

// ATTITUDES TOWARD LIFE ASSURANCE:
A CASE STUDY OF THE MIDDLE CLASS IN NAIROBI //

BY

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DECLARATION

This project is my original work and has not been submitted for a degree in any other University.

Signed

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This project has been submitted for examination with my approval as the University supervisor.

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Date

8th June, 1987

Dedicated To

Roselyn O. Dede Were
who could not share
this great day with
me.

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TABLE OF CONTENTS

CHAPTER		<u>PAGE</u>
	Aknowledgements	i
	Table of contents	ii
	List of Tables	iv
	Abstract	v
I	INTRODUCTION	1
	Background	1
	Statement of the Problem	3
	The objectives of the study	4
	Importance of the study	5
	Overview of the Project Report	5
	Definitions of terms used.....	6
II	LITERATURE REVIEW	9
	Introduction	9
	Attitude and Attitude Measurement	9
	Life assurance service	15
	Problems of service Marketing and suggested solutions.....	19
	Consumer Attitudes toward life assurance	22
	Factors that contribute to consumer Dissatisfaction	28
	Conclusion	41

CHAPTER		
III	RESEARCH DESIGN	43
	The Sample	43
	Data collection Method	44
IV	DATA ANALYSIS AND PRESENTATION OF FINDINGS	46
	Introduction	46
	People's attitude toward life assurance	47
	Respondent satisfaction and Dissatisfaction with life assurance ..	52
	Attitude and Policy status	58
	Conclusion	59
V	CONCLUSION	61
	Summary and Discussions	61
	Limitations of the study	65
	Suggestions for future research	66
APPENDICES	APPENDICES	68
BIBLIOGRAPHY	88

List of Tables

<u>Table</u>		<u>Page</u>
1	People's attitude toward life assurance	47
2	Attitudes held and level of education	48
3	Attitudes and Net Monthly income	49
4	Attitudes and Marital status	50
5	Attitudes and Sex	51
6	Respondent satisfaction/dissatisfaction with Insurance matters	52
7	Reasons for Respondent satisfaction with life assurance	53
8	Reasons for respondent dissatisfaction	54
9	Dissatisfaction and respondent demographics	56
10	Attitudes and life assurance policy status	58

ABSTRACT

The main objective of this study was to determine the type of attitudes middle class people living in Nairobi held toward life assurance. Besides, the following secondary objectives were investigated:

- (i) Whether middle class people living in Nairobi were satisfied or dissatisfied with life assurance.
- (ii) Why middle class people living in Nairobi were satisfied or dissatisfied with life assurance.
- (iii) Whether those who had life assurance policies held positive/negative attitudes.
- (iv) Whether those who did not have life assurance policies held negative/positive attitudes.

The primary data for the study was collected between 7th April, 1987 and 2nd May, 1987. The population of interest was middle class households in Nairobi. From a map of Nairobi available at the Nairobi City Commission's planning office (see appendix G) the researcher developed a sampling frame (see appendix F) containing only residential areas which were clearly identifiable with the middle class. A sample of five residential areas was chosen for the study. Self administered questionnaires were used to collect the data (see appendix A). For each of the five areas, 18 questionnaires

were administered. These were distributed by the researcher and two other research assistants. It was intended that a sample size of 90 respondents be used in the study but only a total of 84 respondents completed the questionnaires and it was these that were analysed for this study.

The data collected was presented using tables. Percentages and total scores were used for analysing the data. The major findings were:

The middle class people in Nairobi basically held negative attitudes toward life assurance. The majority, 60.7% of the respondents held negative attitudes toward life assurance. Only 22.6% held positive attitudes. It was observed that the respondents demographics had no impact on attitudes.

On satisfaction/dissatisfaction with life assurance, the study revealed that the majority, 85.7% of the respondents were dissatisfied with the way life assurance matters were handled in Kenya. Only 14.3% were satisfied. An attempt to establish if any relationships existed between respondent satisfaction/dissatisfaction and various respondent demographics found out that no such relationships existed.

Investigations as to the factors with which the satisfied respondents were satisfied found out that the majority of the satisfied respondents gave two reasons as the reasons for satisfaction. These were: appropriate advise given to the clients at the time life assurance policies were sold, and the non complex nature of life assurance contracts. The other reasons for satisfaction like the fact that life assurance premiums were low were mentioned by a few satisfied respondents only.

An attempt to investigate the reasons for respondent dissatisfaction with life assurance found out that the majority of those who were dissatisfied gave the following as reasons for dissatisfaction: inappropriate advise given by life assurance companies or their agents at the time the policy is sold, difficult nature of life assurance contracts, tricks used by agents, and inability of insurance agents to understand the policies they sold. The other reasons for dissatisfaction like claim settlement were not popular reasons.

Finally, the study found out that the policy status, that is, holding or non-holding of life assurance policy by the middle class people in Nairobi did not have any relationship with their attitude.

CHAPTER I

INTRODUCTION

Background

The image¹ clients of any organization hold about the organization could contribute to its success. The organization image is partially governed by the product/service that it offers. The product/service quality is a very important factor and as stated by Masinde²,

The quality of a product or service is the backbone of an organization because it determines to a large extent, whether the offering will sell or not and whether there will be repeat purchase.

If this image is positive, Business units may prosper and the reverse also holds. Generally, it is held that the way clients perceive the organization keep on changing and this calls for monitoring their perception. Service companies (life assurance companies being no exception) if viewed positively by their clients can make a substantial contribution to any given economy. The Kenyan experience shows that despite the fact that people have mixed feelings about life assurance it still makes a substantial contribution to the Kenyan economy.

¹For purposes of this paper image is synonymous with the way clients perceive the organization.

²Catherine K.M. Masinde., Perceived Quality of Service: The Case of Kenya Airways, M.B.A. Project, University of Nairobi, 1986, p. 1.

The Data which was available³ indicated that in 1982, life assurance contributed K£s 29,735,000 to the public sector and K£s 888,000 to the private sector in the form of investments. During the same year, life assurance companies invested K£s 7,810,000 in government securities and bills, and K£s 1,088,000 in local government securities. These together with contributions from prior years support the generally held view that the magnitude of the benefits can increase if life assurance is run properly.

The subject of insurance has however been very controversial in Kenya (as the case is elsewhere⁵) and is likely to remain so for some time to come. Recent news headlines and captions⁶ suggest how widespread the controversy is.

Beneficial as it is, it is strange that in 1986, very few Kenyans held active⁷ life assurance policies. It is in record

³ central Bureau of statistics: Ministry of planning Statistical Abstract 1985 pp. 166-169.

⁴ see Appendix C.

⁵ Pierre Esteva., "Consumerism - How To Meet The Needs Of The European Public", consumerism - The Demands Which Needs To Be Met: Panel Discussions, (London: Reinsurance offices Association Aldermary House Queen Street 21st June, 1978), P. 4.

⁶ see Appendix D.

⁷ Active Policy refers to a policy that can be enforced at Law.

that out of the estimated population of 20 million Kenyans in 1986, only 250,000⁸ had active life assurance policies this being only 1.25% of the population. The rate at which life assurance policies lapse is also alarming. These figures may give a clue as to what is happening in the whole insurance industry.

Statement of the Problem

People have often expressed dissatisfaction against the insurance industry in Kenya. Some have gone to the extent of stating that instead of the insurance company covering your risk, you take a risk when you get an insurance policy.⁹

Reading through the local press one encounters quite discouraging descriptions of the term "Life Assurance". Khamalah¹⁰ asserted that to most people in Kenya today, the term life assurance brings into mind impressions about:

⁸ Sammy Masara, "Tough New rules are on the way" Standard (27th November 1986), P. 14.

⁹ Sunday Nation, 20th March 1986. P. 10.

¹⁰ Joseph N. Khamalah, Life Assurance Practice in Kenya.
M.B.A. Project, University of Nairobi
1985, P. 5.

- (i) Fast talking salesmen bent on convincing one into buying insurance against ones better judgement.
- (ii) Tricky insurance companies that do not honour their obligations when claims are lodged, and
- (iii) A range of other unfavourable impressions usually brought about by some unfortunate past dealings with insurance companies or negative word of mouth.

Other writers¹¹ stated that:

Insurance claim service is slow and is not getting any better. In fact nothing has changed in over 50 years.

These impressions had however not been confirmed by research, therefore this study investigated possible consumer satisfaction and/or dissatisfaction with life assurance.

Objectives of the study

The primary objective of this study was to determine the type of attitudes which middle class people living in Nairobi had toward life assurance. In addition, the following four secondary objectives were investigated:

- (i) Whether the middle class people living in Nairobi were satisfied or dissatisfied with life assurance.

¹¹ John Sheather, "It is Time For The Industry To Grapple With Few Of Its Major Problems" Policy Holder Insurance News, Volume 101 No. 48 (December 1983), P. 39.

- (ii) Why middle class people living in Nairobi were satisfied or dissatisfied with life assurance.
- (iii) Whether those who had life assurance policies had positive/negative attitudes.
- (iv) Whether those who did not have life assurance policies had negative/positive attitudes.

Importance of the study

It was hoped that the findings of this study would benefit among others life assurance companies, agents, brokers, and academicians.

Life assurance companies would benefit from this study since it would reveal people's reaction to marketing life assurance, bringing out clearly areas of dissatisfaction which life assurance companies could improve on.

Agents and Brokers would benefit since the study would uncover areas and reasons for dissatisfaction which agents and brokers could improve on to make "perfect" selling.

It was hoped too that academicians would find the study useful for purposes of further research.

Overview of the Project Report

This research project report has five chapters. Chapter

one, the introduction, consists of the background, the statement of the problem, the objectives of the study, the importance of the study and the overview of the Project report.

Chapter two, the literature review, provides a review of the literature related to the subject matter of the study. The literature review covers attitude and attitude measurement, problems of service marketing and their suggested solutions, consumer attitudes toward insurance, reasons for consumer dissatisfaction with life assurance, and finally the solutions suggested for overcoming dissatisfaction.

Chapter three, the Research design specifies the population of interest, the sample, and the data collection method.

Chapter four is concerned with data analysis and findings. It deals with people's attitudes toward life assurance, respondent satisfaction and dissatisfaction with life assurance, attitude and policy status, and finally provides a brief conclusion.

The fifth and final chapter, the conclusion, provides a summary and discussion of the findings of the study, the limitations of the study, and recommendations for future research.

Definitions of terms used

Active Policy: A policy which is legally valid.

- Actuary: A person professionally trained in the technical aspects of insurance particularly the mathematics of insurance.
- Agent: Somebody acting on behalf of another. In life assurance, he is legally the agent of the assured even though he is remunerated by the life assurance company.
- Assurance: This is insurance on the life of a person. The term is used to denote the fact that the insured event is bound to happen.
- Assured: The person purchasing a life assurance policy.
- Assurer: The company issuing a life assurance policy.
- Beneficiary: One for whose benefit a contract is made; the person to whom a policy of assurance is payable.
- Claim: Demand the assured or beneficiary makes on the assurer in event of the occurrence of the assured event.
- Commission: The fee paid by the assurance companies to agents for the sale of policies.
- Endorsement: A written amendment affecting the declarations, assuring agreements, exclusions, or conditions of an assurance policy; a rider.
- Expiration: Date upon which an assurance policy terminates unless renewed by additional premium.

- Face amount: Amount stated on the face of an assurance policy that will be paid in case of the death of the assured. It does not include other benefits which a policy may give such as dividends.
- Insurance: Economic device whereby the individual substitutes a small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) which would exist if it were not for insurance. This term is wide and includes Life Assurance.
- Loading: That part of an assurance rate designed to cover expenses, profit, and a margin of contingency.
- Policy: The written contract of assurance which is issued to the policy holder assured by the company assurer.
- Proof: Substantiating an act such as claim for assurance payment.
- Rate: The cost of a unit of assurance.
- Risk: Condition in which there is a possibility of an adverse deviation from expected result; a possibility of loss.
- Valued Policies: An insurance policy in which the value of the thing insured and the amount to be paid in case of total loss is decided at the time of making the policy.

CHAPTER II

LITERATURE REVIEW

Introduction

The literature reviewed in this chapter covers attitude and attitude measurement. It also covers life assurance service, problems of service marketing and suggested solutions, consumer attitudes toward life assurance, and factors that contribute to consumer dissatisfaction. The Review concludes by looking at solutions suggested for overcoming dissatisfaction. The author did not find any literature on the reasons for consumer satisfaction with life assurance.

Attitudes and Attitude Measurement

The term attitude has been defined in different ways by various writers. Remmers¹² defines it as an affectively toned idea or group of ideas predisposing the organism to action with reference to specific attitude objects. Uddel¹³ defines attitudes as mental sets which direct an individual response to stimuli. They are a psychic summation of knowledge, emotions, motivations and intentions. They describe the way people feel about things and the way people are inclined to react to

¹² Henry H. Remmers, Introduction to opinion and Attitude Measurement (New York: Harper and Brothers Publishers 1954), P. 3

¹³ Jon G. Uddel, "Can Attitude Measurement Predict consumer Behaviour?" Journal of Marketing, Volume 29 (October 1965), pp. 46 - 50.

an advertisement. Assael¹⁴ defines attitudes as learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way.

Attitudes perform various functions. Assael¹⁵ lists the major functions as the utilitarian function, the value expressive function, the ego-defensive function, and the organization of knowledge function. As a utilitarian function attitudes serve to guide consumers in achieving a desired need. The value expressive function is performed by attitudes since they express self concept and value system. The ego-defensive function is performed by attitudes since they protect peoples ego from anxieties and threats for example most people use mouthwashers to avoid bad breath rather than to cure it. The organization of knowledge is performed by attitudes since they organize the mass of information consumers are exposed to daily and help set up standards on which to judge the information. Since attitudes develop over time, it is necessary to understand the process involved in attitude development.

14 Henry Assael, Consumer Behaviour And Marketing Action.
(Boston Massachusetts: Kent Publishing company
1981), pp. 154.

15. Ibid.; PP. 158 - 159. Also see Joseph
Tiffin and Ernest J. McCormick, Industrial Psychology
(New York: Prentice Hall, inc 1965), PP. 348 - 349.

Allport¹⁶ points the four ways by which attitudes are developed as: (a) Integration (b) differentiation (c) shock and (d) adoption. Integration is the development of an attitude through accumulation of a larger number of experience over a long period of time all of which influence the individual in a given direction. Differentiation is the splitting off of a specific attitude from a more general one as when an individual has an unfavourable attitude toward arithmetic as a result of his unfavourable attitude toward all school subjects. Shock is due to an unusual violent, or painful experience. Adoption refers to the tendency to follow the example of friends, teachers, parents, newspapers and other opinion molding agencies.

Assael¹⁷ states that attitudes develop over time through a learning process that is affected by family influence, peer group influences, information, and personality.

The family plays an important role in influencing an individuals performance. It has been shown that except for teenage period, there is a high correlation between the attitude of parents and their children.¹⁸

¹⁶ Adopted from Remmers op.cit., P. 71.

¹⁷ Assael op.cit., P. 159.

¹⁸ Adopted from Assael Ibid., P. 160.

Many studies have shown pervasive group influence on purchase behaviour.¹⁹ Katz and Lazarsfeld found that peer groups are much more likely to influence attitudes and purchase behaviour than advertising. Coleman found that socially integrated Doctors who valued Peer group norms accepted a new drug faster. Arndt found that socially integrated consumers accepted a new drug sooner.

Past experience influence brand attitudes.²⁰ According to learning theory, such experiences, condition future behaviour, but brand loyalty will quickly end if the brand does not perform successfully.

The personality of consumers affect attitudes.²¹ Traits such as aggression, submissiveness or authoritarianism may influence attitudes towards brands and products.

Katz²² points that there are two opposing views relating to attitude formation. The first view assumes an irrational model of man: that mans attitudes stem primarily from emotional forces and appeals to self interest. The other view assumes that man is essentially rational: that he seeks understanding, and typically exercises his reasoning and

19 Ibid.,

20 Ibid.,

21 Ibid.,

22 Adopted from Tiffin and McCormick op.cit., P. 349.

discriminating abilities. Katz maintains that none of the above views can be fully supported and he in turn postulates that the formation of attitudes stem from the psychological needs that give rise to them.

Attitudes have three basic components these being²³

(a) beliefs (the cognitive component), (b) brand evaluation (the affective component) and (c) tendency to act (the behavioural component). Beliefs are of two types²⁴: informational beliefs which are associated with product attributes and evaluative beliefs which are associated with product benefits (example economy and roominess). While the belief component is multi-dimensional, the affective component is one dimensional. Whenever people refer to attitudes without being specific, it is the affective component that they refer to. The tendency to act component of attitude is important to marketers when developing a marketing strategy.

The various assumptions that are made in measuring attitudes are:²⁵

- (a) attitudes are measurable.
- (b) attitudes vary along a linear continuum.
- (c) measurable attitudes are common to the group, that they are held by many people.

²³ Assael op.cit., pp. 160 - 162.

²⁴ Ibid., P. 161.

²⁵ Remmers op.cit., P. 7.

The other assumption proposed by Assael²⁶ is that attitudes are related to behaviour. The more a consumer favours a brand the greater the likelihood he or she will purchase it or attitudes are measures of inclinations to purchase.

Several attitude measurement scales exist. Uddel²⁷ lists the major methods of measuring attitudes as: semantic differential, likert summated ratings method, Guttman's "scale analysis", Lazarsfeld's latent structure theory, and the Thurstone technique. Remmers²⁸ indicate that attitude scales may be classified according to the methods of constructing attitude measuring devices such as the interview, a priori "scales", psychophysical scales, sigma scales, master scales, rating scales, behaviour scales and analogous measurements of various sorts.

The Likert scale used in this project was borrowed from the work of Likert. Likert modified Thurstone's method. He made the doubtful assumption that attitudes are distributed normally. On this assumption, he measured attitudes using standard deviation units. Between scale values obtained by this method and that of arbitrarily assigning numerical values from 1 to 5 to the various alternative responses, he obtained a correlation of 0.99. The ratings were then scored.

²⁶ Assael op.cit., P. 156.

²⁷ Uddel op.cit., P. 46.

²⁸ Remmers op.cit., pp. 7 - 13.

Life Assurance Service

Insurance is an economic device whereby the individual substitutes a small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) which would exist if it were not for insurance.²⁹ Life assurance is an insurance on the life of a person.

Life assurance is sold through three ways,³⁰ these being:
(a) Group life assurance (b) industrial life assurance, and
(c) individual life assurance. Group life assurance is provided to well defined groups of people who are associated for some purpose other than purchase of life assurance. Credit life assurance is a special type of group life assurance purchased by a lender such as a bank, credit union or retail store that sells merchandise on credit (for its group of debtors). When the assurer provides life assurance to the group, the group, not the individual in the group is selected.

²⁹ J.E. Vaughan., Fundamentals of Risk And Insurance.
3rd Edition (New York: John Wiley and Sons
1982), P. 585.

³⁰ Mark S. Dorfman., Introduction to Insurance. 2nd Edition
(New Jersey: Prentice-Hall inc-Englewood cliffs
1982), P. 235.

For group assurance, the assurer will not normally ask for medical examination. The assurer is covered from liability since no employer would employ unhealthy people. Secondly, groups with worse than expected mortality experience will find their assurance rates adjusted upward to allow for the poor results of the group.

Industrial life assurance is purchased in small amounts.³¹ The premiums are collected or payable as frequently as a week³². It is also called debit life assurance. Industrial life assurance was designed to meet the needs of low income workers. The cost of industrial life assurance is ordinarily high since the life expectancy of low income workers is not as good as that of an average member of the society. Secondly, the administrative expense of industrial life assurance is relatively high.

Individual life assurance is that assurance purchased by individual consumers to fulfill their life assurance plans.³³ It is also called ordinary life assurance.

³¹ Dorfman op.cit., P. 237.

³² Vaughan op.cit., P. 186.

³³ Dorfman op.cit., P. 238 also see Vaughan Ibid., P. 186.

There are various types of life assurance policies that are in force. The most commonly encountered policies are: term assurance policies, endowment assurance policies and whole life assurance policies.

Term policies give protection against financial loss resulting from death during a specified period of time.³⁴ If the assured outlives the period, no payment is made by the assurer.³⁵ The duration of term policies differ. While some term policies are written for only one year, others may be written for five or even 20 years.³⁶ In addition to normal term policies, we may have term policies being purchased as riders to other cash value assurance policies or other term policies.

Since term policies expire automatically when the period of cover expires, the assured may go for either renewable term policies or convertible term policies

Endowment assurances are of two types.³⁷ The pure endowment and endowment life. A pure endowment is a contract that promises to pay the face amount of the policy only if the assured survives the endowment period. Endowment life assurance

³⁴ Vaughan op.cit., P. 182

³⁵ Dorfman op.cit., P. 240

³⁶ Davis W. Gregg and Vane B. Lucas, Life and Health Insurance Handbook, Third Edition (Richard D. Irwin Inc. Homewood, Illinois, 1973), P. 55

³⁷ Vaughan op.cit., P. 182.

in contrast is a combination of pure endowment and term insurance. The company undertakes to pay the face amount of the policy if the assured dies within the period of the policy or to pay the face amount if the assured lives to the end of the specified period known as the Endowment period. It should be noted that due to the savings element, the Endowment Premiums are the largest of any comparable life assurance plan but provide the smallest amount of protection for each dollar of premium paid.³⁸

The other type of life assurance policy that is normally encountered is the whole life assurance. Under this policy, the assurer undertakes to pay the beneficiary the value of the contract when the assured dies. Whole life contracts may be divided into two major types:³⁹ Straight life contracts and limited payment life contracts. Under policies of straight life, premiums are payable for the remainder of the assureds life but under contracts of limited payment life, the premiums are payable for the remainder of the assureds life or until the expiry of a stated period if shorter.

³⁸ Gregg and Lucas op.cit., P. 76.

³⁹ Gregg and Lucas op.cit., P. 66.

Problems of service Marketing and Suggested Solutions

Services, life assurance being no exception, possess quite distinctive features which render their marketing difficult. The four most commonly mentioned features are:⁴⁰ intangibility, inseparability, perishability and variability.

Intangibility

Services are intangible. Kotler⁴¹ asserts that they can not be seen, tasted, felt, heard or smelled before they are bought. Several writers cite this as the fundamental peculiarity of services (see Shostack⁴² and Berry⁴³). Because of intangibility, service marketing becomes very complex. The buyer will rely on information provided by the service provider. If the service provider is not honest, the service will get bad publicity.

To overcome the problem of intangibility, service providers can improve the clients confidence by doing certain things. The first task of the service provider would be to increase the service tangibility. Service companies have heeded this

40 Philip Kotler., Marketing Management: analysis planning and control, 5th Edition, (New Delhi: Prentice-Hall of India, Private Limited 1985), P. 497.

41 Ibid.

42 Lynn Shostack., "Breaking Free From Product Marketing, Journal of Marketing Volume 41 (April 1977), PP. 73-80.

43 Leonard L. Berry., "Services Marketing is different Business Volume 30 (May - June 1980), PP. 24 - 29.

and insurance companies for example use such terms as blanket cover and umbrella cover to make their service appear tangible.

Secondly, service providers can emphasize the benefits of their service rather than just describing its features.⁴⁴

The other ways by which service providers can overcome the issue of intangibility is by developing brand names to increase consumer confidence and also use a celebrity to create confidence in the service.

Inseperability

A service is inseperable from its source.⁴⁵ Whereas goods are first produced, sold and then consumed, services are first sold, then produced and consumed simultaneously with the consumer wholly or partially entering the production process.⁴⁶

Service firms can overcome this limitation by pursuing various strategies. The first such strategy would be for the service provider to work with larger groups. Service providers can work faster. The employees in addition, can be trained uniformly.⁴⁷

⁴⁴ Kotler op.cit., P. 497.

⁴⁵ Ibid.

⁴⁶ Shostack op.cit., P. 75.

⁴⁷ W.E. George and H.C. Barksdale., "Marketing Activities in the service Industries" Journal of Marketing Vol. 7 (October 1974), P. 65.

Perishability

Services are perishable and this makes their marketing difficult. They can not be stored.⁴⁸ The perishability of services may only be a problem when the demand for the service is unsteady. If demand is unsteady, a better match should be produced between the demand of a service and its supply.

Sasser⁴⁹ suggests several strategies for producing a better match between demand and supply in a service business. On the demand side he suggests:

- (a) Differential pricing to shift some demand from peak to off peak periods,
- (b) Cultivation of non peak demand,
- (c) Developing complementary services to provide alternatives to waiting customers during peak hours, and,
- (d) Using reservation systems.

On the supply side, he suggests:

- (a) Hiring of part time employees to serve peak demand,
- (b) Introducing peak time efficiency routines,

⁴⁸ Kotler op.cit., P. 498.

⁴⁹ W.E. Sasser., "Match Supply and Demand in service industries", Adopted from Kotler op.cit., PP. 498 - 499.

- (c) Increasing customer participation in the various tasks for example when customers fill their own medical records or bag their own groceries, and
- (d) Developing shared services.

Variability

Variability is the other characteristic of services which render their marketing difficult. Services have to be variable since they depend on who provides them and where they are provided.

To overcome the problem of variability, service firms can first invest in good personnel selection and training. Secondly, they can monitor customer satisfaction through suggestion and complaint systems, customer surveys, and comparison shopping so that poor service can be detected.

Consumer Attitudes Toward Life Assurance

The bulk of the literature available on insurance is oriented to developed nations. Very little study and research has been devoted to insurance as a factor in developing nations. The situation is much more serious when one considers what has been written on insurance in the African countries.

Byamugisha, (1973) researching on insurance law in East Africa recommended among others: immediate settlement of

claims (irrespective of the fortunes of suits and settlements under subrogation), forcing insurance companies to process applications faster (unlike at present when they are allowed to process it at their own leisure), modifying some clauses particularly those that relate to cooperation and assistance (He recommended that companies should not be allowed to walk out of their obligations simply because the insured never co-operated. The test should be whether non co-operation increased the loss). In short, Byamugisha advocated for 'East Africanizing' the insurance laws that apply to the East African countries.

Guya (1976), conducted his study on the life expectancy in use in actuarial tables in Kenya and concluded that there was need for acturial and construction of life tables.

Irukwa (1977) conducted his study in Nigeria and wrote about insurance management in Africa. Other than narrating how insurance originated in East Africa, the study never gave a clear picture of insurance management in East Africa. It can be concluded that Irukwa's study relate more to Nigeria and West Africa than to East Africa.

Ayugi (1980) surveyed the doctrine of indemnity and subrogation in insurance contracts but his study was not profound on life assurance.

Khamalah (1985) carried out research on life assurance practice in Kenya and reported among others the need for taking insurance to the rural areas, improving consumer awareness of life assurance, need for government involvement in insurance, need for setting up an additional Reinsurance Company, and training and development of insurance personnel in the country.

Several articles have been appearing and continue to appear in the local and international press that do relate to insurance in general and life assurance in particular. Most of them deal with one aspect of life assurance or another but the topic "consumer attitude" has at best been "neglected".

Dr. Wariungi researching on "The Consumer and the marketing system of a developing country Kenya", postulated that not many studies have been carried in less developed countries that directly address themselves to consumer dissatisfaction and complaining behaviour.⁵⁰ The experience in the Kenyan insurance field concurs with Dr. Wariungi's observation. Some few studies have nevertheless been carried out in Kenya and elsewhere that address themselves to consumer attitudes toward life assurance.

50B. Cege Wariungi., The Consumer And The Marketing System of a Developing Country: Kenya, Ph.D Thesis, Indiana University 1977, P. 20

The few studies which were available and reviewed by the author have not given uniform answers. While some studies indicate that consumers have negative attitudes, others report positive attitudes yet others indicate neutral attitudes.

Angima⁵¹ in a research carried out on the University of Nairobi's main campus lecturers found out that 56% of those who responded had neutral attitudes toward insurance, 33.8% had negative attitudes, and only 9.2% had positive attitudes. Overallly then it can be said the lecturers had neutral attitudes toward insurance.

Angima's study was unfortunately carried on only one category of people, a group which may not be representative of the Kenyan insured public. The response mortality was also high in the study. The researcher acknowledged that only 65% of the sample responded.

Kitenga⁵² in his study concluded that in Kenya there are those with positive attitude and those with negative attitudes.

51 Carren M.B. Angima., Attitudes Toward Insurance And Possible Reasons For Holding such Attitudes: A Preliminary Inquiry, unpublished M.B.A. Term paper, May 1986., P. 4.

52 C.M. Kitenga., "Attitudes Toward Life Assurance in Kenya Today" The Kenya Underwriter, Volume 10 (Dec. 1985), P. 18.

Kitenga's study however suffer from several defects. He states that since life assurance is the "most popular" Branch of Insurance, the attitudes people have towards insurance would apply to it. No attempt was made to show why or how life assurance is popular.

The above work has no empirical backing. The researcher made no attempt to show when his data was collected, how it was collected, or how it was analysed. In absence of all these, one would be forced to conclude that the purported study is by all accounts mere hearsay.

Khamalah⁵³ asserts that the term life assurance brings into mind certain impressions. His argument particularly on attitudes was not based on empirical evidence.

Ali⁵⁴ in an interview with one standard newspaper correspondent "admitted" that Kenyans are generally dissatisfied with the insurance industry. This is simply a statement of opinion not fact.

Esteva⁵⁵ reports that even in France where government control is strict, insurance is generally abhorred but no statistics is provided to give this assertion any empirical backing.

53 Khamalah op.cit., P. 5.

54 _____, The standard, City Edition 27th Nov. 1986, p.12

55 Esteva op.cit., P. 3.

Boe⁵⁶ presenting the case in America concluded that the American public is satisfied with the conduct of insurance business in the United States but consumerist leaders are not. The bulk of the public thinks agents do a good job. They are generally satisfied as far as claim service is concerned. On first party claims they are very satisfied by their insurance and on third party claims 82% of them are satisfied 18% are not.

Esteva's study nevertheless suggest that not all aspects of insurance are bad. He maintains:⁵⁷

... while the role played by the insurance companies and methods of the industry seem well understood, a poor rating is given to the performance of their dealing with the public.

The insurance industry in Kenya is however young and is bound to meet the problems it faces. Saksena⁵⁸ shares this view when he states:

⁵⁶ Archie Boe., "Consumerism: The Perspective of An American Insurance Executive". Consumerism - The Demands which Need To Be Met. Panel Discussions (Reinsurance offices Association Aldermay House, Queenstreet London) June 1978, P. 8.

⁵⁷ Esteva op.cit., P. 3.

⁵⁸ D.C. Saksena., "Insurance The modern Magic" The Kenya Underwriter. Volume 8 (December 1983), P. 10.

In modern times insurance has taken over the task of providing security. But let us not forget that it is a new device insurance will take time to perfect itself. It will even take longer to adopt itself to a scenario which is changing radically and fast.

Factors That Contribute To Consumer Dissatisfaction

Consumers are dissatisfied with specific aspects of life Assurance whose review may be necessary. The major areas of dissatisfaction are:⁵⁹ Pricing, claim settlement procedures, Product/service, inadequate information, policy sale conditions, inadequate availability of life assurance and effects of inflation on life assurance.

Pricing

The price of insurance is determined actuarially. This makes it difficult for potential or actual assureds to understand the principle behind the whole mechanism. In determining the price of a policy, life assurance companies take into account mortality, overheads for running the company, the nature of the risk, and of course profits.

⁵⁹ Esteva op.cit., PP. 3 - 4.

The process by which insurance premiums are set is technical and even if the Insurance Companies were willing to explain it, not all assureds would understand it. Simply defined, insurance companies in an attempt to arrive at the premium to charge will first calculate the net single premium on which some adjustment is made to arrive at the gross single premium and subsequently the level premium to be charged each year or month.

In carrying out the mathematics of life assurance, certain assumptions are set which are:⁶⁰

- (a) The actual number of deaths will always equal the estimates of the 1958 CSO (commission standard ordinary mortality table).
- (b) There will be no expenses other than payments to the beneficiaries of insureds who die.
- (c) All premiums will be paid on the first day of the year.
- (d) All deaths are counted as occurring on the last day of the year.

Even though the above assumptions are set, they may not necessarily be true. The first point in particular is not true since the actual deaths in any given year may not equal that set in the 1958 CSO (commission standard ordinary) mortality table. A detailed discussion of how single premium, one year term assurance premium is determined is provided in Appendix E.

⁶⁰ Dorfman op.cit., P. 287.

A number of people admit that pricing is surely a major source of consumer dissatisfaction. Esteva⁶¹ asserts that consumers are greatly moved by the fact that companies charge different prices on apparently similar policies.

Angima⁶² reports that 45.5% of the sample that was analysed had the opinion that insurance premiums were high. Out of those people whose policies had lapsed, 40% mentioned high insurance premiums as a cause of the policy lapse.

Others however disagree with this general claim. Munn⁶³ in a study carried out in Nigeria reported that it is the disposable income that is low not that prices are high.

Claim Settlement Procedures

Claim settlement is another area which has caused a lot of dissatisfaction. Before any claim can arise, there must be loss or damage of the insured event. The process involved in settling a claim generally includes⁶⁴ Proof of claim, claim examination, identification of the insured, determination of benefits claimed, determination of policy status, and the determination of the extent if any, of liability.

⁶¹ Esteva op.cit., P. 4.

⁶² Angima op.cit., P. 5.

⁶³ H.Munn, Retailing in Nigeria. Adopted from Wariungi op.cit., P. 15.

⁶⁴ Gregg and Lucas op.cit., PP. 1009 - 1010.

The process as defined may be simple on paper but difficult to implement. Claim settlement has been very controversial in life assurance.

Sheather⁶⁵ acknowledges the significance of prompt claim settlement when he states:

The sales force may be brash and brassy, polished or plain but it will be to avail in the long run if claims, renewals and mid term alterations are not handled with the same efficiency that satisfies the consumer.

Esteva⁶⁶ reports that despite the significant role claim settlement should play, insurance companies have handled claim payment in a way that has often dissatisfied the consumer.

Product/Service

The service insurance has been misconceived⁶⁷ and this has often led to dissatisfaction. What consumers expect the service to be, ends up not being the reality. People have thus had strange notions whenever the term insurance is mentioned. A journal published by Alico, one of the leading insurance

65 Sheather op.cit., P. 40.

66 Esteva op.cit., P. 5.

67 _____, Hamburger International Riickversicherung, No. 1.
(Hamburg Re. 1986), P. 1.

companies in Kenya indicate that whenever the term insurance is discussed, people have the image of the insurance agent.⁶⁸

Warner⁶⁹ in his address to the west African Insurance consultative association and organisation of East African Insurers stated that the current insurance policies are not geared toward the common mans need and that insurance companies need to write policies that would respond to the plight of the little man on the streets.

Saksena⁷⁰ reports that people are irritated and scared of the way life policies are written and that the policies do not provide the cover their names suggest they should cover.

Okatch⁷¹ blames both the assurers and the assured for the apathy towards life assurance. He is of the opinion that the proposers themselves do not disclose relevant facts but since they are not experts in insurance, they do not know what facts they are required to disclose.

68 _____ "Selling Insurance Through The Mail" Alico Profile Vol. 1 No. 2 (March 1983) P. 2.

69 B.C. Warner, "New Insurance Policy called For" The Liberian, Volume 33 No. 70 (August 1979) P. 1.

70 Saksena op.cit., P. 22.

71 B.G. Okatch, "Are we insular" The Kenya Underwriter No. 3 (January/February 1980) p. 13.

Reports from other parts of the world indicate that the service life assurance is misconcieved. It is reported⁷² that Asians traditionally regard insurance as an exclusive instrument of the rich to guard their wealth.

Research carried out in other fields⁷³ indicate that causes of reported dissatisfaction with the product are mainly related to the "performance of the product". Products seem not to perform the tasks their sellers claim they perform.

Inadequate Information

Various people claim that life assurance companies give sketchy (if any) information to the policy holders. Those who get some information hardly get a comprehensive one. Esteva⁷⁴ opines that insurance companies do not give any corprehensive information and this may be a deliberate attempt by the said companies to run away from their responsibility when the time for settling claims come.

Boe⁷⁵ suggests that the insurance companies should communicate with the insurance public so as to be able to

⁷² Hamburg R e op.cit., P. 1.

⁷³ Wariungi op.cit., pp. 223

⁷⁴ Esteva op.cit., P. 6.

⁷⁵ Boe op.cit., P. 9.

solicit enough support. Kingori⁷⁶ in his article concludes that people regard insurance as a myth, a situation which need to be reversed. Okatch⁷⁷ in his contribution reports that the outsiders feel that the insurance industry is operating under rules which are applied unfairly against them.

Kitenga⁷⁸ however blames both the insured and the insurer for the pathetic situation that is currently prevailing in the industry.

Christian⁷⁹ claims that the whole exercise of insurance is very confusing and state:

The issue of insurance is further complicated by the fact that both the names of the insurance companies and policies they sell are often so similar as to be confusing to the members of the public

From the review done so far, it can be rightly stated that lack of information has partially led to consumer dissatisfaction with life assurance.

⁷⁶ J. Kingori, "Role of Training in The Insurance Industry" The Kenya Underwriter Vol 10 (Dec 1985) P. 31.

⁷⁷ Okatch op.cit., P. 13.

⁷⁸ Kitenga op.cit., P. 18.

⁷⁹ Charles Christian "Selling The Image" Policy Market, Volume 82 No. 3331, (March 1983). P. 5.

Policy sale conditions

The conditions under which life assurance policies are sold has been criticized. The sale of life assurance in Kenya is basically done by agents.⁸⁰

Agents can basically fall under three classes even though authors like Dinsdale⁸¹ give four categories of agents. In Kenya, we have two types of agency systems: general agents and Branch management systems.⁸² Even though agents play a very significant role in the selling of life assurance, they have been criticized heavily.

Esteva⁸³ deplores the fact that agents sell their policies from Door-to-Door and in the process denying the consumer the freedom of choice. A study carried out by Angima⁸⁴ revealed that only 3.1% of the people who were interviewed felt salesmen give accurate information. 66.2% of the respondents felt agents are only interested in commission hence do not give proper advice to clients. 30.8% of the respondents felt that the insurance agents do not understand the policies

80 Khamalah op.cit., P. 16.

81 W.A. Dinsdale, Elements of Insurance. (London: Sir Isaac Pitman and Sons Limited 1960.), P. 16.

82 Khamalah op.cit., P. 50.

83 Esteva op.cit., P. 4.

84 Angima op.cit., P. 5.

they sell. 1.5% of the sample felt agents disappear after making a sale.

The use of agents and their role has been the subject of debate at both the insurance as well as other academic levels. Sullivan⁸⁵ for example is of the opinion that even though use of agents and Brokers is cheap, it has got the side effect of forcing the business firms to have very little control over the flow of business. Bullough⁸⁶ accuses agents of selling policies for which they will get maximum commission and of their failure to disclose the amount of commission they get from sale of each type of policy.

Whitefield⁸⁷ in his address to the House of commons stated that an efficient salesman should be able not only to explain the policy they are selling but be able to admit that there is commission in it for them.

85 Mary Sullivan., "New Life outlets sought" Policy Holder Insurance News. Volume 101 No. 36 (September 1983), P. 29.

86 Peter Bullough, "Who's kidding who?" Policy Market, Volume 84 No. 3359, (July 1985), P. 9.

87 J. Whitefield., Address to the House of common. Adopted from Bullough Ibid.

One sales correspondent⁸⁸ of the Policy Holder Insurance News predicts an even gloomier picture of life assurance should the companies decide to employ agents using unethical selling methods.

Sheather⁸⁹ reports that the way life assurance is sold has not been changing, and unless change is introduced life assurance will automatically perish.

Agents have been ridiculed in almost all circles be it in marketing or any other. Different authors have contributed to this debate. Thompson⁹⁰ alleges that agents have not been subjected to any objective analysis. McMurry⁹¹ reports that selling has made little or no progress at all. And that salesmanship is still as primitive as it was 100 years ago. Even though it works, no one seems to understand quite how.

88 _____ "Sex Greed and Salesmanship" Policy Holder Insurance News. Volume 99 No. 31 (August 1981), P. 22.

89 Sheather, op.cit., P. 40.

90 Donald T. Thompson., "Stereotype of The Salesmen" Havard Business Review Volume 50 (Jan - Feb 1972) P. 20.

91 Robert N. McMurry., "The Mystique of Super Salesmanship" Havard Business Review Volume 39 (March - April 1961), P. 113.

Studies carried out in America among more than 1,000 male students in 223 colleges and Universities about selling as a possible career came up with the commonly held views about salesmanship as:⁹²

- (a) Selling is a job not a professional career.
- (b) Salesmen must lie and be deceitful in order to succeed.
- (c) Salesmanship brings out the worst in people.
- (d) To be a good salesman one must be psychologically maladjusted.
- (e) One must be arrogant and overbearing to succeed in selling.
- (f) Salesmen live a degrading and disgusting life because they must be pretending all the time.
- (g) Selling benefits only the seller.
- (h) The personal relations involved in selling are repulsive.
- (i) Salesmen are prostitutes because they sell all their value for money.
- (j) Selling is no job for a man with talent.

92 Thompson op.cit., P. 21.

Inadequate availability of Life Assurance

It has been proposed that consumers are dissatisfied with life assurance simply because the service is not available to all. Warner⁹³ shows that some people are not fit to pay life assurance premiums and calls for the evolution of solutions to the African socio-economic realities. Boe⁹⁴ reporting the case in America states that while most things are open to those who want them, this is not so in insurance. If anything, people get second class service an occurrence that he considers discriminatory.

Effects of inflation on Life Assurance

It has been observed by some that life assurance is not sensitive to inflation. Roger⁹⁵ states that because of inflation, life assurance policies should be revised. Unless this is done, the assured will find out that his life policy is inadequate. Bushan⁹⁶ supports Rogers view on inflation.

93 Warner op.cit., P. 5.

94 Boe op.cit., P. 9.

95 Wooten Roger, "Inflation As It Affects Life Assurance".
Insurance Forum Volume 1 No. 16(June 1973), P. 5.

96 Kul Bushan, "Life Assurance: Why you should Ask Around First,"
The Standard, 27th November 1986, P. 11.

Solutions Suggested for Overcoming dissatisfaction

Various people have suggested ways for overcoming consumer dissatisfaction. Some of these are implicit yet others are explicit. Some of the suggested solutions deal with services in general yet others deal with insurance in particular.

Esteva⁹⁷ opines that consumer dissatisfaction can be overcome through improving life assurance image. Life assurance, he asserts, can improve only if assurance companies, the assureds, and the government take very serious measures. Life assurance companies can improve insurance image by explaining to the policy holders the mechanism followed in arriving at the prices they charge. He recommends that the policy holders can exercise caution while selecting an assurer a postulate which is also put forward by Heubner and Black.⁹⁸ The governments role should pervade the whole operation of insurance.

Magrath⁹⁹ proposes that service companies have laid emphasis on the 4 ps of marketing (that is Product, Price

97 Esteva Ibid., P. 3.

98 S.S Heubner and Kenneth Black Jr., Life Insurance. (Englewood cliffs Prentice-Hall Inc. 1982) pp 385 - 389, 10th Edition.

99 A.J. Magrath, "When Marketing Services, 4Ps Are Not Enough" Business Horizons (May/June 1986), P. 44.

Promotion, and Place) as if they were product oriented organizations. He thinks that service companies may improve their operations if they put emphasis on the 3p's that they have tended to ignore, these being personnel, physical facilities and process management.

Conclusion

From the forerunning literature review several conclusions can be made. The first is that the term attitude can be defined in various ways; that attitudes perform four basic functions: the ego defensive function, the utilitarian function the value expressive function, and the organization of knowledge function; that attitudes develop over time; that attitudes have three basic components: the cognitive component, the affective component, and the behavioural component; that various assumptions are made in order to measure attitudes; and that several attitude measurement scales exist some of which are semantic differential, Likert type scale, Guttman's "scale analysis", Lazarsfeld's latent structure theory, and the Thurstone Technique.

The second conclusion is that life assurance is sold through three ways these being group assurance, industrial life assurance and individual life assurance; and that various types of life assurance policies are in force the most common ones being term assurance policies, endowment assurance

policies and whole life assurance policies.

The third conclusion is that services (life assurance being no exception) have unique characteristics which render their marketing difficult, these being intangibility, inseparability, perishability, and variability.

The fourth conclusion is that studies carried out so far do not give uniform answers as to what peoples' attitudes toward life assurance are. While some studies indicate that consumers have negative attitudes, others report positive attitudes, yet others indicate neutral attitudes.

The fifth conclusion is that there are various factors that contribute to consumer dissatisfaction examples being pricing, claim settlement procedures, product/service, inadequate information, policy sale conditions, inadequate availability of life assurance and effects of inflation on life assurance.

Finally according to the literature there are various measures which (if taken) may improve life assurance image. The measures can be taken by the policy holders, the assurance companies, and the government. The policy holders for example could exercise caution while selecting an assurer. The assurance companies should explain to the policy holders how they arrive at the premium charged. The government's role should pervade the whole operation of assurance.

CHAPTER III

RESEARCH DESIGN

The Sample

The population of interest was middle class households living in Nairobi District. A sample of five residential areas was chosen for the study. The five residential areas identified with the middle class were selected using the fish pot method of simple random sampling.

The researcher developed a sampling frame (see appendix F) from a map of Nairobi available at the city Commissions planning office (see appendix G). Only residential areas that were clearly identified with the middle class were included in this frame.

From each residential area, the questionnaires were administered to the family heads of the households. The households in an area were assumed to be homogeneous so it did not matter which house the respondent was drawn from. From each area an attempt was made to draw respondents from various geographical parts of the residential area. For those areas, such as, Buru-Buru that had more than one phase, it was ensured that all the phases were covered and the above procedure followed.

For each of the five areas, 18 questionnaires were

administered. It was intended that a sample size of 90 respondents be used in the study but only a total of 84 respondents completed the questionnaires and it is these that were analysed for this study. The six respondents who were given the questionnaires but who eventually proved to be unco-operative were ignored from the sample.

Data collection method

The data was collected by self administered questionnaires. The questionnaire (see appendix A) consisted of three sections namely: the attitude measurement section, the attitude information seeking section, and the section for the demographics of the respondents.

In preparing the questionnaire that was used in the final study, an initial questionnaire was developed and pretested on a sample of 20 respondents. The questions used in the initial questionnaire were generated from the literature, discussions with members of the public (both consumers and non consumers of insurance service), and academicians. After pretesting, the initial questionnaire was corrected and adjusted according to the experience and result of pretesting to arrive at a final questionnaire that was used in the study.

For the attitude measurement section of the questionnaire, after

pretesting, the questions were subjected to a vigorous analysis to identify those that were capable of discriminating between positive and negative attitudes. Only such questions were used in the final questionnaire.

Out of the 21 questions (in the attitude measurement section of the initial questionnaire) that were pretested, only 13 questions that were capable of discriminating between positive and negative attitudes were retained in the final questionnaire.

While administering the questionnaires, whenever cases of "not at home" or unco-operative respondents were met, the next household was chosen. The questionnaires were left with the respondents to fill and collected on the next day. Those family heads who opted to complete theirs immediately did so while the interviewers waited.

The questionnaires were circulated to the respondents by the researcher and/or his two research assistants. Self administered questionnaires were used to eliminate interviewer bias and involve the interviewee actively in the research process.

DATA ANALYSIS AND PRESENTATION OF FINDINGSIntroduction

Data in this study has been summarized and presented by tables. Percentages and total scores have been used for analysis.

The following Key was used for scoring the responses in the likert type scale questions.

Scale	Scores for Positive statements	Scores for Negative statements
Strongly Agree	+2	-2
Agree	+1	-1
Neither Agree nor Agree	0	0
Disagree	-1	+1
Strongly disagree	-2	+2

Presented in this chapter, then, are findings that go toward answering issues that were raised in the objectives of the study. This chapter treats data analysis and findings under three major sections. The first section seeks to determine the type of attitudes middle class people living in Nairobi have toward life assurance. It also attempts to

identify if any relationship exist between the types of attitudes held and the various respondent demographics studied. The second section seeks to determine whether people are satisfied or dissatisfied with life Assurance, and the reasons why people are satisfied or dissatisfied. This section also tries to determine whether any relationships exist between satisfaction/dissatisfaction and the various respondent demographics studied. The final section determines whether those with policies have positive/negative attitudes or whether those without policies have negative/positive attitudes.

People's attitude toward life assurance

In this section various issues relating to the attitudes of middle class people were considered.

Table 1 shows the type of attitudes middle class people in Nairobi have toward life assurance.

Table 1: People's attitude toward Life Assurance.

ATTITUDE	NUMBER OF RESPONDENTS	PROPORTION OF RESPONDENTS
POSITIVE	19	22.6%
NEUTRAL	14	16.7%
NEGATIVE	51	60.7%
TOTALS	84	100

Note: Table 1 is a summary of the data in appendix b.

As the table shows, the majority, 60.7% of the respondents held negative attitudes toward life assurance. Only 22.6% held positive attitudes toward life assurance. The literature reviewed in this study showed that authors are not agreed on consumer attitudes toward life assurance. While some authors argue that consumers have negative attitudes toward life assurance, others argue consumer attitudes are neutral, yet others argue that consumer attitudes are positive. This study found that people's attitudes were negative.

An attempt was made to establish if any of the demographic characteristics studied had an impact on attitudes. The demographic characteristics studied were education, net monthly income, marital status, and sex.

Table 2 shows the type of attitudes held toward life assurance by people of various educational levels.

Table 2: Attitudes held and level of education

ATTITUDE	FORM FOUR	FORM SIX	DIPLOMA	UNIVERSITY	OTHERS
POSITIVE	(3) 0.0%	(24) 25.0%	(11) 9.1%	(33) 30.3%	(13) 15.4%
NEUTRAL	33.0	16.7	27.3	9.1	23.1
NEGATIVE	66.7	58.3	63.6	60.6	61.5
TOTALS	100	100	100	100	100

As the table shows, the majority of the respondents regardless of the level of education had negative attitudes toward life assurance. The implication is that the kind of attitude one has, negative or positive, does not depend on one's level of education. There was no respondent whose level of education was lower than form four.

Table 3 shows the attitudes toward life assurance of people of various income groups.

Table 3: Attitudes and Net monthly income

ATTITUDE	OVER KSHS 6,000 PER MONTH	KSHS 6,000 - 4501 PER MONTH	KSHS 4,500 - 3001 PER MONTH
	(31)	(20)	(33)
POSITIVE	25.8%	25.0%	18.2%
NEUTRAL	12.2	15.0	21.2
NEGATIVE	61.3	60.0	60.6
TOTALS	100	100	100

As the table shows, the majority of the respondents in each income category had negative attitudes toward life assurance, these were 61.3%, 60% and 60.6% of the respondents of the net income groups of over kshs 6,000, Kshs 6,000 - 4501, and Kshs 4,500 - 3001 per month respectively. The

distribution of the respondents over neutral and positive attitudes in each income category are also fairly similar among the different income categories. Here again the implication is that the type of attitude one holds toward life assurance does not depend on one's level of income. No respondent had a net income below Kshs 3001 per month.

Table 4 shows the attitudes of the married and single middle class people toward life assurance.

Table 4: Attitudes and Marital status

ATTITUDES	MARRIED RESPONDENTS	SINGLE RESPONDENTS
	(53)	(31)
POSITIVE	20.8%	29.0%
NEUTRAL	22.6	6.5
NEGATIVE	56.6	64.5
TOTALS	100	100

The table shows that the majority, 56.6% of the married respondents held negative attitudes toward life assurance. Only 20.8% held positive attitudes. It also shows that the majority, 64.5% of the single respondents held negative attitudes. Only 29.0% held positive attitudes. The type of attitude one holds toward life assurance therefore, does not depend on one's marital status.

Table 5 shows the attitudes toward life assurance of male and female middle class people.

Table 5: Attitudes and Sex

ATTITUDE	MALE RESPONDENTS	FEMALE RESPONDENTS
POSITIVE	(60) 16.7%	(24) 37.5%
NEUTRAL	15.0	20.8
NEGATIVE	68.3	41.7
TOTALS	100	100

As the table shows, the majority of the respondents held negative attitudes toward life assurance. The proportions of those with negative and those with positive attitudes however seem to be quite close among the females, 41.7% and 37.5% of the females respectively. This is not the case among the male respondents. The implication is that negative attitudes is more pronounced in males than females.

From the analyses carried in section one, it can be concluded that middle class people living in Nairobi generally held negative attitudes toward life assurance and that respondent demographics studied had no impact on attitudes.

Respondent satisfaction and dissatisfaction with
life assurance

The second section, as indicated in the introduction to this chapter sought to determine whether middle class people living in Nairobi were satisfied or dissatisfied with life assurance and reasons why people were satisfied or dissatisfied. The section also tried to determine whether any relationships existed between satisfaction/dissatisfaction and the various respondent demographics studied.

Table 6 shows respondent satisfaction/dissatisfaction with the way life assurance companies, insurance agents, and brokers handle insurance matters in Kenya.

Table 6: Respondent satisfaction/dissatisfaction with insurance matters.

	Number of Respondents	Proportion of Respondents
Satisfied	12	14.3%
Dissatisfied	72	85.7
TOTALS	84	100

As the table shows, the majority of the respondents were dissatisfied with life assurance. 85.7% of the respondents indicated that they were dissatisfied with the way life assurance matters in Kenya were being handled, while only 14.3% indicated they were satisfied.

The researcher made attempts to identify reasons that led to respondent satisfaction/dissatisfaction. Table 7 shows the reasons which explained why respondents who had indicated their satisfaction were satisfied with life assurance.

Table 7: Reasons for respondent satisfaction with life assurance

Reasons	Proportion of satisfied Respondents
	(12)
Life assurance companies or their agents give appropriate advice at the time of selling the policy	58.3%
Life assurance premiums are low	41.7
Life assurance is properly sold	33.3
Life assurance policy terms are not complex	58.3
Life assurance companies settle claims promptly	41.7
Life assurance is a good saving	25.0

Table 7 shows that all the reasons as indicated in the table contributed towards satisfaction with life assurance among some respondents. However, the most popular reasons were appropriate advice given to the buyers at the time the policy is sold, and non complex nature of the policy terms. Each of the two reasons was indicated by 58.3% of the respondents who were satisfied with life assurance.

Table 8 shows the reasons for respondent dissatisfaction with life assurance.

Table 8: Reasons for respondent dissatisfaction

Reasons for respondent dissatisfaction	Proportion of dissatisfied Respondents
	(72)
Life assurance companies or their agents do not advise buyers appropriately at the time of selling the policy.	88.9%
Life assurance contracts are difficult to understand	65.3
Life assurance premiums are so high	45.8
Life assurance is like a tax to the buyer	33.3
There is no benefit in holding life assurance policies sold in Kenya	20.8

Table 8 continued:

Life assurance policies sold in Kenya are not relevant to my needs.	9.7%
Life assurance is not geared toward meeting my religious aspirations	5.5
Life assurance conflicts with my tradition	2.7
Life assurance benefits are given later than one would ordinarily expect	40.3
Life assurance companies try to avoid settling claims	45.8
Everybody else is dissatisfied with life assurance	12.5
Life assurance agents are tricky	61.1
Life assurance agents do not understand the service they sell	77.8
Life assurance agents invade peoples privacy	30.6

As the table shows, the factors or reasons with which most dissatisfied respondents were dissatisfied were: inappropriate advice given at the time life assurance policies are sold, difficult nature of contracts, tricks used by insurance agents, and the fact that agents do not understand the policies they sell. According to the literature, these are some of the factors that cause consumer dissatisfaction.

As shown in the table, the majority of the respondents in each demographic category were dissatisfied with life assurance. It is only in the form four category of respondents where the majority, 66.7% of the form four respondents indicated that they were satisfied with life assurance. Since only three cases were observed and analysed the significance of this result can be ignored because the number of cases was quite small. ~~is small.~~

It can be concluded from the analysis that most respondents were dissatisfied with life assurance, that some of the reasons for respondent dissatisfaction like complaints against agents supported what is in the literature, while other findings like claim settlement contradicted the theory available in the literature.

Attitude and policy status

The third and final section of this chapter as indicated earlier attempts to determine whether those with policies had positive/negative attitudes or whether those without policies had negative/positive attitudes.

Table 10 shows the type of attitudes held by middle class respondents who had life assurance policies and those who did not have policies.

Table 10: Attitudes and life assurance policy status:

ATTITUDES	RESPONDENTS WITH POLICIES	RESPONDENTS WITHOUT POLICIES
	(47)	(37)
POSITIVE	23.4%	21.6%
NEUTRAL	12.8	21.6
NEGATIVE	63.8	56.8
TOTALS	100	100

As shown in table 10, the majority, 63.8% of the respondents who had life assurance policies held negative attitudes toward life assurance. Only 23.4% held positive attitudes. As for those without policies, 56.8% of those

without policies held negative attitudes toward life assurance. Only 21.6% held positive attitudes. The possible implications here were two fold, one, that policy status did not have any impact on the nature of attitudes held, and the other, that the type of attitude one holds has no relationships with his holding or not holding a policy.

The theory of attitudes as reviewed in the literature shows that attitude is an important factor in purchase and one would expect that the majority of those with positive attitudes would be holders of life assurance policies while the majority of those with negative attitudes would not be holders of life assurance policies. The findings of this study, however, show that the majority of the policy holders and the majority of the non policy holders had negative attitudes. This is quite different from what the theory of attitudes show.

Conclusion

The foregoing analyses bring to light a number of points. The first is, that middle class people living in Nairobi generally held negative attitudes toward life assurance and that the respondent demographics studied did not have any relationship with their attitudes.

The second point is that middle class people living in Nairobi were generally dissatisfied with life assurance. The factors with which most dissatisfied respondents were dissatisfied were: inappropriate advise given at the time life assurance policies are sold, difficult nature of contracts, tricks used by agents, and the fact that agents do not understand the policies they sell. Some factors like irrelevant nature of policies sold, life assurance being not geared toward meeting respondents religious aspirations or traditions, and negative word of mouth were not popular factors of dissatisfaction. It was also found that the consumer demographics studied had no impact on satisfaction/dissatisfaction with life assurance.

Finally, policy status, that is, holding or non holding of a life assurance policy was found to be irrelevant as far as the attitudes held were concerned.

52

CHAPTER V

CONCLUSION

Chapter five, the conclusion summarizes and discusses the findings of this study according to the questions that were raised in the objectives of the study. Also covered in this chapter are the limitations of the study. The chapter concludes by recommending areas for future research.

Summary and Discussions

One question was raised as the primary objective of this study, and four other questions as the secondary objectives. The major question sought to determine the type of attitudes which middle class people in Nairobi held toward life assurance. The Secondary questions sought to determine the following: whether middle class people living in Nairobi were satisfied/dissatisfied with life assurance; why middle class people living in Nairobi were satisfied/dissatisfied with life assurance; whether people with policies held positive/negative attitudes; and whether people without policies held negative/positive attitudes.

Answers to these questions were provided through the analyses carried out in chapter four. The analyses carried

were under three sections. Section one determined the type of attitudes middle class people in Nairobi held toward life assurance; section two dealt with whether and why middle class people in Nairobi were satisfied/dissatisfied with life assurance; while the third section related to attitudes and policy status (holding or non holding of a policy).

From the analyses carried out in the first section of chapter four, two conclusions can be arrived at. The first conclusion is that middle class people in Nairobi generally held negative attitudes toward life assurance. The majority, 60.7% of the respondents had negative attitudes while only 22.6% of the respondents had positive attitudes.

The second conclusion is that respondent demographics like education, net monthly income, marital status and sex did not have any relationship with respondent attitudes.

The implication is that people's attitude are related to factors other than the demographics studied.

From section two of chapter four issues relating to respondent satisfaction and dissatisfaction were raised. It was

found that only 14.3% of the respondents were satisfied with the way life assurance matters were handled while the bulk of respondents, 85.7% of the respondents were dissatisfied. It was also found that the respondents demographics studied had no relationship with satisfaction/dissatisfaction of respondents regarding life assurance.

Also covered in this section were reasons for people's satisfaction/dissatisfaction with life assurance. Out of the twelve respondents who indicated they were satisfied, the majority of them, 58.3% of the satisfied respondents mentioned appropriate advice and non complex nature of the contracts as the factors they were satisfied with. The other reasons were mentioned by very few of the satisfied respondents. What this point at is the need to improve life assurance for even the satisfied respondents were not satisfied with all aspects of life assurance.

Seventy two out of the total number of eighty four respondents indicated dissatisfaction with the way life assurance matters were being handled. The most popular reasons given for dissatisfaction were: inappropriate advice given to the consumers when life assurance policies are sold, the difficult nature of life assurance contracts; tricks used by insurance agents; and inability of insurance agents to

understand the policies they sell.

The findings point to the need for taking corrective actions. The issues that need correction as shown by the analyses in section two of chapter four, basically lie with the life assurance companies. Life assurance companies should advise the potential assureds on the different types of policies available and the benefits and dangers of each. The companies should ensure that they take into account the needs of the assureds while giving them advice on these policies.

The difficult nature of contracts is another area that needs attention. The assureds can be taught through the mass media as to what is entailed in a life assurance contract but where possible, simpler terms should be used.

The way agents operate was another area with which most dissatisfied respondents were dissatisfied. What the findings indicate is the need for streamlining the operations of agents and this can be done by use of company employees whose actions would legally bind the company, and training the agents on what they sell and how they are to sell it.

The final issue that was raised related to attitudes and policy status (holding or non-holding of a policy). It was found that the majority, 63.8% of the respondents with policies held negative attitudes. It was also found that the majority, 56.8% of the respondents without policies held negative attitudes. This implied that attitudes did not have any relationship to holding or not holding a policy. Since this finding contradicts what the theory of attitude states, it may be argued that Nairobi's middle class people appear to be unique and there is need to determine factors that influence policy or non policy holding among the middle class people living in Nairobi.

Limitations of the study

The study was constrained by the following factors:

First, six respondents refused to co-operate in the study and were therefore ignored. This left a sample size of 84 respondents. The generalizations which could be made from this study was somewhat constrained to the extent that data from six respondents was lacking.

Secondly, the study covered only one socio-economic class, the middle class. The generalizations made from this study would therefore only apply to the middle class people.

Thirdly, even though the number of middle class people living in Nairobi is quite large, because of financial and time constraints, a small sample size of only 90 respondents was intended for the study and only a sample size of 84 was finally realized. The generalizations which could be made from this study was somewhat constrained by this small sample.

Suggestions for future research

This study covers consumers attitudes toward life assurance but does not tap what life assurance companies attitudes toward the service they sell is. Future studies could therefore be carried out to investigate the insurance companies attitudes and perceptions towards the services they render to the insuring public. It could be interesting to compare the attitudes and perceptions of the two groups.

The study revealed that holding or non-holding of a life assurance policy did not have any impact on attitudes held.

Likewise, the type of attitudes held did not have any relationship to holding or non-holding of a policy. One could therefore carry on an indepth study to identify the factors related to the holding or non-holding of life assurance policies.

The study revealed that respondent demographics were not related to attitudes. A study could be conducted to examine whether demographics not studied and any other factors have any relationships with the following: attitudes toward life assurance, satisfaction/dissatisfaction with life assurance, and holding or non-holding of life assurance policy.

APPENDIX A
UNIVERSITY OF NAIROBI
DATA COLLECTION INSTRUMENT
ATTITUDES TOWARDS LIFE ASSURANCE

A Case Study of Nairobi's Middle Class Consumers

SECTION A:

For each of the following statements check (✓) the box that describe your feeling toward Life Assurance
 The ratings are:

1. Strongly agree, 2. Agree 3. Neither agree nor disagree, 4. Disagree, 5. Strongly disagree.

	<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	Neither Agree nor <u>Disagree</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>
	1	2	3	4	5
1. Life assurance service is good	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The way Life Assurance is Marketed is bad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Life Assurance Policies are suitable for my needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*4. Life Assurance Policy terms are misleading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*5. Life Assurance companies do not disclose facts necessary before a contract is effected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Life Assurance is the best form of saving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Life Assurance is the best way by which the dead can "Express" their love for their dependants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*8. Life Assurance should be made compulsory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<u>Strongly</u> <u>Agree</u>	<u>Agree</u>	Neither Agree nor <u>Disagree</u>	<u>Disagree</u>	<u>Strongly</u> <u>Disagree</u>
	1	2	3	4	5
9. Life Assurance premiums are exorbitant (expensive)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Insurance Companies usually try to avoid giving compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. The practice of giving policy holders benefits due to them only after several years have passed is bad.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Life assurance agents are well qualified in what they do.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Life assurance agents give accurate information to the customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B:

For each of the following questions please fill the blank or tick the box as appropriate.

1. Do you hold a life assurance Policy?

Yes

No

2. If no, have you ever held a life assurance Policy?

Yes

No

3. If you have a policy(policies), indicate its (their) brand name(s).

4. Are you satisfied with the way life Assurance companies, Insurance agents, and Brokers handle Insurance matters in Kenya?

Yes

No

If yes go to question 6.

5. If you are not satisfied with the way life assurance matters are handled which of the following reasons explain why. (if some of the reasons that explain why you are dissatisfied are not listed below, Please write them. In the space for "others"

- a. Life assurance companies do not advise buyers appropriately at the time of selling the policy
- b. Life assurance contracts are difficult to understand
- c. Life assurance premiums are so high
- d. Life assurance is like a tax to the buyer
- e. I do not see any benefit in holding life assurance policies sold in Kenya
- f. Life assurance policies that are sold are not relevant to my needs
- g. Life assurance is not geared towards meeting my religious aspirations
- h. Life assurance conflicts with my tradition
- i. Life assurance benefits are given out later than one would ordinarily expect
- j. Life assurance companies try by all means to avoid settling claims.
- k. Everybody else is dissatisfied with life Assurance so there is no reason why I should hold it favourably
- l. Life assurance agents are so tricky
- m. Most life assurance agents do not understand the service they sell.

n. Life assurance agents invade peoples privacy

Others _____

6. If you are satisfied with the way life assurance matters are handled in Kenya which of the following reasons explain why. If some of the reasons that explain why you are satisfied are not listed below, please write them in the space for "others _____"

(a) Life assurance companies or their agents advise buyers appropriately at the time of selling the policy

(b) Life assurance premiums are low

(c) Life assurance policy terms are not complex

(d) Life assurance is properly sold

(e) Life assurance companies settle the claims promptly

(f) Life assurance is a good saving

Others

.....

.....

SECTION C

For each of the following questions please, complete the blank or tick the box as appropriate

1. Your sex is Male Female

2. You are Married Single

3. How many children do you have?

4. Please indicate your level of education

University Level	Diploma	Form Six	Form Four
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

K.J.S.E.	Standard seven	Other (name it)
<input type="checkbox"/>	<input type="checkbox"/>	

5. Indicate the net income group to which you belong

Below K.shs. 1,500 Per month	Between K.shs 1501-3000 Per month	Between K.shs 3001-4500 per month
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Between K.shs 4501-6000 per month	Over Kshs 6000 per month
<input type="checkbox"/>	<input type="checkbox"/>

6. Indicate the name of your residential area

APPENDIX B SCORES FOR THE 13 QUESTIONS OF THE ATTITUDE MEASUREMENT SECTION (SECTION A) OF THE QUESTIONNAIRE

Respondents

	1	2	3	4	5	6	7	8	9	10
1	1	1	-1	1	1	0	2	2	1	1
2	0	-1	-1	2	1	-1	-1	1	1	0
3	1	1	1	1	1	0	1	1	0	2
4	1	1	1	-2	-1	1	1	0	1	-1
5	-1	-1	1	-2	-2	0	-2	-1	-2	-2
6	-1	-1	-1	1	-1	1	0	2	-1	2
7	-1	-1	-1	2	-2	0	-1	1	-2	1
8	1	-1	-1	0	-2	-1	-1	2	-1	-1
9	1	1	1	-1	-2	1	-2	0	-2	-1
10	1	1	1	1	-2	-1	-1	1	-1	1
11	1	1	1	2	-2	-2	-1	-1	-2	-2
12	-1	-1	-1	-2	-2	-1	-2	0	1	-1
13	-1	-1	1	-2	-2	-1	-2	-1	-1	-1
Total Score	0	-1	1	1	-15	-4	-9	7	-8	-4

Respondents

	11	12	13	14	15	16	17	18	19	20
1	0	0	1	1	-2	1	1	2	1	-2
2	1	-2	0	0	0	-2	-1	-2	-1	1
3	1	1	1	1	1	-1	-1	2	1	-2
4	0	-1	1	0	0	-1	-1	-2	-1	-1
5	0	-1	1	-1	-2	-1	-2	-2	-1	-1
6	0	-1	-2	0	0	-2	-1	0	1	-1
7	0	-2	0	-2	-2	-1	0	0	1	-1
8	-1	0	-2	-1	-1	-2	-2	0	2	-2
9	-1	-1	0	0	-2	-1	-1	-2	1	-1
10	-1	0	0	0	-2	-2	-2	-2	1	-1
11	-1	-2	1	0	-2	-1	-2	-2	-1	-2
12	-1	-2	0	0	0	-1	-1	-2	-2	-1
13	-1	-2	0	-1	-1	-1	-2	-2	-2	-1
Total Score	-4	-13	1	-3	-13	-15	-15	-12	0	-14

Questions

Respondents

	21	22	23	24	25	26	27	28	29	30
1	-1	1	1	1	2	0	1	1	-2	1
2	-1	0	-2	0	-2	0	-2	-1	-1	-1
3	1	1	0	1	1	0	1	-1	-2	-1
4	1	1	-2	1	0	1	1	0	-2	0
5	1	0	-2	-2	-1	1	1	0	-1	-2
6	1	-1	-2	-2	-1	0	0	1	-2	-2
7	-1	-1	0	2	0	-1	1	0	-2	-1
8	-1	-1	-2	-1	-2	-2	-1	-2	-2	1
9	1	1	-1	-2	1	1	1	0	-2	-2
10	1	0	-2	-1	-2	1	2	0	-1	-1
11	1	-2	-2	-2	-2	0	1	-2	-2	-2
12	-1	0	-2	0	-2	-1	-2	-1	-1	-2
13	-1	0	-1	0	-2	-1	-2	-2	-2	-2
Total Score	1	-1	-17	-5	-10	1	2	-1	-22	-14

Questions

		Respondents									
		31	32	33	34	35	36	37	38	39	40
Questions	1	0	1	1	1	1	1	2	2	1	0
	2	1	-1	0	0	-2	-1	-2	-1	1	-2
	3	1	-1	1	1	-1	0	2	0	0	0
	4	1	-2	0	0	-1	-1	2	0	-2	-2
	5	1	-2	-1	-1	-1	-1	-2	0	-2	-2
	6	0	-1	-1	0	-1	1	2	1	-1	0
	7	1	-1	1	0	-2	0	2	-1	-2	0
	8	0	-2	0	0	-2	0	2	1	-1	-2
	9	-1	-1	-1	-1	-1	-1	-2	0	-2	-2
	10	-1	-2	1	-1	-1	-1	-1	1	-2	-2
	11	1	-2	1	-1	-1	-1	2	-2	-1	-2
	12	1	-2	-2	0	-1	-1	-1	0	-2	-2
	13	1	-2	0	-1	-2	-1	0	0	-2	-2
Total Score		6	-18	0	-3	-15	-6	6	1	-14	-15

Respondents

	41	42	43	44	45	46	47	48	49	50
1	2	1	1	1	0	-1	-2	1	1	-1
2	2	-1	1	-2	-1	-1	-2	1	-1	1
3	1	1	-1	0	-1	-1	0	2	2	-2
4	1	-1	0	-2	-1	-1	-2	0	1	-1
5	-1	1	-2	-2	-1	-2	-2	-1	-1	2
6	2	0	-1	-1	-1	-1	-2	0	-1	2
7	1	-1	1	-1	0	-1	-2	2	-1	1
8	1	1	-2	-2	-1	-2	-2	1	-1	1
9	-1	1	1	-1	-1	0	-2	-1	-1	1
10	-1	-1	0	-1	-1	-1	-2	1	0	2
11	-2	-1	-2	-1	0	-2	-2	-1	-1	-2
12	2	0	-1	2	-1	-1	-1	-1	-1	-2
13	1	-	-1	2	-1	0	-2	-1	-1	-2
Total Score	8	0	-6	-8	-10	-14	-23	3	-5	0

Respondents

	51	52	53	54	55	56	57	58	59	60
1	0	1	0	0	1	2	2	2	-2	2
2	-2	1	-1	0	-1	-2	-1	1	-2	2
3	0	1	1	-2	1	0	-1	0	-2	2
4	-2	1	1	-1	-2	-2	-1	-1	-2	1
5	-2	1	0	-1	-2	-1	0	-2	-1	0
6	-2	-1	-1	-1	-2	-2	-1	-2	0	2
7	-1	-1	-1	-2	-1	-2	-2	-1	-1	1
8	-2	1	-2	0	1	0	-2	0	-2	0
9	0	1	-1	-1	-1	-1	1	1	1	1
10	-2	1	0	-2	-2	-1	-1	2	2	2
11	-2	-1	-1	-1	0	-2	-1	0	2	-1
12	-2	-1	-2	-1	-2	0	0	1	-2	-2
13	-2	-1	-1	-2	-1	-2	0	-1	-1	-2
Total Score	-19	3	-8	-14	-11	-13	-7	0	-10	8

Respondents

	61	62	63	64	65	66	67	68	69	70
1	-2	-2	-1	2	1	1	0	0	0	1
2	1	-2	-1	0	1	-1	0	-1	0	0
3	0	-2	2	2	2	-1	0	-1	0	1
4	2	-2	-2	0	0	-1	1	2	1	0
5	-1	1	-1	0	-1	1	2	2	1	-1
6	-2	1	2	0	0	1	1	-1	1	-1
7	0	1	2	-1	2	1	1	-1	-1	1
8	2	2	1	-1	1	2	-1	-1	-2	0
9	0	2	1	-1	-1	-2	-1	2	-2	-1
10	0	2	1	-1	1	-1	-1	2	-2	1
11	-2	-2	-2	-2	-1	0	-1	-2	-2	1
12	1	2	-2	-2	-1	0	-1	-1	-2	-2
13	1	-2	-2	-2	-1	0	1	-1	-2	0
Total Score	0	2	4	-6	3	0	-1	-1	-10	0

	Respondents													
	71	72	73	74	75	76	77	78	79	80	81	82	83	84
1	1	-2	2	-2	2	1	2	1	-2	-1	0	1	-2	0
2	0	0	1	-1	-1	0	-1	0	2	1	0	1	0	0
3	1	2	0	-1	-1	1	-2	1	-2	1	0	1	0	0
4	1	-2	-2	-1	-2	1	-1	0	-2	1	1	-2	1	1
5	1	-2	-2	-2	-2	-2	2	0	1	1	2	-1	1	-1
6	1	1	-1	-1	-1	0	1	0	2	2	1	2	-1	-1
7	1	-1	1	-1	-1	0	1	-1	1	-2	-1	1	-1	-2
8	-1	-1	0	-2	-2	0	1	-1	1	-2	-1	1	1	2
9	-1	-2	-1	-2	-1	-1	-1	-2	-1	-2	-1	-1	0	2
10	-1	-1	1	2	-2	-1	0	-2	2	-2	-1	-1	-1	-1
11	-1	1	0	2	1	-1	0	1	-2	1	2	-1	0	-1
12	-1	1	2	1	1	-1	0	-2	1	-2	0	-1	0	-1
13	-1	1	-1	2	1	0	-1	-1	-1	-2	0	0	1	-2
Total Score	0	-5	0	-6	-8	-3	1	-6	0	-6	2	0	0	-4

NOTE: If Total Score is Positive, the attitude is positive, If zero, then attitude is neutral, if negative, then the attitude is negative.

APPENDIX C

INSURANCE STATISTICS

Life Insurance 1975-1981 (assets) K£'000

As at 31st December	1975	1976	1977	1978	1979	1980	1981
Total Assets	52,444	58,693	68,833	79,585	92,412	99,584	107,113

Source: Statistical Abstract 1984 Page 164

Life Insurance	K£'000						
Investment Figures	1975	1976	1977	1978	1979	1980	1981
<u>Domestic Investment:</u>							
Government Securities- and Bills.	6278	6909	9002	9153	8483	8032	8502
Local government Securities	2011	1651	1652	1444	1183	1087	1078
All Others	5807	7051	9801	10718	13264	13054	15638
<u>External Investments:</u>							
Government Securities	390	300	230	140	226	253	341
All other	30	290	-	-	-	10	15

SOURCE: STATISTICAL ABSTRACT 1984 Page 164.

APPENDIX D:

Selected News Captions About Insurance:

"Insurance firm told to inform clients"

Sunday Times 2nd November, 1986 Page 18.

"Tough Insurance rules spelt out" Nation 15th November, 1986

"Know the People who sell you that Policy"

Standard 27th November, 1986 Page 18

"Why get Insured Anyway?" Standard 27th November, 1986 Page 13.

"Life Insurance why you should ask around first" Standard

27th November, 1986 Page 11.

"Insurance firms 'underchanged'" Daily Nation 10th February,

1987 Page 28.

"Cost of Insurance to increased" Nation 23rd February, 1987

Page 11.

"Insurance man remanded" Policy Holder Insurance News

Volume 102 No. 34: August, 1984 Page 10.

"Premiums too low - Lawyer" Nation 25th March, 1987 Page 32.

"Insurers seek better image" Nation 26th March, 1987 Page 3.

APPENDIX E

PREMIUM CALCULATION

Single Premium One Year term Assurance

Assume that there are 100,000 healthy males at age 35, who purchase a shs 1,000 single year term life insurance policy.

The 1958 CSO reveals a death rate of 2.51 for each 1,000 lives insured. Thus, if 100,000 lives are insured, these will be 251 (100 x 2.51) death claims. A shs, 1,000 payment is required for each claim. Thus a total of sh.251,000 (shs 1,000 x 251 claims) will be paid by the insurance companies. Since deaths are counted at the end of the year yet the premium are collected at the beginning of the year, the sum to be collected should be actually less than shs. 251,000 since this sum will earn interest.

Assuming that we were working with an interest rate of 3%. The present value Tables shows that if shs. .97 is invested at the beginning of the year at 3% interest, we will end up with 1 shilling at the end of one year. since the insurer will need only .97 shillings per each shilling, it means, he will need $.97 \times 251,000 = 243,470$ on hand at the beginning of the year to meet its obligation. Each member

will have to pay 243, 470 \div 100,000 or shs. 2.43 as premium for one year term insurance promise.

On this a loading is placed to cater for overheads, poor risks, and interest.

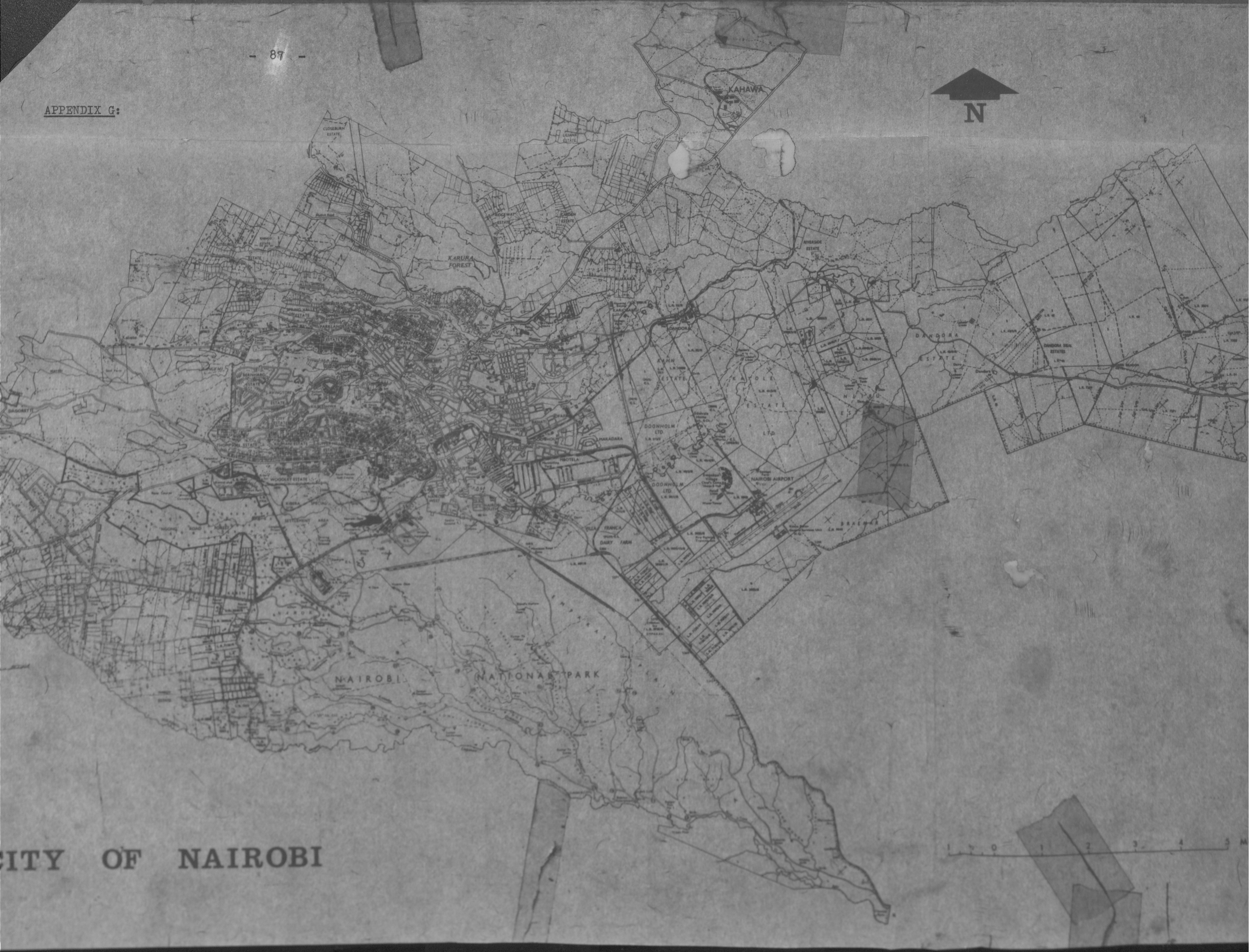
If the company intended to work with overheads of 100,000 and a profit of 50,000. Each individual will pay.

$$150,000 \div 100,000 = 1.5 \text{ shs.}$$

The Premium will be 2.43 + 1.5

$$= 3.93 \text{ Per Person.}$$

APPENDIX G:



CITY OF NAIROBI



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