

**AN INVESTIGATION INTO THE INFLUENCE OF DEMOGRAPHIC FACTORS ON  
MARKET STRATEGIES FOR LIFE INSURANCE DEMAND: A CASE STUDY OF  
WINDHOEK, NAMIBIA**

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## **ABSTRACT**

This study aimed at investigating the influence of demographic factors on market strategies for life insurance demand in Windhoek, Namibia. The main objective was to investigate the impact of demographic factors on market strategies for life insurance demand in Namibia, and the specific objectives were to determine the effect of age, sex, level of education, and marital status (demographic factors) on life insurance demand, to formulate demographically inclusive life insurance market strategies and to make a recommendation with regards to the impact of demographic factors on market strategies for life insurance demand in Namibia.

The study population was Windhoek residents, with a sample size of eighty from the public and twenty from the selected insurance companies. The study used quantitative research and a causal-comparative research design. The research was conducted through self-administered questionnaires, consisting of eight sections. Data analysis and discussions were done through graphs, charts, and tables. This was to interpret, read and understand the results easily. The study found that demographic factors do affect the uptake of insurance and current strategies used by insurance companies and it was also revealed that insurance companies needed to produce new or more strategies to benefit and attract more customers.

Furthermore, the study concluded that based on the findings, demographic factors do affect insurance uptake. There are no specific policies designed to satisfy certain individuals demographically, since all policies are generalised by insurance companies. Cultural attitudes and values, religion, and language have impacted insurance uptake and should be considered when motivating people to purchase insurance. Lastly, insurance companies need to find ways to attract low-income individuals and make their packages understandable to all.

Based on the findings, the study made several recommendations which include; encouraging insurance companies through NAMFISA to sensitise the public on the different benefits of insurance and insurance products available on the market, simplifying insurance policies to make it easy for individuals to understand, and have insurance companies open up more offices across the country to reach more people. Another area to look at would be how religion and cultural beliefs affect the uptake of insurance in the rural areas of Namibia. This would help them understand the people more and be able to design insurance packages specifically for them.

## TABLE OF CONTENT

<b>ABSTRACT</b> .....	i
<b>TABLE OF CONTENT</b> .....	iii
<b>LIST OF TABLES</b> .....	vi
<b>LIST OF FIGURES</b> .....	vi
<b>ACKNOWLEDGEMENTS</b> .....	vii
<b>DECLARATION</b> .....	viii
<b>CHAPTER ONE</b> .....	1
<b>1. INTRODUCTION</b> .....	1
<b>1.1 BACKGROUND</b> .....	1
<b>1.2 STATEMENT OF THE PROBLEM</b> .....	3
<b>1.3 OBJECTIVES OF THE STUDY</b> .....	4
1.3.1 Main objective.....	4
1.3.2 Specific objectives.....	4
<b>1.4 SIGNIFICANCE OF THE STUDY</b> .....	4
<b>1.5 LIMITATION OF THE STUDY</b> .....	5
<b>1.6 DELIMITATIONS OF THE STUDY</b> .....	5
<b>CHAPTER TWO</b> .....	6
<b>2. LITERATURE REVIEW</b> .....	6
<b>2.1 INTRODUCTION</b> .....	6
2.1.1 Insurance.....	6
2.1.2 The economic and social role of insurance.....	7
2.1.3 Benefits of life insurance.....	9
<b>2.2 FACTORS THAT INFLUENCE LIFE INSURANCE CONSUMPTION</b> .....	10
2.2.1 Economic development and uptake of life insurance.....	12
2.2.2 Religious beliefs and uptake of life insurance.....	13
2.2.3 Level of income and the uptake of life insurance.....	13
2.2.4 Level of education, awareness, and uptake of life insurance services.....	14
2.2.5 Cultural attitudes and values on insurance uptake.....	15
2.2.6 Cost of Insurance and the uptake of life insurance.....	15
2.2.7 Perception held by people towards life insurance and uptake.....	16
2.2.8 Accessibility of insurance services and the uptake of life insurance.....	17
2.2.9 Government policy and the uptake of life insurance.....	19
<b>2.3 RESEARCH GAPS</b> .....	19
<b>2.4 CONCEPTUAL FRAMEWORK</b> .....	20
<b>CHAPTER THREE</b> .....	22

<b>3.</b>	<b>RESEARCH METHODOLOGY .....</b>	<b>22</b>
<b>3.1</b>	<b>INTRODUCTION.....</b>	<b>22</b>
<b>3.2</b>	<b>RESEARCH DESIGN .....</b>	<b>22</b>
<b>3.3</b>	<b>TARGET POPULATION.....</b>	<b>23</b>
<b>3.4</b>	<b>SAMPLING SIZE AND TECHNIQUE.....</b>	<b>23</b>
<b>3.5</b>	<b>DATA COLLECTION .....</b>	<b>24</b>
3.5.1	Secondary data .....	24
3.5.2	Primary data.....	24
<b>3.6</b>	<b>RESEARCH INSTRUMENTS .....</b>	<b>25</b>
<b>3.7</b>	<b>PROCEDURE .....</b>	<b>25</b>
<b>3.8</b>	<b>DATA ANALYSIS .....</b>	<b>26</b>
3.8.1	Validity of Instruments .....	26
3.8.2	Reliability Instruments.....	26
<b>3.9</b>	<b>RESEARCH ETHICS .....</b>	<b>26</b>
	<b>CHAPTER FOUR.....</b>	<b>28</b>
<b>4.</b>	<b>RESULTS AND DISCUSSIONS .....</b>	<b>28</b>
<b>4.1</b>	<b>INTRODUCTION.....</b>	<b>28</b>
<b>4.2</b>	<b>RESPONDENTS .....</b>	<b>28</b>
<b>4.3</b>	<b>PROFILE FOR RESPONDENTS.....</b>	<b>28</b>
<b>4.4</b>	<b>GENERAL KNOWLEDGE OF INSURANCE.....</b>	<b>31</b>
<b>4.5</b>	<b>DETERMINE THE EFFECT OF DEMOGRAPHIC FACTORS ON LIFE INSURANCE DEMAND.....</b>	<b>33</b>
<b>4.6</b>	<b>CULTURAL ATTITUDES AND VALUES AND INSURANCE UPTAKE .....</b>	<b>36</b>
<b>4.7</b>	<b>RELIGION AND INSURANCE UPTAKE .....</b>	<b>37</b>
<b>4.8</b>	<b>LANGUAGE AND INSURANCE UPTAKE.....</b>	<b>38</b>
<b>4.9</b>	<b>TO FORMULATE DEMOGRAPHICALLY INCLUSIVE LIFE INSURANCE MARKET STRATEGIES .....</b>	<b>39</b>
<b>4.10</b>	<b>STRATEGIES THAT HELP IN THE INCLUSIVENESS OF LIFE INSURANCE THROUGH SEX, AGE, MARITAL STATUS, INCOME, AND LEVEL OF EDUCATION.....</b>	<b>40</b>
	<b>CHAPTER FIVE .....</b>	<b>41</b>
<b>5.</b>	<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>41</b>
<b>5.1</b>	<b>INTRODUCTION.....</b>	<b>41</b>
<b>5.2</b>	<b>SUMMARY OF FINDINGS .....</b>	<b>41</b>
5.2.1	Affiliation to life insurance and extent to which people are interested in life insurance ....	41
5.2.2	If Marital status has an impact on the consumption of life insurance and if there are any policies put in place for married, single and divorced people.....	41
5.2.3	Effects of the level of income on demand for life insurance .....	42

5.2.4	Education and insurance uptake.....	42
5.2.5	Cultural attitudes and values and insurance uptake .....	42
5.2.6	Religion and insurance uptake .....	42
5.2.7	Language and insurance uptake .....	43
5.2.8	To formulate demographically inclusive life insurance market strategies.....	43
5.2.9	Strategies that help in the inclusiveness of life insurance through sex, age, marital status, income, and level of education .....	43
5.2.10	Influence of demographic factors on market strategies for life insurance demand.....	43
<b>5.3</b>	<b>CONCLUSIONS</b> .....	<b>44</b>
<b>5.4</b>	<b>RECOMMENDATIONS</b> .....	<b>45</b>
<b>5.5</b>	<b>SUGGESTIONS FOR FURTHER STUDY</b> .....	<b>46</b>
<b>REFERENCES</b> .....		<b>47</b>
<b>APPENDICES</b> .....		<b>55</b>
<b>APPENDIX I</b> .....		<b>55</b>
<b>APPENDIX II</b> .....		<b>56</b>
<b>APPENDIX III</b> .....		<b>62</b>
<b>APPENDIX IV</b> .....		<b>64</b>

## LIST OF TABLES

<b>Table 2.1.1: Real Insurance Premium Uptake (Source: Swiss Re-Sigma, 2/2011)</b> .....	8
<b>Table 2.1.2: Summary of life insurance performance in selected countries in Africa in 2010 (Source: World Insurance Report, 2010)</b> .....	9
<b>Table 4.2.1: Response from Respondents</b> .....	28
<b>Table 4.2.2: Response from Employees of Insurance Companies</b> .....	28
<b>Table 4.3.1: Gender Status of Respondents</b> .....	29
<b>Table 4.3.2: Age Range of Respondents</b> .....	29
<b>Table 4.3.3: Level of Education</b> .....	29
<b>Table 4.3.4: Type of Employment of Respondents</b> .....	30
<b>Table 4.3.5: Monthly Salary of Respondents</b> .....	31
<b>Table 4.4.1: General Knowledge of Insurance by Respondents</b> .....	31
<b>Table 4.5.1: Enablement of people to affiliate themselves with life insurance</b> .....	33
<b>Table 4.5.2: Does marital status have an impact on the consumption of life insurance</b> .....	34
<b>Table 4.5.3: Effects of the level of income on demand for life insurance</b> .....	34
<b>Table 4.5.4: Education and Insurance Uptake Statement</b> .....	35
<b>Table 4.6.1: Cultural Attitudes and Values and Insurance Uptake Statement.</b> .....	37
<b>Table 4.7.1: Religion and Insurance Uptake Statement</b> .....	38
<b>Table 4.8.1: Language and Insurance Uptake Statement</b> .....	39
<b>Table 4.9.1: Demographically inclusive life insurance market strategies</b> .....	40

## LIST OF FIGURES

<b>Figure 2.1.1: Why you need a Life Insurance? (Source: CanaraHSBC, 2022)</b> .....	10
<b>Figure 2.2.1: Insurance penetration in selected countries worldwide in 2020 (Source: Rudden,2022)</b> .....	11
<b>Figure 2.2.2: Namibia Insurance Premiums (Source: AfricaRe, 2022)</b> .....	18
<b>Figure 2.4.1: Conceptual Framework</b> .....	21
<b>Figure 4.3.1: Marital Status of Respondents</b> .....	30
<b>Figure 4.4.1: Affiliation of Respondents to Life Insurance</b> .....	32
<b>Figure 4.5.1: The extent to which people are interested in life insurance</b> .....	33
<b>Figure 4.5.2: Life insurance policy put in place for married, single, and divorced people</b> .	36

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## DECLARATION

I, Adeline Kasera do hereby declare that this thesis represents my own work and that it has not been previously submitted for the award of a degree or any other qualification to the University of Namibia or any other University. All references have been adequately acknowledged.

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Sign: ...*A. Kasera*.....

Date: ...04 April 2023...

## **CHAPTER ONE**

### **1. INTRODUCTION**

#### **1.1 BACKGROUND**

The role played by insurance institutions in a monetised economy cannot be over emphasised. The insurance firms as financial intermediaries play a significant role within a nation's financial system by mobilising funds from the surplus economic unit and channelling them to the deficit investment unit of the economy. An aspect of the insurance business is the life insurance. These companies provide for citizens and the entire nation at large with varieties of key financial services (Sulaiman, Migiro, & Yeshihareg, 2015).

They play a crucial role in supporting investments by accommodating all life insurable risks and covering financial losses. In addition, they provide benefits to households upon a person's death or disability in exchange for the premium paid in the present, to benefitting the beneficiaries in the future. Thus, insurance is good country governance as it assists people who are vulnerable to losses to overcome their economic challenges (Jaideepsingh, 2017). According to ss.13.1 of the Long-Term Insurance Act 2 of 2011 the only recognised life insurance covers in Namibia are disability, fund, funeral, health, life, and sinking fund.

The insurance industry in the Southern Africa Development Community (SADC) region is dominated by companies that focus on property and vehicle insurance and only have life insurance products as an extension of their core products. This is the primary reason why life insurance is not adequately marketed compared to other insurance products (Deloitte, 2017).

According to (Beck & Webb, 2003), in many countries around the world, life insurance products are more important as they encourage long-term savings that could be channelled into investments in both private and public sector projects. Since life insurance products offer a means of disciplined contractual savings, these become effective instruments for encouraging substantial amounts of

savings, competing with other forms of savings such as bank deposits, financial securities, and other contractual savings.

Data provided by (Smith and Chamberlain, 2010) reveal that the insurance sector's contribution in Ethiopia during the 2006/07 fiscal year was US\$105 million. When this is compared to the Gross Domestic Product (GDP) of the country, it amounts to about 0.2%. A breakdown of the above value show that life insurance premiums constituted only US\$6 million or 6% of total premiums, while general insurance premiums totalled US\$99 million or 94% of total premiums (Smith & Chamberlain, 2010). This is relatively small because life insurance policies encourage both public and private savings and investment in the long run (Beck & Web, 2003).

Life insurance is now seen as a major way of raising funds for investment, and it also encourages capital market growth. In addition, life insurance industries have taken steps to ensure risk management by individuals and families (Beck & Webb, 2003). Numerous researchers have reported that a particular economic environment and variables have profound effects on the life insurance market (Sen, 2008; Li & Moshirian, 2007; Lim & Haberman, 2004; Beck & Webb, 2003) and several others. Their submission was based on the investigation of the effect of demography and macroeconomic parameters on the life insurance market in Asia, the Organisation for Economic Cooperation and Development (OECD) countries, and several other developing nations.

## 1.2 STATEMENT OF THE PROBLEM

Demand for life insurance products in Namibia is low compared to other countries that have a comparative economy, the low demand can be attributed to various factors which include education, age, religion and income among the population. Insurance companies in Namibia also play a vital part in the low demand for life insurance uptake because a majority of their products are mostly targeted at commercial entities with a fraction of other products aimed at individuals. Most products aimed at the general public include car and house insurance to name a few, another critical issue for the low demand for life insurance is the fact that a vast majority of the Namibian population has very little knowledge of the benefits of life insurance.

According to a study by (Lewis, 2010), the aggregate life insurance premium in Namibia engendered is slightly insignificant compared to other African countries such as Kenya, Egypt, and South Africa. Life insurance which includes savings, pensions and health insurance is generally considered the most beneficial for the low-income stratum of the population, and thus the most important for driving social and economic development (Signe & Johnson, 2020). According to (Eck & Nizovtsev, 2006), life insurance products are good candidates for studying the relationship between culture and preferences due to the straightforward link between the demand for them and the degree of risk aversion among the country's population, which is clearly one of the aspects of national culture.

Changes in health laws, finding new ways to attract more customers, and changes in demographics, for example an increase in single mothers, people taking longer to get married, multicultural markets, lack of understanding of policies, and affordability have challenged the marketing strategies of life insurance companies. Nevertheless, the researcher could not identify any study on the impact of demographic factors on life insurance has never been done in Namibia. Therefore, this study will assess the impact of demographic factors on life insurance in Namibia.

## **1.3 OBJECTIVES OF THE STUDY**

### **1.3.1 Main objective**

- To investigate the impact of demographic factors on market strategies for life insurance demand in Namibia.

### **1.3.2 Specific objectives**

- To determine the effect of age on life insurance demand.
- To determine the effect of sex on life insurance demand.
- To determine the effect of the level of education on life insurance demand.
- To determine the effect of marital status on life insurance demand.
- To formulate demographically inclusive life insurance market strategies.
- To make recommendations with regards to the impact of demographic factors on market strategies for life insurance demand in Namibia.

## **1.4 SIGNIFICANCE OF THE STUDY**

According to (Nkotsoe 2018; Alhassan & Biekpe, 2016; Guerineau & Sawadogo, 2015), there have been limited studies with a specific focus on the causes of demand for life insurance in Namibia although country data may have been used in previous cross-sectional and panel studies that have been carried out in Sub-Saharan Africa and Africa as a whole. Given the restricted number of country-specific studies on life insurance determinants in Namibia, this study desired to contribute to the existing literature in this regard. The outcome of this study was important towards the strategic plans and decision-making of people involved in insurance.

The study provided insurance companies with the relevant data to improve their performances and targets. As a researcher working on this study assisted in extending the knowledge on the topic and having a broader understanding of it. In addition, the study was important to other academics as it could be used as a basis for research.

The findings of this research were vital to the government, given that deliberate policy interventions that can be put in place to positively influence the uptake of life insurance services in the country could be identified through the research. For insurance companies and other industry players, the findings offer valuable insights on how to grow the life insurance business segment. Additionally, the results of this study are expected to assist the regulator, Insurance Authority (IA), in formulating favourable regulation that is fundamental for the expansion of the country's insurance sector.

### **1.5 LIMITATION OF THE STUDY**

Collecting data was difficult due to the national lockdown restrictions necessitated by the advent of the Coronavirus Disease (Covid-19) Pandemic. In the government's quest to curb the spread of Covid-19, movement and public gatherings were restricted. Hence, alternatives of carrying out the study using online tools were employed.

### **1.6 DELIMITATIONS OF THE STUDY**

While the research would have been more informative if it would have been carried out across the whole country, it was only limited to Windhoek, Namibia. This was meant to address the challenges of time and financial resources that the researcher would encounter during the study. The insurance industry in Namibia has limited information available on market strategies and insurance demand. The researcher intends to gather data from the public by issuing questionnaires to members of the public and to employees of insurance companies, the study will be conducted for a month within the vicinity of Windhoek, Namibia.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This section brought out studies and theories that have been discussed by other scholars on the impact of demographic factors on market strategies for life insurance demand in Namibia. This section summarises the major findings of other researchers concerning this topic. The literature that was reviewed was not directly written about this research's area of study, it proved to be a valuable source of information concerning this research. Therefore, this chapter started by looking at the empirical review, and theoretical framework, and finally, it disclosed the gaps in the literature showing how this study was relevant.

##### **2.1.1 Insurance**

Demand for life insurance in Namibia has been documented as being very low compared to other countries in Sub-Saharan Africa and within the Southern African Development Community (SADC) in general; various studies have tried to investigate the influence of demographic factors on market strategies for life insurance demand have on the region as a whole with very few studies attempting to narrow down the scope to Namibia. Although a number of studies have been written on the topic, the literature that was reviewed is not directly written about this area of study, it however proved to be a valuable source of information concerning this research.

(Muriithi & Onuong'a, 2011) define as a process of transferring risks from one person called the insured to another person called the insurer. This transfers risks to those with the financial capability and technical knowledge to handle those risks. The insurer reimburses the insured financial losses suffered due to an occurrence of an unpredicted insurable event and in exchange, the insured pays the insurer a premium. Insurance as a whole is very broad and our study primarily focuses on life insurance which is defined by (Fontinelle & Battle, 2022) as a contract between a life insurance company and a policy owner whereas; the policy guarantees the insurer pays a sum

of money to one or more named beneficiaries when the insured person dies in exchange for premiums paid by the policyholder during their lifetime. Using this definition, we can deduce the economic benefits of life insurance to a policyholder's selected beneficiaries and the study will determine the various effects that demographic factors have played with regards to the uptake of life insurance in Namibia using various studies already done on the subject matter.

The earliest life insurance policy on record is dated 1583 when Richard Martins opened a life insurance policy on the life of a person called William Gibbons in London. The insurance policy was opened for one year for a sum assured of 400 pounds. It is notable that Gibbons died within that one year and the insurers settled the claim (Fouse, 1905).

In the beginning, life insurance's focal value proposition was death protection. At the moment, life insurers offer a variety of products that cover risks, such as the risk of losing the physical/capacity to earn an income (disability insurance), critical illness, healthcare, and long-term care cost (medical and LTC insurance). The life insurance industry is also active in assisting individuals to finance retirement (pension, annuity, and saving products) and contribute to economic welfare and stability by sharing and offering protection against the financial consequences of individuals' life risks (Calvert, Gagnon, Kallenbach, & Waddell, 2020).

### **2.1.2 The economic and social role of insurance**

Insurance plays a crucial role in an ultramodern frugality and contributes to its uptake and development through colourful channels promoting fiscal stability and security at both the public and particular situations, encouraging productive investments and invention through the mitigation of the consequences of fiscal mischance, marshalling savings, contributing to an effective use of capital grounded on insurers' part as significant institutional investors, easing enterprises' access to capital (as institutional investors), reducing the capital enterprises need to operate, promoting

sensible threat operation through the price medium, fostering stable consumption throughout the client's life, and insurers are important employers (Masese, 2013).

He further stated that insurance is subdivided into two major classes Life insurance and non-life insurance. Life insurance protects one against hazards facing an individual's life. Non-life protects hazards facing an individuals' treasured properties. In each of these subdivided classes, there are a variety of further classes of insurance focusing on a particular pitfall.

Area	Life	Non-Life	Average Uptake
○ Industrialised Countries	1.8%	1.0%	1.4%
○ Emerging Markets	13%	8.5%	11%
○ World	3.2%	2.1%	2.7%

**Table 2.1.1: Real Insurance Premium Uptake (Source: Swiss Re-Sigma, 2/2011)**

Table 2.1.1 shows that real premium life insurance uptake is higher than that of non-life insurance. Emerging markets indicate higher uptake of life insurance at 13% than industrialized countries at a merger of 1.8%. According to (Allcock, Young, & Sandhu, 2019) health insurance was associated with health service utilization, but insurance coverage was low, and was independently associated with sex, education, and wealth. Education may play a key role in health insurance coverage, especially for women and the less wealthy.

Even though the global insurance market, specifically the life insurance market has grown rapidly, and the internationalization of the insurance business is turning out to be more common, these areas have not been significantly researched (Mark & Kihong, 1993) as cited in Masese, 2013).

Country	USD Millions	Penetration – Life
○ Kenya	334	1.05%
○ Algeria	87	0.1%
○ Egypt	647	0.3%
○ Morocco	827	0.9%
○ Nigeria	188	0.1%
○ Tunisia	102	0.2%
○ Namibia	610	5%
○ South Africa	43, 186	12.0%

**Table 2.1.2: Summary of life insurance performance in selected countries in Africa in 2010**

*(Source: World Insurance Report, 2010)*

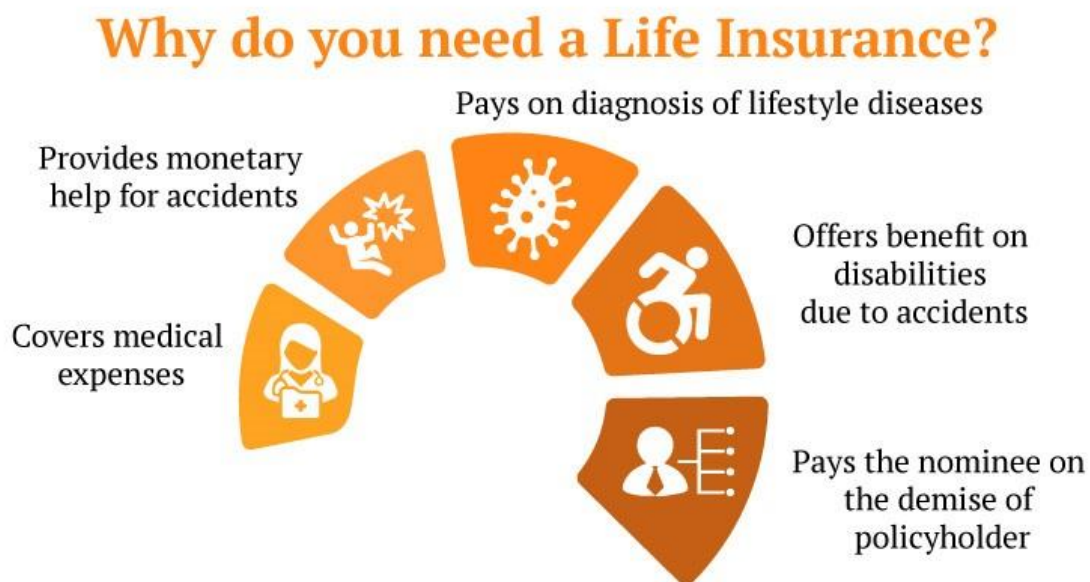
According to (Ndjavera, 2020) The Namibia insurance industry recorded N\$12 billion in free assets to date, Free assets are those that serve as a buffer if the insurance industry experiences an unexpected shock like the Covid-19 pandemic. He further stated that there are sixteen life insurance companies registered and operating in Namibia and these companies have issued about N\$1.7 billion in insurance contracts to the public and out of these, approximately 34% of that is funeral insurance contracts. The latest report from the Namibia Financial Institutions Regulatory Authority (NAMFISA) showed that the long-term insurance industry in Namibia posted a gross written premium (GWP) of N\$11.6bn (\$779m) in 2019, which is an increase from 18.9% over 2018 (MEIRTeam, 2020).

### **2.1.3 Benefits of life insurance**

Life insurance enables individuals to protect themselves and their families, in case of any unfortunate happening in the life of the insurer. A few life insurance policies offer wealth creation through investment components. In such life insurance plans, you can invest your premiums in different funds based on your risk appetite. Which are excellent wealth builders in the long run.

The primary importance of a life insurance policy is that it provides your family with long-term financial security. These policies provide a lump sum of money to financially support your family in the case of your early demise. Life insurance provides a cheaper loan facility, it allows you to borrow at a low rate of interest against this cash value.

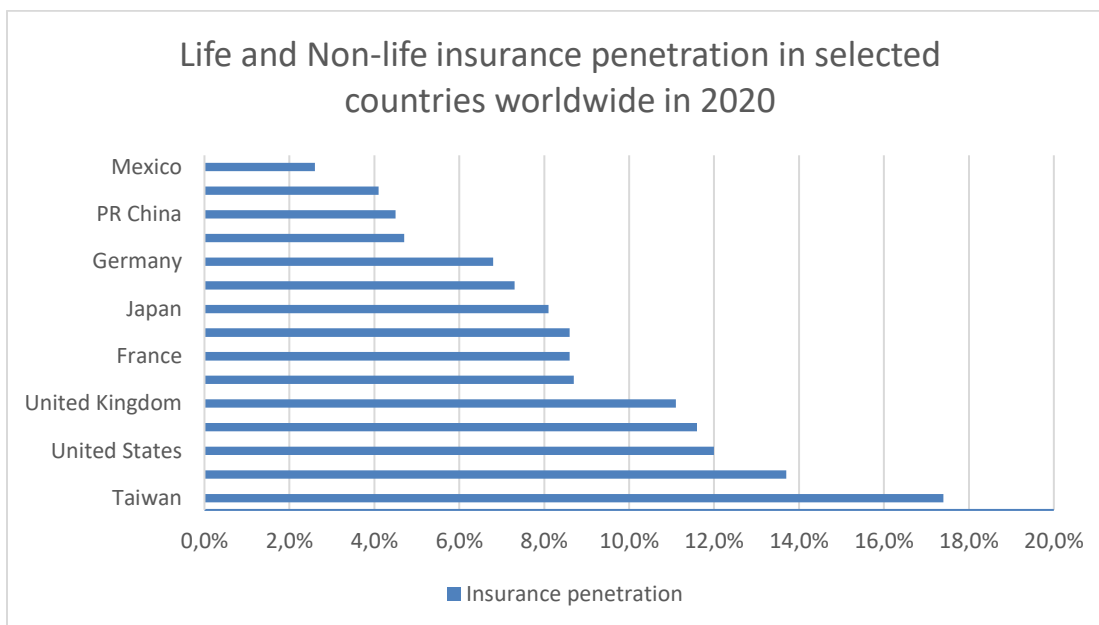
Life insurance plans can be used to prepare for each of these life stages. For example, term insurance for protection, a child plan for a child’s marriage and education, a pension plan for retirement, etc. Assured Income benefit is another important benefit of life insurance plans. Similarly, life insurance pension plans can offer a long-term guaranteed income to you and your spouse (CanaraHSBC, 2022).



*Figure 2.1.1: Why do you need a Life Insurance? (Source: CanaraHSBC, 2022)*

## 2.2 FACTORS THAT INFLUENCE LIFE INSURANCE CONSUMPTION

Masese (2013) stated that a variety of factors influence insurance supply, these factors would be expected to have an effect on the national consumption. These comprises of but are not limited to governmental regulations regarding solvency, trade barriers, the availability of capital, technical expertise, and an infrastructure that allows for the marketing and servicing of life insurance policies. While (Rudden, 2022) mentions that the insurance industry in Africa represents less than one percent of insured catastrophe losses globally, figure 2.2.1 shows that South Africa dominated the non-life insurance industry in Africa, while Morocco made up twenty-three percent of the life insurance market on the continent in 2015.



**Figure 2.2.1: Insurance penetration in selected countries worldwide in 2020 (Source: Rudden,2022)**

(Rudden, 2022) also stated in figure 2.2.1 that insurance penetration reached 17.4% in Taiwan, this high insurance penetration has driven to the region’s financial supervisory commission to boost the public to make sure that their insurance coverage suits their needs.

Insurance plays a crucial role in an ultramodern frugality and contributes to its uptake and development through colourful channels promoting fiscal stability and security at both the public and particular situations, encouraging productive investments and invention through the mitigation of the consequences of fiscal mischance, marshalling savings, contributing to an effective use of capital grounded on insurers’ part as significant institutional investors, easing enterprises’ access to capital (as institutional investors), reducing the capital enterprises need to operate, promoting sensible threat operation through the price medium, fostering stable consumption throughout the client’s life, and insurers are important employers (Masese, 2013).

### **2.2.1 Economic development and uptake of life insurance**

Previous studies have shown that the insurance industry contributes to economic growth. Insurance activity boosts the economic development through various channels: it reduces the costs of the essential financing for firms, and stimulates the investments and innovation by making an economic environment that is more certain; insurers are strong partners in the development of a social protection system for workers, to be specific in the retirement and health coverage and as institutional investors, the insurers also contribute to the reconstruction of the financial markets and facilitate the accumulation of new capital by firms (Skipper, 1997; Dickinson, 2000; Skipper & Kwon, 2007 & Njegomir & Stojić, 2010 as cited in Ouédraogo, Guérineau & Sawadogo, 2016).

Insurance is of primordial importance in domestic economies and internationally. The role of insurance in the development process is difficult to access, but there is some confirmation that the promotion of life insurance programs might have a particularly significant impact on the level of personal savings in many developing countries (UNCTAD, 1982 as cited in Outreville, 1994). Furthermore, the insurance sector is often of little importance, as in many developing countries life insurance may be considered irrelevant or inappropriate for ideological, cultural, or religious reasons or because economic security is provided through the family (Outreville J. F., 1994).

(Arena, 2008) as cited in (Ouédraogo, Guérineau, and Sawadogo, 2016) has shown that life insurance positively influences economic growth in fifty-six countries (both developed and developing). More specifically, he establishes that the impact of life insurance on economic growth is driven by high-income countries only. Additionally, the results indicate that the financial development and insurance sector have complementary effects on economic growth. In other terms, life insurance has a bigger impact on economic growth in a country with stock market development deeper, particularly in the intermediate and high stages of stock market development.

### **2.2.2 Religious beliefs and uptake of life insurance**

The insurance demand in a country may be influenced by the unique culture of that country to an extent that it impacts the population's risk aversion (Douglas & Wildavsky, 1983) as cited in (Gitau, 2015). (Henderson & Milhouse, 1987) as cited in (Gitau, 2015) contended that an individual's religion can offer insight into the individual's behavior; understanding religion is an essential element of understanding a nation's unique culture.

According to (Yaari, 2009) historically religion has provided a strong foundation of cultural opposition to mostly life insurance; several religious people believed that there was a dependence on life insurance which was as a result of distrust from God protecting care. European nations until the nineteenth century condemned and banned life insurance based on religious grounds. Yaari also stated that religious antagonism to life insurance still lingers in several Islamic countries.

(Wasaw, 2006) as cited in (Gitau, 2015) tested the influence of Islam on life insurance consumption using an international data set. The study's outcomes showed that *ceteris paribus* consumers in Islamic nations purchase less life insurance than those in non-Islamic nations. Therefore, it is hypothesized in the study that life insurance consumption is less in predominantly Islamic countries than in countries that are not predominantly Islamic.

### **2.2.3 Level of income and the uptake of life insurance**

An individual or household starts considering life insurance only after achieving a certain level of wealth. Moreover, since the principal purpose of life insurance is to safeguard the household from the loss of income due to the death of the primary income earner, the tendency to purchase a life premium will be greater the more substantial the potential loss (Eck & Nizovtsev, 2006).

In a study conducted by (Masese, 2013) it was established that the level of income had a large influence on the uptake of life insurance. He also confirmed that affordability was a key concern among the insured.

#### **2.2.4 Level of education, awareness, and uptake of life insurance services**

In a study conducted by (Gitau 2015), the majority of the respondents agreed that they are mindful that some less educated members in the society view insurance as an expensive venture. It was also found that members of society are aware that some of the less educated members of the society preferred to call upon other members of the society who are wealthy when they encounter unforeseen emergencies as opposed to taking up insurance. It was also stated that members of society are aware that educated members in the society preferred to take insurance cover because they understand the benefits brought by insurance.

Education is unconsciously connected to the increased life insurance expenditure. Higher formal education is understood to promote need awareness and facilitate an additional factual analysis of the life insurance buying preference (Hammond et al., 2007) as cited in (Gitau, 2015).

According to the market research conducted by the (Association of Kenya Insurers, 2010) established that there was a lack of awareness of insurance products. Individuals with lapsed policies presented a common lack of knowledge of the insurance benefits. This was a major contributing factor to their decision to lapse their insurance covers.

Although, there is an understanding of insurance in general amongst the insurable population a large proportion lack an appropriate knowledge of what effect it may have on them. The majority of the respondents that are already insured cited a lack of interest in reading policy documents especially if a claim is unlikely to occur (SBO research, 2010).

(Masese, 2013) stated that education is hypothesized to be positively associated to life insurance consumption. It was argued that the level of education is positively correlated to life insurance consumption. A higher level of education may lead to a greater degree of risk aversion and more awareness of the need for insurance in general. Additionally, (Eck & Nizovtsev, 2006) mentioned that the more educated the population the better it understands the benefits of life insurance.

### **2.2.5 Cultural attitudes and values on insurance uptake**

According to (Mugisha, 2019) the uptake is influenced by consumer attitudes, for instance, many do not trust life insurance providers, and many fear losing money in premiums in case they do not become sick since most medical premiums cannot be refunded unless a strategy occurs. Also found that there is a high level of ignorance about the benefits of life insurance among many Ugandans. Additionally, it was found that there are high levels of financial illiteracy among the low-income earners; therefore marketers of life insurance services targeting these groups are often confronted with the challenge of convincing them to embrace life insurance and its associated benefits.

In the study conducted by (Gitau, 2015) it was found that the majority of the respondents agreed that they were aware that some members of the society felt that they had nothing to lose and hence no need to insure. Furthermore, the results revealed that more of the respondents agreed that they were aware that some members of the society felt that they were easygoing and that risks and losses only occur to negligent people while the majority of the respondents agreed that they were aware that some members of the society felt that the insurance industry is a corrupt industry and there is a minimal chance of getting their claims settlements. Results also indicated that other aspects of cultural attitudes and values that influenced the choice of insurance uptake were that insurance agencies had always concentrated on health and/or accident issues and left out the ethical line and the mentality of not planning for the future. “If tomorrow does not exist in my plans, why should I insure?”

### **2.2.6 Cost of Insurance and the uptake of life insurance**

According to a study conducted by (Nderitu, Gichuhi, & Kung'u, 2018) a significant number of respondents agreed that the high cost of insurance has an influence on the uptake of life insurance.

They also held the view that in order to increase the uptake of life insurance companies need to reduce the premium rates. (Sarris A. , 2014) commented that price however remains an issue for uptake and in spite of lower costs, prices may internalize a “data rent” as risks are initially poorly informed with existing data, translating into high insurance company loadings.

(Masese, 2013) stated that it is acknowledged that the cost of life insurance varies across life insurers even for the same products. This price is an estimated amount and is based on an assumed mortality rate, interest rate, and expensive rate. Because the commercial price for life insurance is not available, several studies use life expectancy at birth to represent the actual fair price of life insurance

He further argued that consumers have struggled to compare insurance since there are a variety of products with different types of structures. Regardless of the variations in life insurance products, other studies indicate that the price of insurance affects life insurance consumption. Also, affordability was a primary concern amongst the insured, those who have lapsed, and the uninsured.

(Gauzente & Roy, 2012) as cited in (Kagucia, 2016) notes that Millennials are price sensitive and take a while to gather and process price-related information, including looking at non-price features.

### **2.2.7 Perception held by people towards life insurance and uptake**

According to (Masese, 2013) lack of awareness about insurance products and resentment from customers are the major challenges intermediaries are encountering. The negative view of the insurance industry makes it difficult for intermediaries to effectively market insurance. The level

of training of agents is below optimum levels and many agents do not have the experience nor the professional expertise in the business.

Poor corporate governance has led to the folding up of several insurance companies, which in turn has affected negatively the sector. The insurance industry has been accused of engaging in several malpractices. This has led to the negative perception currently associated with the insurance business. Increased litigation and slow dispute resolution processes, fraudulent practices in the insurance industry are some of the factors for poor image (Masese, 2013).

In the (Nderitu, Gichuhi, & Kung'u, 2018) study it was agreed that the insurance companies set premium rates for life insurance not having gained the insight of the perception and attitudes the consumers have on life insurance. It was also stated that most of the Kenyans consider life insurance a luxury and not a necessity.

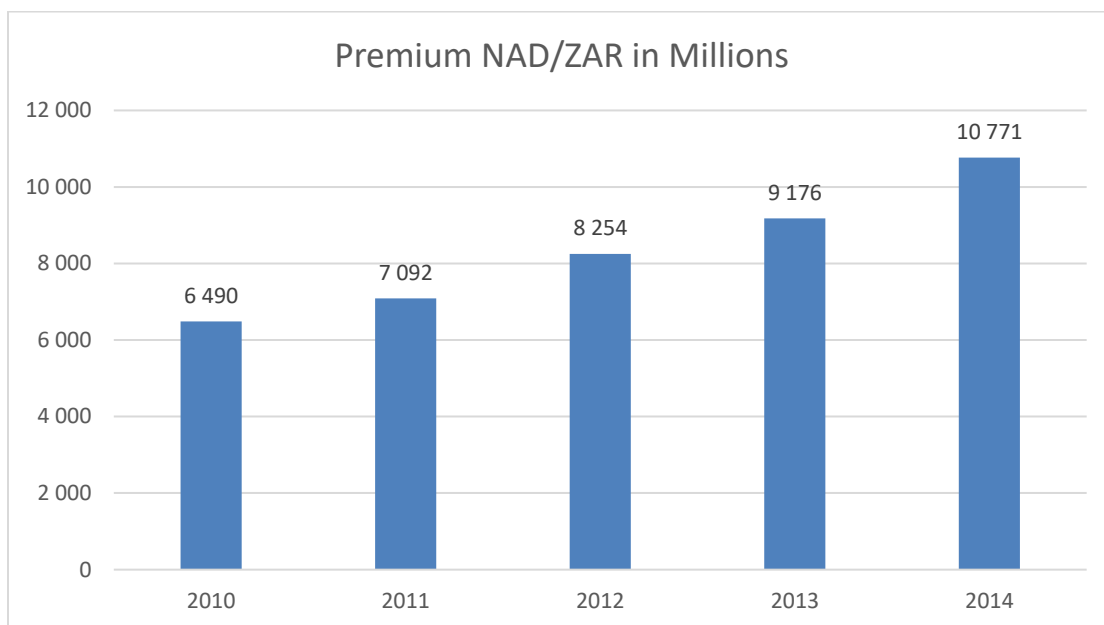
Lack of trust in the industry, limited knowledge of its products, its limited reach to the informal sector; the perception that insurance is expensive, and the fear of not being able to service it continuously, are some of the factors hindering the uptake of life insurance the service (Oino, Osiemo, & Kuloba, 2012).

The main reasons cited for failure to purchase insurance covers were that it was expensive, they overheard negative talks on insurance, no good understanding of insurance, lack of information about insurance products available, and that they do not trust insurance companies. The above reasons majorly resulted into a negative perception of insurance which informs customers about their purchase patterns (Owuor C. O., 2016).

## **2.2.8 Accessibility of insurance services and the uptake of life insurance**

The low-income and informal sector market has little access to formal financial services for the management of risks. The poor engage in various types of risk pooling and informal insurance schemes to mitigate risks.

There are currently 16 life insurance companies registered and operating in Namibia; these companies have issued about N\$1.7 million in insurance contracts to the public and out of these, approximately 34% of that is funeral insurance contracts (Ndjavera M. , 2020). Figure 2.2.2 below shows the total insurance premiums in Namibia over the years.



**Figure 2.2.2: Namibia Insurance Premiums (Source: AfricaRe, 2022)**

According to (NAMFISA, 2022) in various parts of Namibia, people and businesses live and operate without the security of insurance. When loss strikes, it does not discriminate between the rich and poor or developed or developing countries. Insurance providers may not see a compelling business opportunity to offer products to the low-income population. There is a lack of understanding of the benefits of insurance to individuals and companies.

With no insurance, Namibia's most vulnerable people may remain in poverty and businesses may be unable to overcome unexpected difficulties. Should a problem strike, even those who are in a security position may find themselves dragged into difficult circumstances, their the past effort may be destroyed. People may be set back generations in their attempt to escape poverty. Insurance

is therefore just as important as healthcare, education, agriculture and basic infrastructure to improve lives (NAMFISA, 2022).

### **2.2.9 Government policy and the uptake of life insurance**

The Government regulates the insurance industry in Namibia through the Namibia Financial Institutions Supervisory Authority (NAMFISA). The Namibia Financial Institutions Supervisory Authority (NAMFISA) exists to supervise financial institutions and financial services and to advise the Minister of Finance on matters relating to financial institutions and financial services in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) (NAMFISA, Long term Insurance, 2022).

Insurance supervisors and partners on the ground identify areas where the need for insurance protection is not being met and to identify the reasons why, which may include a lack of awareness and understanding by consumers as well as a weak industry. They deliver these services by working with a series of partners using their strengths while providing input to their agenda (NAMFISA, 2022).

The regulator is responsible for promoting the maintenance of a fair, safe and stable insurance market for the benefit and protection of policyholders. Furthermore, the department (Long-Term Insurance) in NAMFISA supervises and enforces insurers' compliance with the financial soundness, governance and conduct of business requirements of the Long-term Insurance Acts, and develops regulatory proposals on how these requirements may need to be adapted to best meet the objectives of insurance regulation and supervision (NAMFISA, Long term Insurance, 2022).

## **2.3 RESEARCH GAPS**

It can be deduced from the above literature that there is no study that has been done in Namibia directly related to the topic of this study, justifying the carrying out of this study. Furthermore, it can be noted that a study was done in India which was linking the relationship between age and

life insurance, in this study the researcher sought to find out about all demographic factors hence the need to carry out the research. It can be noted, (Lim & Haberman, 2004) did an assessment of the impact of a set of the demographic and economic parameters on the purchase of a life insurance in Malaysia, which is close to this study's topic though it was done in Malaysia. That is why it was necessary to conduct this research in Namibia and know the impact of demographic factors on life insurance.

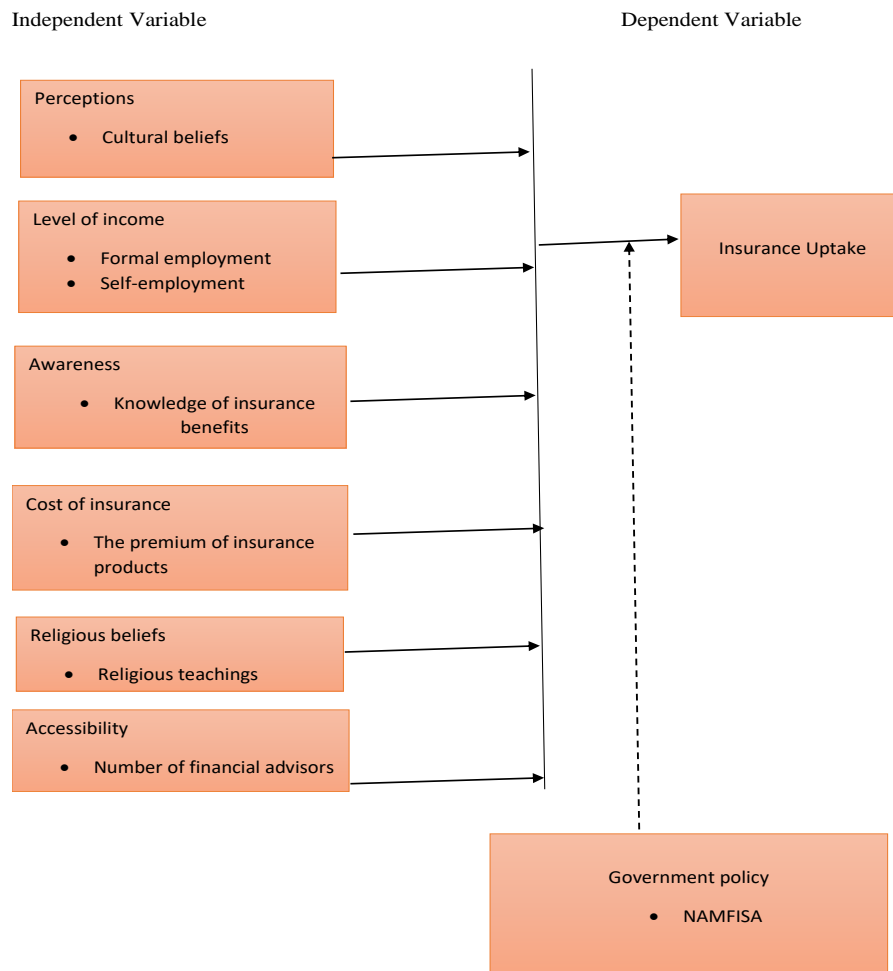
Numerous of studies have been conducted on the issue of insurance uptake. In terms of quality, responsiveness, empathy to customers and low technological innovation of insurance products present unique challenges in accessing insurance products by the clients. Additionally, this has constrained development and growth of the insurance sector hence affecting access to insurance products among the people and other demographic profiles in the country (Gitau, 2015).

In the past, emphasis has been placed on ways to grow the insurance uptake and improving customer service in the insurance industry. However, there are a number of fundamental factors that will continue to cause challenges to the marketers of insurance services if not addressed. This has therefore created a major knowledge gap on the cultural factors influencing the insurance uptake in Namibia (Gitau, 2015). Subsequently, this study aims to fill the knowledge gap by assessing the influence of age, education, religion, income level, cultural values and attitudes, and awareness on the rate of insurance uptake.

## **2.4 CONCEPTUAL FRAMEWORK**

A conceptual framework is defined as a composition of concepts and theories which are put together as a map for the study which displays the relationship of research variables (Mugenda & Mugenda, 2003). The conceptual framework is used to explain how the independent variables affect the dependent variable (Gitau, 2015).

The conceptual frame work outlines the dependent, independent, intervening and modeling variables. The independent variables influences and determines uptake of life insurance. The independent variables are: Negative perceptions held by the people towards life insurance, Low levels of the income, Low accessibility of insurance services, lack of awareness of insurance benefits and low education levels, and religious beliefs held by the people. The dependent variable is the uptake of life insurance. The moderating variable is the Regulation and supervision of insurance by the government that is the Namibia financial institutions supervisory authority. Intervening variables are the variables established to assist in improving the dependent variable. These are: Advertisements, increase distribution channels, innovative products.



**Figure 2.4.1: Conceptual Framework**

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter discusses the research methodology utilised in addressing the research objectives outlined in chapter one. It also describes the various stages of the methodology which included the research approach, research design, study population, sample size, procedure, data collection/instruments, data analysis and Ethical considerations which were used.

#### **3.2 RESEARCH DESIGN**

The study used descriptive survey research design. This led to profiling the various factors that influenced the uptake of life insurance. This enabled collection of complete and possible accurate information. The study required both quantitative and qualitative data to be collected. This is because the researcher wanted to understand the reasons and causes of the demand for life insurance from the different demographic factors. Furthermore, this was done to be able to understand the different marketing strategies used by insurance companies and how they affect the demand for life insurance.

This study also used non-intervention particularly descriptive case study. The use of non-intervention techniques was preferred as it presented the multiplicity of the collected data in a coherent and functional way. A descriptive study tends to identify some widespread characteristics of the complete set of data that is used to describe the entire population. Namibia is a natural setting that is, information collected from a sample of people was used to make generalisation of the entire populace.

### **3.3 TARGET POPULATION**

The study population of this research comprised of the populace of Namibia and insurance participants, which included some insurance companies and both people who use insurance and those who do not use insurance. This is because it wanted to collect data from an objective point of view and analyse it through the administering of the questionnaire. The respondents were then asked to answer questions in the questionnaires at their convenient time.

The target population of the study was derived from the 10 life insurance companies in Namibia (Sanlam Namibia, Liberty life, Hollard life, Metropolitan life, Entrepo life, Bonlife, Old Mutual life, PPS, Trustco life, Prosperity life) and employed people 165,384 according to (NSA, (2011); between the age range of 21–60, based in Windhoek, Namibia.

### **3.4 SAMPLING SIZE AND TECHNIQUE**

Five life insurance companies were selected from the total 10 life insurance companies and 80 individuals from the population between the age range of 21–60 living in Windhoek using 95% confidence level, and these samples were selected using stratified random sampling technique. This research employed stratified random sampling which is a technique of sampling that involves the grouping of the population into smaller subgroups known as strata. This method insured all strata were represented. Furthermore, non-probability sampling was used to select key informants (these were people that handled insurance policies and those in the marketing department) in 5 different insurance companies which were included in the sample particularly purposive sampling. This was used due to the fact that the sampling was be done with the purpose of selecting participants who would represent as accurately as possible information concerning the research being undertaken. A confidence level of 95% and a margin of error at 10.73% was be used, respectively (William, 2021).

$$n = N/(1+N(e^2))$$

N =population

n =Sample size

$$n = N / (1-0.1073^2)$$

$$N= 165\ 384$$

$$n= 80$$

### **3.5 DATA COLLECTION**

The study used structured questionnaires schedules for personal interviews that was administered to all respondents in the sample frame. The sample size consisted of 80 individuals from the population as well as to employees of insurance companies operating in Windhoek. Each agent was then given a questionnaire to fill.

#### **3.5.1 Secondary data**

Secondary data for this research included recently published research findings of previous related studies and other published documents relating to the research topic. Secondary data is important because it readily supplies empirical data that was collected and analysed by other researchers. It was also used to identify possible gaps in previous studies. The preferred source of secondary data for this research was the internet because it is readily accessible in providing research studies and other documents compiled by other scholars.

#### **3.5.2 Primary data**

Primary data is important because it provides empirical evidence elicited from the respondents. Self-administered questionnaires were distributed to the participants under the assumption that the respondents were literate. The questionnaire was made up of structured questions.

### **3.6 RESEARCH INSTRUMENTS**

The research instrument that was used in this study is the questionnaire. A questionnaire is a very flexible tool which is in a structured format, making it easy and convenient for respondents and it is cheap and quick to administer to many people covering large geographical areas (Walliman, 2018). To be more specific Likert scale questions were used. The Likert-type scale it is a five, seven, or nine-point agreement scale used to measure respondents' agreement to various statements (QuestionsPro, 2021). The questionnaire also contained questions in the multiple-choice format with the participants picking the answers that corresponded to their views.

### **3.7 PROCEDURE**

The researcher obtained permission from life insurance companies to conduct the study. Thus, a letter was drafted and submitted to the respective HR departments of each selected life insurance company. Self-administered questionnaires with cover letters were distributed to life insurance companies; the cover letter explained the objective and purpose of study and participants were informed that the exercise was not by force but rather voluntary. In addition, a deadline of seven days was given to participants to complete the questionnaires and reminders were set for every end of 2<sup>nd</sup> day. Completed questionnaires were collected personally by the researcher, to avoid low responses and time delays.

As for the other sample collection, random people were approached and self-administered questionnaires with letters explaining the purpose and objective of the study were distributed. Participants were informed that the exercise was voluntary. The researcher waited for participants to complete the questionnaires and they were collected immediately once they had been completed.

### **3.8 DATA ANALYSIS**

The returned and duly filled questionnaires were verified, coded, and recorded according to likenesses. Data was entered on a computer using Microsoft Excel. The statistical package for the social sciences (SPSS) is a software package used in statistical analysis of data. This software was used to analyse the data collected through the questionnaires. Graphs, tables, and figures were used to analyse and interpret the data collected from the questionnaires. These placed participants with similarities in the same category. These analyses were based on the responses obtained from the respondents. The answers provided by the respondents formed the basis of the study.

#### **3.8.1 Validity of Instruments**

The validity of a data collection instrument is the accuracy or meaningfulness and technical soundness of the research. It is a measure of how well a test measures what it was supposed to measure (Kombo and Tromp, 2006). After the preparation of the questionnaire schedule, the researcher did present them for validation. The researcher also gave the questionnaire to some employees of the insurance companies which were studied to help check the accuracy of the data collected.

#### **3.8.2 Reliability Instruments**

According to (Mbewa, 2006), reliability of an instrument refers to the degree to which the instrument supplies consistent results. The technique that was used to measure the degree of reliability of the questionnaire was administering the questionnaire to the employees of the companies under study. There was observed consistency of the scores recorded.

### **3.9 RESEARCH ETHICS**

To ensure professionalism and quality research, ethical issues were highly considered in this research. Firstly, informed consent from the research subjects was required. Research participants were informed on the aims, methods, and any potential changes of the research in the process. The confidentiality of information supplied by research respondents was respected. Identities and

research records were kept confidential. Anonymity and privacy were respected. This means that care was taken in deciding whether sensitive information should be recorded and stored for a minimum of 5 years before being destroyed. In addition, value neutrality was applied, this meant no individual attitude towards participation in politics, religion or association would be represented as either being right or wrong or having influence of any kind.

## CHAPTER FOUR

### 4. RESULTS AND DISCUSSIONS

#### 4.1 INTRODUCTION

This chapter discusses the findings of the study investigating the impact of demographic factors on market strategies for life insurance demand in Namibia. All findings are discussed under headings clearly reflecting the research questions and objectives.

#### 4.2 RESPONDENTS

Number of questionnaires issued to respondents	Number of respondents	Percentage
80	50	75%

*Table 4.2.1: Response from Respondents*

Table 4.2.1 above shows 80 questionnaires were distributed to respondents, but we only had 50 (75%) responses. This is because some people failed to complete the questionnaires, they did not understand the questions, misplaced the questionnaires and it was not ready by the pick-up day.

Number of questionnaires issued to employees in 5 insurance companies	Number of respondents	Percentage
20	16	80%

*Table 4.2.2: Response from Employees of Insurance Companies*

Table 4.2.2 shows that 20 questionnaires were given to employees in five insurance companies but received a response from 16 employees which is 80%. This is because everyone had some input to contribute toward market strategies.

#### 4.3 PROFILE FOR RESPONDENTS

The sampled respondents who were issued questionnaires were not equal in terms of their gender (sex). Out of 66 respondents who completed their questionnaires; 40 (60.61%) of them were male and 26 (39.39%) were female. From this result, one can deduce that among the respondents, the

males were more willing to participate in the data collection and because the insurance industry is dominated by males.

Sex	Life insurance companies	Other participants	Frequency (F)	Percentages (%)
Male	10	30	40	60.61%
Female	6	20	26	39.39%
<b>Total</b>	16	50	66	100%

*Table 4.3.1: Gender Status of Respondents*

Age (years)	Frequency(F)	Percentage (%)
25 and below	10	15.15%
25 - 30	17	25.76%
31 - 35	23	34.85%
36 - 40	10	15.15%
40 and above	6	9.09%
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.3.2: Age Range of Respondents*

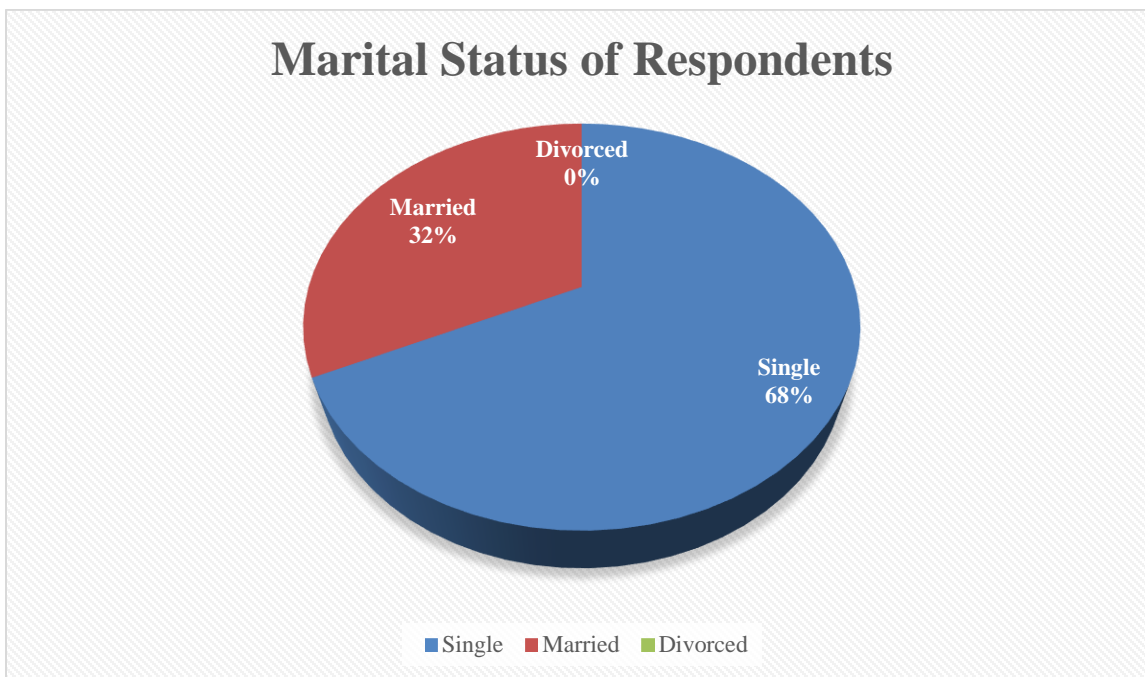
Table 4.3.2 above shows the age range of all the respondents, which highlighted that 10 (15.15%) of the respondents were aged 25 years and below, 17 (25.76%) of the respondents were between 25–30 years of age, 23 (34.85%) of the respondents had their age between 31–35 years, 10 (15.15%) were between 36–40-year range with 40 years and above representing 6 (9.09%). Individuals in the 31–35-year age range made up a majority of the respondents as they are more active and make up most of the work force.

Level of Education	Frequency(F)	Percentage (%)
Grade 10 Certificate	7	10.61%
Grade 12 Certificate	15	22.73%
Diploma	15	22.73%
Degrees	28	42.42%
Master's degree	1	1.55%
PHD	0	0
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.3.3: Level of Education*

Table 4.3.3 shows the level of education of the respondents which highlighted 7 (10.61%) respondents had grade 10 certificates, 15 (22.73%) respondents had grade 12 certificates, 15

(22.73%) respondents had diplomas, 28 (42.42%) had degrees and only 1 (1.55%) respondent had a master's degree and there were zero respondents who had a PHD. Among the respondents, degree holders made up the majority of the respondents, this is because it is a common qualification in Namibia.



**Figure 4.3.1: Marital Status of Respondents**

Figure 4.3.1 shows the marital status of all the respondents, which indicated that 21 (32%) respondents were single, 45 (68%) respondents were married, and non-divorced people. Single people made up the majority of the respondents, this could be because the divorced are ashamed to reveal their statuses and only indicate that they are single and also because single people are more easily to talk to.

Type of Employment	Frequency	Percentage
Formal	50	75.76%
Informal	16	24.24%
<b>Total</b>	<b>66</b>	<b>100%</b>

**Table 4.3.4: Type of Employment of Respondents**

Table 4.3.4 shows the type of employment of the respondents which indicated that 50 (75.76%) respondents were involved in formal employment and 16 were in informal employment which is

represented by (24.24%). The insurance industry offices provide formal employment only and informal employed people are found more on sites outside of town and therefore formal employed respondents were dominant.

<b>Income Scale</b>	<b>Frequency (F)</b>	<b>Percentage (%)</b>
○ Less than N\$10,000	20	30.30%
○ Between N\$10,000 – N\$20,000	26	39.39%
○ Between N\$20,000 – N\$30,000	15	22.73%
○ Between N\$30,000 – N\$40,000	5	7.58%
○ More than N\$40,000	0	0%
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.3.5: Monthly Salary of Respondents*

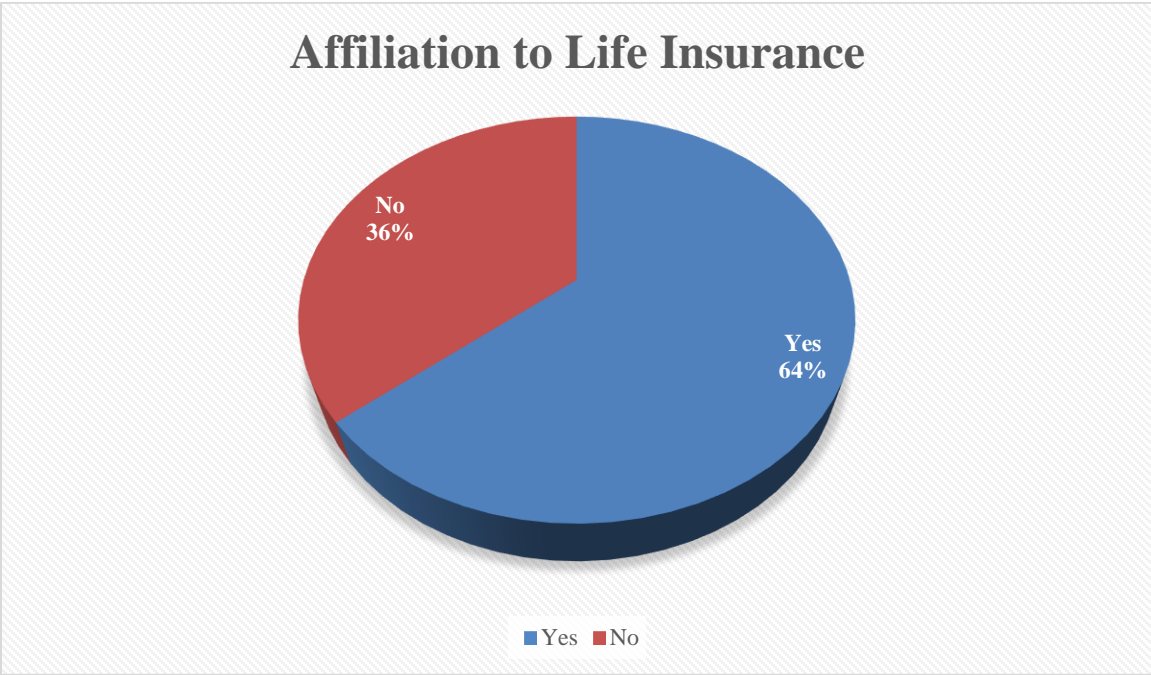
Table 4.3.5 shows the scale of income obtained monthly for all respondents which demonstrates that 20 (30.30%) respondents were earning monthly income less than N\$10,000, 26 (39.39%) respondents were earning monthly income between N\$10,000 to N\$20,000, 15 (22.73%) respondents were earning monthly income between N\$20,000 to N\$30,000, 5 (7.58%) respondents were earning monthly income between N\$30,000 to N\$40,000 and there were no respondents who were earning a monthly income of more than N\$40,000. Salary scale between N\$10,000 and N\$20,000 was the most, this is probably because it is the most common amount people are paid or the ones that earned more or less did not want to fully disclose their incomes.

#### **4.4 GENERAL KNOWLEDGE OF INSURANCE**

<b>Life Insurance</b>	<b>Frequency (F)</b>	<b>Percentages (P)</b>
○ This is the amount of money paid to cover expenses either on the death of an insured person.	26	39.39%
○ This is an agreement that if you die or are diagnosed with a terminal illness, a sum of money will be paid out to your spouse or children.	10	15.15%
○ This is a contract between the insurance policyholder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured person or after a set period.	30	45.46%
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.4.1: General Knowledge of Insurance by Respondents*

Table 4.4.1 above shows the respondents' perception of the meaning of life insurance with 30 (45.46%) respondents who were the majority said that it is a contract between the insurance policyholder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured person or after a set period, followed by 26 (39.39%) respondents who defined life insurance as the amount of money paid to cover expenses either on the death of an insured person, 10 (15.15%) respondents defined life insurance as this is an agreement that if you die or diagnosed with a terminal illness, a sum of money will be paid out to your spouse or children. This shows that all respondents had an idea of what life insurance meant or it could also be just selecting whatever answer is available.



**Figure 4.4.1: Affiliation of Respondents to Life Insurance**

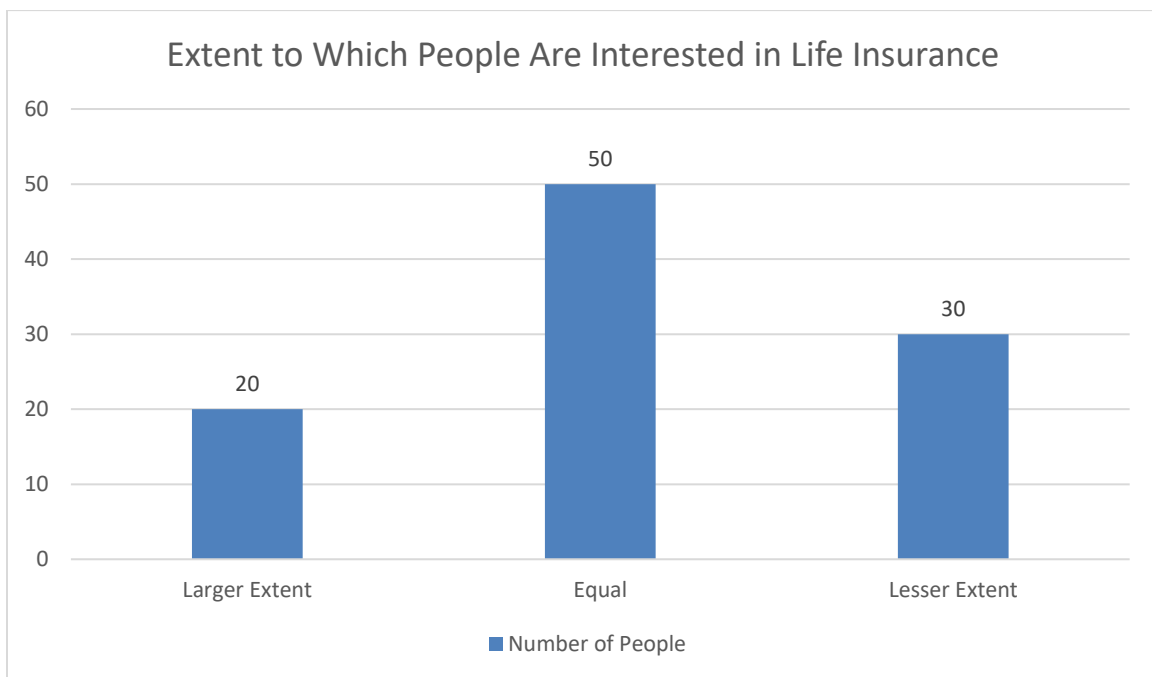
Figure 4.4.1 shows how many of the respondents are affiliated with life insurance which demonstrates that 36 (36%) respondents said they were not affiliated with life insurance, while 64 (64%) respondents were affiliated with life insurance.

**4.5 DETERMINE THE EFFECT OF DEMOGRAPHIC FACTORS ON LIFE INSURANCE DEMAND**

Proportion of Activities	Frequency (F)	Percentages (P)
○ Time, one has lived	20	30.30%
○ Level Education	24	36.36%
○ Family Background	0	0
○ Marital Status	22	33.34%
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.5.1: Enablement of people to affiliate themselves with life insurance*

Table 4.5.1 shows what enables people to affiliate themselves with life insurance. It shows that 20 (30.30%) respondents said that the enabler was the amount of time one has lived, 24 (36.36%) said that they were enabled by the level of education one has attained, 22 (33.34%) respondents indicated that they were enabled by their marital status and there were no results for family background.



*Figure 4.5.1: The extent to which people are interested in life insurance*

Figure 4.5.1 shows the extent to which people are interested in life insurance which highlighted that 20 (20%) respondents said they are interested in life insurance to a larger extent, while 50

(50%) respondents said they have an equal interest in life insurance and 30 (30%) respondents said that to a lesser extent.

<b>Consumption of life insurance</b>	<b>Frequency (F)</b>	<b>Percentages (P)</b>
○ Because when one is married, they want some money to be left for their spouse and children	26	39.39%
○ Because when one is single, they want their funeral expenses to be covered, their debt covered, and some money left for their family members.	40	60.61%
○ Because when one is divorced, they want their children to suffer financially.	0	0
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.5.2: Does marital status have an impact on the consumption of life insurance*

Table 4.5.2 shows the respondents' opinion of how marital status has an impact on the consumption of life insurance. It highlighted that 26 (40%) respondents were of the opinion that when one is married, they want some money to be left for their spouse and children, and 40 (60%) respondents were of the opinion that when one is single, they want their funeral expenses to be covered, their debt covered, and some money left for their family members and no respondents were in support of the opinion that when one is divorced, they want their children to suffer financially.

<b>Effects of Income on Demand of Life Insurance</b>	<b>Yes</b>	<b>No</b>
○ When people have low income, they cannot afford premiums.	100%	0
○ When people have a middle income, they debate about whether to get premiums or the money can be used for other home needs.	100%	0
○ When people have a high income, they will use it to get premiums to settle for their illnesses and funeral expenses	100%	0

*Table 4.5.3: Effects of the level of income on demand for life insurance*

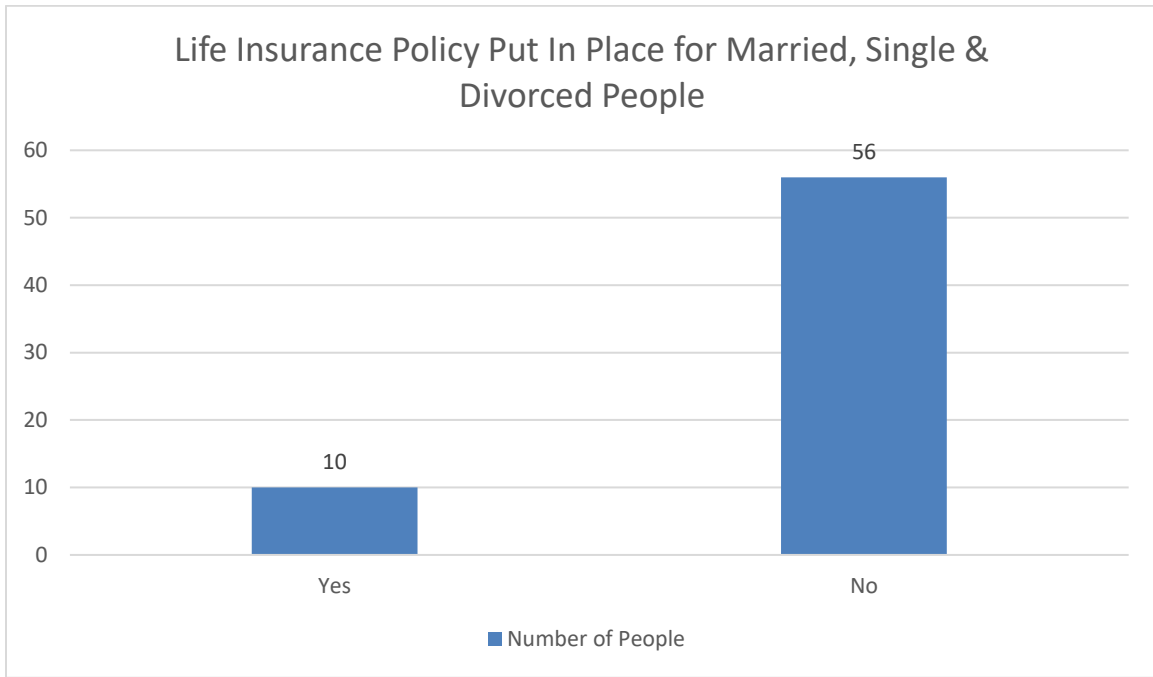
In table 4.5.3 reveals the participants were asked about their opinion regarding the effects of the level of income on the demand for life insurance. Respondents agreed to all 3 options provided which are that when people have a low income, they cannot afford premiums when people have a

middle income, they will be in a debate about whether to get premiums or the money can be used for other home needs and lastly when people have a high income, they will use to get premiums to settle for their illnesses and funeral expenses.

<b>Education and insurance uptake statement</b>	<b>Yes</b>	<b>No</b>
○ Some less educated members in the society view insurance as an expensive venture	95%	5%
○ Some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance	91%	9%
○ Educated members in the society prefer to take insurance cover since they understand its benefits	88%	12%
○ Some less educated members in the society prefer not take life insurance	90%	10%
○ Life insurance takers are the educated members in the society	95%	5%

***Table 4.5.4: Education and Insurance Uptake Statement***

Table 4.5.4 above shows that 95% of the respondents agreed that they are aware that some less educated members of the society view insurance as an expensive venture. 91% of the respondents agreed that they are aware that some less educated members the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance, 88% of the respondents agreed that they are aware that educated members in the society prefer to take insurance cover since they understand its benefits. Further, results in table 4.5.4 revealed that 90% of the respondents agreed that they are aware that some less educated members of the society prefer not to take life insurance while 95% of the respondents agreed that they are aware life insurance takers are the educated members in the society.



**Figure 4.5.2: Life insurance policy put in place for married, single, and divorced people**

Figure 4.5.2 above indicates if there is a life insurance policy put in place for married, single, or divorced people. Which showed that 10 (15%) respondents said yes, and 56 (85%) respondents said no to the fact that there were no life insurance policies put in place for married, single, and divorced people.

#### **4.6 CULTURAL ATTITUDES AND VALUES AND INSURANCE UPTAKE**

The study sought to find out the effect of cultural attitudes and values on insurance uptake. Results in table 4.6.1 reveal that 93% of the respondents agreed that they are aware that some members of the society feel that paying for insurance is as good as throwing money away. 40% of the respondents agreed that they are aware that the taking up an insurance cover is considered a bad omen in some cultures, 50% of the respondents agreed that they are aware that some members of the society feel that they have nothing to lose and hence no need to insure. Further, results in table 4.6.1 revealed that 40% of the respondents agreed that they are aware that some members of the society feel that they are “good people”, and that risk and losses only happen to “bad people” while 50% of the respondents agreed that they are aware that some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement.

<b>Cultural Attitudes and Values and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Some members of the society feel that paying for insurance is as good as throwing money away.	93%	7%
○ Some members of the society feel that paying for insurance is a preserve of the rich.	60%	40%
○ Some members of the society feel that they have nothing to lose and hence no need to insure.	50%	50%
○ Some members of the society feel that they are “good people”, and that risks and losses only happen to “bad people”.	40%	60%
○ I feel that the insurance industry is a corrupt industry and there is little chance of getting the claims settlement.	50%	50%

***Table 4.6.1: Cultural Attitudes and Values and Insurance Uptake Statement.***

Table 4.6.1 above indicates other aspects of cultural attitudes and values that influence the decision to take up insurance. In response, they indicated that insurance agencies have concentrated on health / accident issues and left out the ethics line. They also showed an attitude of not planning for the future. “If tomorrow (the long term) does not exist in my plans, why should I insure?”.

#### **4.7 RELIGION AND INSURANCE UPTAKE**

Results in table 4.7.1 reveal that 80% of the respondents agreed that they are aware that religion may influence the decision of users to take up insurance cover or not. 50% of the respondents agreed that they are aware that the Islamic religion is against insurance products that pay interest on premium savings, 90% of the respondents agreed that they are aware that some indigenous religions in Namibia do not believe in seeking medical attention and hence may not see the need for a medical cover.

Furthermore, results in table 4.7.1 revealed that 80% of the respondents agreed that they are aware that some sects of the Christian faith do not look at insurance positively because they are covered by their faith while 10% of the respondents agreed that they are aware that some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you.

<b>Religion and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Religion may influence the decision of users to take up insurance cover or not.	80%	20%
○ The Islamic religion is against insurance products that pay interest on savings.	50%	50%
○ Some indigenous religions in Namibia do not believe in seeking medical attention and hence may not see the need for a medical cover.	90%	10%
○ Some sects of the Christian faith do not look at insurance positively because they are covered by their faith.	80%	20%
○ Some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you.	10%	90%

***Table 4.7.1: Religion and Insurance Uptake Statement***

Table 4.7.1 above indicates other aspects of religion that influence the decision to take up insurance. In response, they indicated that religious sects brainwash their followers against insurance products, for some magic beliefs that push them to the position that only God can heal and control what is taking place in their lives and for some, they believe that the future should worry about itself.

**4.8 LANGUAGE AND INSURANCE UPTAKE**

The study sought to establish the effect of language on insurance uptake. Results in table 4.8.1 reveal that 87% of the respondents agreed that they are aware that speaking a different language makes it difficult to understand what the insurance agents are trying to explain. 90% of the respondents agreed that they are aware that the legal language used in the insurance documentation forms can be very technical and difficult to understand by the general public. Additionally, results in table 4.8.1 revealed that 85% of the respondents agreed that they are aware that the insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing while 95% of the respondents agreed that they are aware that those insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials.

<b>Language and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Speaking a different language makes it difficult to understand what the insurance agents are trying to explain.	87%	13%
○ The legal language used in the insurance documentation forms can be very technical and difficult to understand by the general public.	90%	10%
○ The insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.	85%	15%
○ Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials.	95%	5%
○ Speaking a different language makes it difficult to understand what the insurance agents are trying to explain.	87%	13%

*Table 4.8.1: Language and Insurance Uptake Statement*

The respondents were also asked to indicate other elements of language that influence the decision to take up insurance. In response, they stated that lack of clarity about the insurance products, little knowledge of the benefits of taking up insurance, lack of credibility, and a poor approach to clients influence the uptake of insurance. Furthermore, they indicated that the information provided by the sales agents is normally inaccurate and misleading, which is only meant to only make a sale. In addition, they indicated that people hardly hear about insurance unless it is about buying insurance or a new insurance product launch.

**4.9 TO FORMULATE DEMOGRAPHICALLY INCLUSIVE LIFE INSURANCE MARKET STRATEGIES**

The study sought to establish ways how people with low income to be stimulated to participate in buying premiums for life insurance. Results in table 4.9.1 shows that 33 (50%) respondents said that including less expensive premiums would motivate individuals to take up life insurance, 13 (19.7%) respondents said that being encouraged at all levels of income in buying premiums is motivation and 20 (30.3%) respondents agreed that ensuring premiums are shown on how they benefit all people would motivate individuals.

<b>Demographically inclusive life insurance market strategies</b>	<b>Yes</b>	<b>No</b>
○ Include less expensive premiums	33	50%
○ To encourage people at all levels in buying premiums	13	19.70%
○ To ensure premiums are shown on how they benefit all people	20	30.30%
<b>Total</b>	<b>66</b>	<b>100%</b>

*Table 4.9.1: Demographically inclusive life insurance market strategies*

Table 4.9.1 shows that respondents were asked to indicate other ways how to stimulate people to participate in buying premiums for life insurance. The respondents mentioned financial literacy and educating individuals on the importance of life insurance.

#### **4.10 STRATEGIES THAT HELP IN THE INCLUSIVENESS OF LIFE INSURANCE THROUGH SEX, AGE, MARITAL STATUS, INCOME, AND LEVEL OF EDUCATION**

The respondents stated that the banks in Namibia offer life covers to individuals for every time they acquire a property by means of loaning from these banks; this applies to any age, sex, marital status, and level of education. Additionally, the respondents indicated that most of the debt providers have included insurance in their repayment amounts, the insurance was to cover them in the cases when individuals lose their jobs, get retrenchment, and or they die.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

This chapter provides the summary of the study, the highlighted findings based on our objectives. The chapter also presents the conclusions and recommendations of the study.

#### 5.2 SUMMARY OF FINDINGS

The study sought to investigate the impact of demographic factors on market strategies for life insurance demand in Namibia. From the data collected and analysed the following findings were discovered.

##### **5.2.1 Affiliation to life insurance and extent to which people are interested in life insurance**

When asked whether the respondents were associated with any life insurance policy, it was found that the respondents were affiliated with a life insurance policy. This was mostly because when taking out a mortgage loan, the banks made it compulsory for each person to have a life cover.

It was also found that the sampled population were interested in life insurance, this is because there is a growing interest in life insurance policies, people are understanding the benefits of having a life insurance policy and they are being exposed to life insurance through other people's experiences.

##### **5.2.2 If Marital status has an impact on the consumption of life insurance and if there are any policies put in place for married, single and divorced people.**

The study revealed that marital status does have an impact on the consumption of life insurance but not to a greater extent. Married people and unmarried people with children have a great concern for their children and therefore explore life insurance policies to leave them in a better financial position. Life insurance consumption did not depend on marital status but more on the number of dependants people have.

Also, the study found that the respondents indicated that there were no tailor-made insurance policies put in place for the different marital statuses.

### **5.2.3 Effects of the level of income on demand for life insurance**

When it comes to the level of income on the demand for life insurance, it was found that the level of income does play a great role on whether to purchase life insurance or not. The more income individuals have the more options and money they can afford life insurance covers. Lower income people have limited options and must mostly pick between buying basic needs or buying life insurance.

### **5.2.4 Education and insurance uptake**

The study found that education did have an impact on the uptake of insurance. People with lower education status do not understand the concept of life insurance. They tend to come up with their own ideas about insurance for example they believe insurance is an expensive venture, that insurance is a waste of money, and that they did not trust insurance agents.

### **5.2.5 Cultural attitudes and values and insurance uptake**

It was found that there are still cultural attitudes and values amongst people which affect insurance uptake. There are several people who believe that insurance is as good as throwing your money away, that insurance is only for the rich, that feel they have nothing to lose and therefore have no need to get insurance. They also believe that risks and losses only happen to bad people and those that feel like insurance is a corrupt industry.

### **5.2.6 Religion and insurance uptake**

The study found that religion does have an impact on the uptake of insurance. People shy away from life insurance policies because of their religious beliefs. It does not matter whether an individual is educated or not and if they could afford life insurance policies. There are churches that do not

believe in the meaning of insurance and prohibit their members from taking up life insurance because they believe God is in control.

### **5.2.7 Language and insurance uptake**

Respondents agreed that language does play a great role in the uptake of insurance. The communication language, insurance language, legal language, and financial language used in insurance correspondences are not understood by many people. Insurance policies are not clear and are mostly confusing which makes it difficult for people to openly take up insurance policies.

### **5.2.8 To formulate demographically inclusive life insurance market strategies**

From the findings, it was revealed that Insurance companies needed to find ways to stimulate and encourage low-income people and all levels of income to buy insurance. Develop insurance policies that are less expensive which target the low-income earning individual and by doing this it would motivate more people to purchase insurance policies. Most of insurance companies and agents do not explain the benefits of insurance policies when dealing with potential buyers; to attract more customers insurance companies and agents should clearly define the benefits of their insurance policies.

### **5.2.9 Strategies that help in the inclusiveness of life insurance through sex, age, marital status, income, and level of education**

The study discovered that there are a few strategies that help in the inclusiveness of life insurance through sex, age, marital status, income, and level of income. Banks and other debt providers have included life insurance in their packages, which is compulsory for all their clients.

### **5.2.10 Influence of demographic factors on market strategies for life insurance demand**

The study found that demographic factors do have an impact on marketing strategies for life insurance demand. Respondents indicated that insurance marketing strategies are affected by an individual's level of education as less educated people are unable to interpret and understand

insurance's current marketing strategies and policies, they also do not see how insurance benefits them. It was also mentioned that an individual's age affects the current insurance marketing strategies for life insurance demand. It plays a role in the sense that certain policies and market strategies should be designed to fit certain age groups and provide the same information as it was done before; this also applies to an individual's marital status, language, level of income, sex, and religion.

### **5.3 CONCLUSIONS**

Based on the findings the study concluded that demographic factors do affect insurance uptake, 95% of the respondents agreed that they are aware that some less educated members of the society view insurance as an expensive venture and 80% of the respondents agreed that they are aware that religion may influence the decision of users to take up insurance cover or not. From the study, it was also found that the level of income and education affected the uptake of life insurance policies.

It was evidenced that there are no specific policies designed to satisfy certain individuals demographically, all policies are generalised by the insurance companies. From the study, 87% of the respondents agreed that they are aware that speaking a different language makes it difficult to understand insurance agents and policies are generally too technical to understand. The study found that there were no specific policies designed to accommodate an individual's marital status and level of income.

The findings revealed that cultural attitudes, values, religion, and age have impacted insurance uptake and should be considered when motivating people to purchase insurance. Lastly, insurance companies need to find ways to attract low-income individuals and design packages that are affordable.

## 5.4 RECOMMENDATIONS

The main purpose of insurance regulation is to maintain insurer solvency, protect consumers, ensure reasonable rates, and make insurance available to people who are poor risks and might be unable to get it (Insurance Regulation, 2023). They further stated that insurance regulation mostly consists of state laws and other regulations regarding the solvency and markets of insurance companies.

Based on the findings the study made the following recommendations.

- a) The insurance regulator (NAMFISA) should encourage insurance companies to sensitise the public on the different benefits of insurance and the insurance products available in the market on a regular basis, not just when selling insurance. This can be done through continuous advertising and road shows.
- b) The language used by insurance sales agents and in the proposal forms for insurance policies should be simplified so that potential clients can understand them better. They could also come up with policies in local languages.
- c) The insurance regulator (NAMFISA) should ensure that all the agents transacting the insurance business are properly trained, licensed, and motivated to help reduce the perception that insurance agents are conmen or dishonest.
- d) The insurance regulator (NAMFISA) should encourage insurance companies to open up more offices in the country and suburbs to reach more potential clients. They should also team up with banks through bancassurance to increase sales and finance insurance premiums to ease the financial burden, especially for salaried workers and small businesses with limited cashflows.
- e) The Government through the Ministry of Finance should consider introducing legislation that makes more classes of insurance mandatory.

- f) Insurance companies together with the regulator should come up with insurance products that are classified or put in classes so that it is user-friendly for all people to access the premiums they are comfortable with.

## **5.5 SUGGESTIONS FOR FURTHER STUDY**

Possible areas to research in the future would be:

The challenges faced by the insurance regulator (NAMFISA) while executing its mandate in the insurance industry in Namibia. This study would help them find focus areas and target areas.

Another area to look at would be how religion and cultural beliefs affect the uptake of insurance in the rural areas of Namibia. This would help understand the people more and be able to design insurance packages specifically for them.

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## **APPENDICES**

### **APPENDIX I**

#### **QUESTIONNAIRE COVER PAGE**

##### **THE UNIVERSITY OF NAMIBIA**

**RESEARCH TOPIC: AN INVESTIGATION OF THE INFLUENCE OF  
DEMOGRAPHIC FACTORS ON MARKET STRATEGIES FOR LIFE INSURANCE  
DEMAND: A CASE STUDY OF WINDHOEK (NAMIBIA)**

**Dear Participant,**

I am a master's student in Business Administration: Management Strategy at the university of Namibia conducting research on the mentioned topic above. You have randomly been selected to participate in this research as a research participant. Kindly be advised that the research is purely an academic exercise and the information you are requested to give will only be used for academic purposes and be treated with maximum confidentiality.

Yours faithfully

**ADELINE KASERA**

## APPENDIX II

### QUESTIONNAIRE

#### INSTRUCTIONS

- 1) Do not write your name on the questionnaire.
- 2) Answer all questions by ticking and filling in where spaces have been provided.
- 3) Be sincere in your answering by being honest and truthful at all times.
- 4) Where you are not clear seek clarity from the researcher.

#### BACKGROUND INFORMATION

**1. Sex**

Male ( )

Female ( )

**2. Age**

25 and below ( )

25 - 30 ( )

31 - 35 ( )

36 - 40 ( )

40 and above ( )

**3. What is your highest academic qualification acquired?**

PHD ( )

Masters ( )

Degree ( )

Diploma ( )

Grade 12 Certificate ( )

Grade 10 Certificate ( )

**4. Marital Status**

Married ( )

Divorced ( )

Single ( )

**5. What type of employment are you involved in?**

Formal ( )

Informal ( )

**6. Specify your Job type**

.....

.....

.....

**7. Scale of income obtained Monthly**

Less than N\$10, 000 ( )

Between N\$10, 000 to N\$20, 000 ( )

Between N\$20, 000 to N\$30, 000 ( )

Between N\$30, 000 to N\$40, 000 ( )

More than N\$40, 000 ( )

**GENERAL KNOWLEDGE ON INSURANCE**

**8. What is Insurance?**

- a) It is a means of protection from financial loss
- b) It is a contract, represented by a policy which an individual or entity receives financial protection or reimbursement against losses from an insurance company
- c) Insurance is a legal agreement between two parties which protects an individual

**9. What is life insurance**

- a) This is the amount of money paid to cover expenses either on the death of insured person ( )
- b) This is an agreement that if you die or diagnosed with terminal illness, a sum of money will be paid out to your spouse or children ( )
- c) This is a contract between the insurance policy holder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon death of insured person or after a set period. ( )

**10. Are you affiliated to life Insurance company?**

Yes ( )

No ( )

**TO DETERMINE THE EFFECT OF AGE, SEX, LEVEL OF EDUCATION, MARITAL STATUS (DEMOGRAPHIC FACTORS) ON LIFE INSURANCE DEMAND.**

**11. What makes people enable them to affiliate themselves to life insurance?**

- Time, one has lived ( )
- Level Edification ( )
- Family Background ( )
- Marital Status ( )

**12. Who are the most people who have affiliated themselves to life insurance?**

- High income people ( )
- Middle income people ( )
- Low income ( )

**13. To what extent are people interested in life insurance?**

- Larger extent ( )
- An extent ( )
- Lesser extent ( )

**14. How does Marital status have an impact on the consumption of life insurance?**

- a) Because when one is married, they want some money to be left for their spouse and children. ( )
- b) Because when one is single, they want their funeral expenses to be covered, their debt sorted, and money left for their family members. ( )
- c) Because when one is divorced, they do not want their children to be financially affected. ( )

**15. According to your opinion who are the most people to consume life insurance.**

- The Age and married ( )
- Male and single ( )
- Female and literate ( )
- The educated and divorced ( )

**16. What effects do the level of income demand for life insurance?**

<b>Level of income and demand for life insurance</b>	<b>Yes</b>	<b>No</b>
○ When people have low income, they cannot afford premiums.		
○ When people have a middle income, they debate about whether to get premiums or the money can be used for other home needs.		
○ When people have a high income, they will use it to get premiums to settle for their illnesses and funeral expenses		

**17. Education and Insurance uptake**

<b>Education and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Some less educated members in the society view insurance as an expensive venture		
○ Some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance		
○ Educated members of the society prefer to take insurance cover since they understand its benefits		
○ Some less educated members of the society prefer not to take life insurance		
○ The majority of life insurance takers are the educated members of the society		

**OTHER FACTORS AFFECTING LIFE INSURANCE UPTAKE**

**18. Cultural Attitudes and Values and Insurance Uptake**

<b>Cultural Attitudes and Values and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Some members of society feel that paying for insurance is as good as throwing money away.		
○ Some members of society feel that paying for insurance is a preserve of the rich.		
○ Some members of the society feel that they have nothing to lose and hence no need to insure.		
○ Some members of the society feel that they are “good people”, and that risks and losses only happen to “bad people”.		
○ I feel that the insurance industry is a corrupt industry and there is little chance of getting the claims settlement.		

**19. Religion and Insurance Uptake**

<b>Religion and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Religion may influence the decision of users to take up insurance cover or not.		
○ The Islamic religion is against insurance products that pay interest on savings.		
○ Some indigenous religions in Namibia do not believe in seeking medical attention and hence may not see the need for medical cover.		
○ Some sects of the Christian faith do not look at insurance positively because they are covered by their faith.		
○ Some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you.		

**20. Language and Insurance Uptake**

<b>Language and Insurance Uptake Statement</b>	<b>Yes</b>	<b>No</b>
○ Speaking a different language makes it difficult to understand what the insurance agents are trying to explain.		
○ The legal language used in the insurance documentation forms can be very technical and difficult to understand by the general public.		
○ The insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.		
○ Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials.		

**TO FORMULATE DEMOGRAPHICALLY INCLUSIVE LIFE INSURANCE MARKET STRATEGIES**

21. How can people with low income be encouraged to participate in buying premiums for life insurance?
- a) Include less expensive premiums
  - b) To encourage people at all levels in buying premiums
  - c) To ensure premiums are shown on how they benefit all people
22. Are there any life insurance policies put in place for married, single, or divorced people?
- Yes ( )
- No ( )
23. Are there any insurance premiums set for people who are educated and those who are illiterate?

Yes ( )

No ( )

24. Are there any strategies that help in the inclusiveness of life insurance through Sex, age, marital status, and level of education?

.....  
.....

**TO MAKE RECOMMENDATIONS WITH REGARD TO THE IMPACT OF  
DEMOGRAPHIC FACTORS ON MARKET STRATEGIES FOR LIFE INSURANCE  
DEMAND IN NAMIBIA**

25. What marketing strategies can be put in place to ensure life insurance covers demographic factors in Namibia?

.....  
.....

**Thank you for your cooperation.**
















## APPENDIX III

### SIMILARITY REPORT

#### Document Information

Analysed document	MBAMS - 2020 - Adeline Mudi Kasera (200827219).docx (D144344171)
Submitted	9/19/2022 10:57:00 AM
Submitted by	
Submitter email	adelinekasera@gmail.com
Similarity	12%
Analysis address	mwakipg.unam@analysis.urkund.com

#### Sources included in the report.

<b>W</b>	URL: <a href="https://docplayer.net/17951857-Factors-influencing-uptake-of-insurance-services-in-kenya-a-case-of-life-insurance-service-at-britam-mombasa-branch.html">https://docplayer.net/17951857-Factors-influencing-uptake-of-insurance-services-in-kenya-a-case-of-life-insurance-service-at-britam-mombasa-branch.html</a> Fetched: 7/16/2020 7:45:42 AM	 33
<b>SA</b>	<b>Nyambu Paul William Mwangi.docx</b> Document Nyambu Paul William Mwangi.docx (D135118213)	 10
<b>SA</b>	<b>MICHAEL KAMAU KAMIRU.pdf</b> Document MICHAEL KAMAU KAMIRU.pdf (D22000770)	 1
<b>SA</b>	<b>Life insurance growth in Nairobi- Stacy Atieno Goga-Fin.docx</b> Document Life insurance growth in Nairobi- Stacy Atieno Goga-Fin.docx (D130488092)	 2
<b>SA</b>	<b>Factors influencing penetration of insurance services in Nairobi-Kenya.docx</b> Document Factors influencing penetration of insurance services in Nairobi-Kenya.docx (D129051183)	 2
<b>SA</b>	<b>FACTORS AFFECTING PENETRATION RATE OF INSURANCE SERVICES IN NAIROBI, KENYA- CHAPTER 1 (3) (2) (2) (3).docx</b> Document FACTORS AFFECTING PENETRATION RATE OF INSURANCE SERVICES IN NAIROBI, KENYA- CHAPTER 1 (3) (2) (2) (3).docx (D114887451)	 1
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<b>SA</b>	<b>Project PROposal with corrections.docx</b> Document Project PROposal with corrections.docx (D115445285)	 1
<b>SA</b>	<b>Nou1.pdf</b> Document Nou1.pdf (D26590153)	 5
<b>SA</b>	<b>Chitralkha_Rajkot.doc</b> Document Chitralkha_Rajkot.doc (D17048993)	 2
<b>SA</b>	<b>Mercy Mwende- Project Proposal -Determinants of Effective Marketing Strategies in Promoting Insurance Products (AutoRecovered).docx</b> Document Mercy Mwende- Project Proposal -Determinants of Effective Marketing Strategies in Promoting Insurance Products (AutoRecovered).docx (D111989262)	 1
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MANAGEMENT STRATEGY  
OF  
THE UNIVERSITY OF NAMIBIA  
BY  
ADELINE KASERA  
200827219

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LANGUAGE EDITING CERTIFICATE



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LANGUAGE & COPY-EDITING CERTIFICATE

20<sup>th</sup> September 2022

**RE: LANGUAGE, COPYEDITING AND PROOFREADING OF ADELINE MUDI KASERA'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA**

This certificate serves to confirm that I copyedited and proofread **ADELINE MUDI KASERA's** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN INVESTIGATION INTO THE INFLUENCE OF DEMOGRAPHIC FACTORS ON MARKET STRATEGIES FOR LIFE INSURANCE DEMAND: A CASE STUDY OF WINDHOEK NAMIBIA**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I have edited many Postgraduate Diploma, and Masters' Thesis, Dissertations for students studying with universities in Namibia and elsewhere. I have also copy-edited company documents and publications for Non-Governmental Organisations (NGOs) around the Southern African region.

Please feel free to contact me should the need arise.  
Yours Sincerely,

Mr. Shonhiwa Bakare

