abilities. However, only a few papers have investigated the impact of the cultural, legal and political context on the demand for motor insurance. Therefore, there is need for further investigation on the causality links between these factors, the insurance behavior of people and the role of insurance.

Developing countries' markets depend extensively on international services mainly because the small size of the domestic insurance companies and because there is often insufficient experience and know-how. This results in a dependence on foreign insurance and reinsurance services. Hence, there is need for further research on this issue and how it affects motor insurance demand.

Since considerable debate has taken place regarding the role of financial institutions as a factor of economic growth, there is need for further research on the causality links between insurance growth and economic growth, since a sound national insurance market is an essential characteristic of economic growth.

Nevertheless, the efficacy of marketing-orientation rather than selling by insurers would go a long way in addressing the perception problem that affects demand for motor insurance. Hence, further studies on the efficacy of the present marketing strategies being adopted by insurers to exploit the opportunities available in the motor insurance industry.

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Questionnaire

My name is Hannah Ng'ang'a, an MBA student in the University of Nairobi. The following questionnaire would serve my study about "The factors affecting Demand for Insurance services in kenya". Your answers are highly regarded in my seminar, and they will stay under complete privacy. Thanks in advance for your patience & cooperation

Please answer the following questions by ticking (✓) in the proper space:

Section one

1. Name of Sacco
2. Year of establishment
3. Gender of respondent
☐ Male ☐ Female
4. Do you own the matatu?
☐ Yes ☐ No
5. Highest educational level attained:
☐ Uneducated ☐ Diploma ☐ Degree ☐ Masters ☐ PhD
6. Monthly turnover:
☐ Below 10,000 ☐ 10,000- 20,000KES ☐ 20,001- 30,000KES
☐ 30,001-40,000KES ☐ 40,001- 50,000 ☐ Above 50,000

Section two

1. Do you have an insurance policy?
 - a. ☐ Yes ☐ No (go to 5)
 - b. If yes, specify (list all)

2. Are you satisfied with the insurance policy(s) you hold?

a. ☐ Yes ☐ No

b. If no, why?

3. How much do you pay for premium per annum/month?

4. How much is this in relation to your monthly turnover?

5. Do you plan on purchasing an insurance policy in the next one year?

a. ☐ Yes ☐ No

b. If yes, which type of insurance policy?

c. If no, what are your reasons for not purchasing an insurance policy?

6. Have you ever made a claim?

a. ☐ Yes ☐ No

b. If yes, how would you rate the process?

☐ Poor ☐ Fair ☐ Good ☐ Excellent

Section three

Paragraph	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1: Price of insurance products is a major hindrance to purchase of insurance products					

2: Low income is the main factor behind this low percentage of demand for insurance.					
3: Lack of awareness about the importance of insurance is also another important factor behind this low percentage of demand for insurance.					
4: Risk affects the demand for insurance in Kenya.					
5: The individual's age is positively related on the demand for life insurance.					
6: Inflation rate makes insurance services less desired.					
7: Insurance premium of a policy is inversely related on its demand.					
8: Insurance demand in urban areas is more than in rural areas.					
9: Insurance services in Kenya are well advertised.					
10. Kenyans have a poor perception towards insurance products					
11. The process of lodging a claim is lengthy					
12. Educated people have more insurance policies than non- educated people.					

Section four

What advice(s) would you offer to insurance companies to increase the demand for insurance in Kenya?

Who do you think is responsible to raise awareness on the importance of insurance services in Kenya? Explain.

What do you think are the benefits of holding an insurance policy?

Why do you think people tend to shy away from purchasing insurance policies?

Thanks for your valuable time
Your cooperation is highly esteemed