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SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

FACTORS AFFECTING SALES OF NON-LIFE INSURANCE POLICY: THE CASE OF AWASH INSURANCE HEAD OFFICE IN ADDIS ABABA CITY.

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, SCHOOL OF COMMERCE IN PATIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MA IN MARKETING MANAGEMENT.

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COLLEGE OF BUSINESS AND ECONOMICS
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DECLARATION

I, Feyisa Dandana Amena , declare that this research is my own original work and to the best of my knowledge, it has not been presented in any other academic institution for the award of academic credit.

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Date: ___________________________________

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ACRONYMS

AI ………………………………… Awash Insurance

FY ……………………………… Fiscal year

GDP ……………………….……... Growth Domestic Product

PR …………………………………Premium rate

SPSS - …………………………….Statistical Packaging for Social Science

TV ……………………………. …..Television

G.C ………………………………. Gregorian calendar

EC …………………………………Ethiopian Calendar

DPF…………………………….…… Discretionary participation feature

STD ………………………………… standard deviation

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Abstract

The purpose of this study was to investigate and asses the factors that influence the sale of non-life insurance policy in the case of Awash Insurance Head Office. Premium rate, process and procedure of claims settlement, sales agent of the company, underwriting process, and promotion or advertisement are assumed as independent variables, whereas, the sale of the non-life insurance policy of the company was assumed as dependent variable of this study. This study was based on an explanatory study design and a quantitative research approach. Respondents for this survey were selected using systematic random sampling from marketing directorate, claim directorate, underwriting Directorate and licensed sales agent of Awash Insurance at Head office. Accordingly, 152 were selected as the respondents of this study. The main finding of this study is that premium rates are the significant influence on sales of non-life insurance policy. It is recommended that insurance companies have to conduct awareness campaigns and explain their products and benefits if the level of sales is to be enhanced. While charging a lower premium can impact the insurer's profitability, charging higher could result in losing applicants. Maintaining this balance becomes a crucial and challenging process. Thus, it is better to make premium affordable to the customers buying capability.

Keywords – sales of non-life insurance policy, Insurance Company, claim settlement, premium rate, promotion and advertising.

CHAPTER ONE

INTRODUCTION

This chapter mainly focuses on background information about insurance history and its development is discussed. Furthermore, the purpose of the study, the question raised, the research question, the importance of the study, the scope of the study, and the limitations of the study were clearly and concisely presented in this part of the study.

1.1 Background of the Study

Around 2000 BC Babylon had an insurance company that protected sea trade. Babylon was considered an early center of world trade between the countries of Europe, Africa and Asia. Goods are transported to Babylon by land and sea transport. A caravan dealing in valuables was robbed. Marine traders face sea and they start transferring these risks to merchants who were providing protection for a lump sum payment. (Negash, Asmare, Gopal, 2018)

The history of insurance services dates back to Ethiopia's modern banking services introduced in 1905. At that time, an agreement was reached between Emperor Menelik II and representatives of the British National Bank of Egypt to establish a new bank in Ethiopia. (Zeleke, 2007, 41)

AI was the first private insurance company in the history of insurances in Ethiopia. It was established in 1994 by few shareholders. In this insurance company at the early period only non-life insurance service were available, but now two major activities were performed, Life and Non-life insurance. That is provided different service according to insurance policy written on the proclamation of the country and directives of National Bank of Ethiopia.

Although the company offers both life and non-life insurance services to its valued customers, the study focuses on the factors that influence the sales of non-life insurance policy in Awash Insurance. The major activity of insurance company is to provide an insurance coverage for policy holder upon the payment of premium.

Therefore, non-life insurance is a contract between the policyholder and the insurance company in which the insurance company pays a specified beneficiary or amount (benefits) in exchange for insurance premiums in the event of damage or loss a contract that promises to pay property and debt that mainly includes a cover for vehicles, marine, engineering materials, fire related accidents and pecuniary classes of risks (Öner, 2015).

Sum-insured is the amount of compensation to pay for insured as the time of accident occurred with in on year. General insurance products include aviation insurance, fire and related hazards insurance, marine insurance, engineering, automobile insurance, liability insurance, accident and health insurance and non-life insurance. For insurance industry, especially the non-life insurance is more accepted by consumers as it increases the efficiency of the business. Any large or small business is risky, and unexpected events to occur, non-life insurance reduces the burden of expenses by providing the benefits and coverage obtained from the insurance. (Negash, Asmare, Gopal, 2018)

In Awash Insurance, non-life insurance products were available and sold to the customers. The contract is signed only for getting protection against unpredicted financial losses arising due to future uncertainties. The sole purpose of Insurance contract is to give compensation in case of any damage or loss. In an insurance contract, the amount of compensations paid is in proportion to the incurred losses. The amount of compensations is limited to the amount assured or the actual losses, whichever is less. Compensation is not paid if the specified loss does not happen due to a particular reason during a specific period.

In this way, the insurance industry can mitigate risk, such as when fire insurers require the implementation of safe practices, distribute risk from individuals to the larger community, and provide important benefits to both public and private sectors. Helps provide a long-term source of funding. Risk is inherent in insurance Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities (Ibegbulem, 2021).

In many countries people trust insurance, and for this reason, they ensure all assets infamous insurance companies (Ibegbulem, 2021). On the other hand, insurance lets people and businesses protect themselves against certain potential losses and financial hardship at a reasonably acceptable rate (Carlyle, Sankar, Sharma, Kaikini, & Chandrasekaran, 2014). The insurance market and insurance companies play an important role in the economic growth. An insurance activity also helps to increase the GDP of a country. On the other side, insurance provides job opportunities for the citizens, improves economic and financial stability of individuals and insurance companies (Ibegbulem, 2021). For these reasons, it can be said that insurance is a reliable system of the economy.

The insurance Company's policy is to monitor those business risks through the Company’s strategic planning process. The main purpose of an insurance policy is to provide the insured with financial security and protection against future uncertainty. Therefore the Insured never tries to report wrongly to financial cover without any loss for seeking profit opportunities by violating the terms and conditions of an insurance contract policy. This breaks trust, results in breaching of a contract and invites them to legal penalties. An insurer must always investigate any doubtable insurance claims. It is also a duty of the insurer to accept and approve all genuine insurance claims made, as early as possible without any further delays and annoying hindrances. Provisions are recognized when the Company has a present obligation or legal or constructive because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. (Ibegbulem, 2021)

In general, non-life insurance plays an important role in the economic development of a country’s economy, in strengthening financial stability and investment for insurance companies/ individuals, thus it needs to study the factor that affect the sales of this policy in AI. This also, a source to raise savings into capital and create profits to the economic sectors/business organizations. This causes the rise of production, employment and an increase in national income levels directly affects a country's economic growth. So the government has emphasized the importance of the insurance business, and created a policy to support the benefit of the whole nation. Communication of wrong sales presentation and lack of professionalism from sales staff caused customers to have a bad attitude towards the non-life insurance business.

1.2 Statement of the problem

The insurance industry is one of the service industries that can significantly boost a country's economic growth, meaning that insurance contribution is positively related to economic growth (Mojekwu, Agwuegbo, and Olowokudejo, 2011). Stability in the insurance sector could have a significant impact on the stability of the financial system as a whole. Systemic risk contribution of the insurance sector has risen since Global Financial Crisis (GFC) of 2008–2009) and policymakers began to wonder the insurance sector could become a source of systemic risk (Czech National Bank, 2020).

There have been some studies on the insurance industry all of which presented evidence on a number of factors affecting the performance of the industry. (Abate Gashaw, 2012) studied on factors affecting profitability of insurance companies in Ethiopia in general.

These mainly includes a cover for vehicles, marine, engineering materials, fire related accidents and pecuniary classes of risks (Öner, 2015). In non-life insurance, the premium is the amount of money paid to buy an insurance policy for one-year coverage for the assignment of risks. The claims function is not only the major part of an insurer's expenses, the settlement process itself, also determines the customer experience, which determines retention rates. In other way is no sufficient research done on non-life insurance on AI.

There are also so many other triggering factors to conduct this study. As much as the researcher tried to review different literatures. Tried to review different literatures, (Tadesse, 2014) A study on factors affecting choice of insurance services in selected insurance companies the researcher found out affordable premiums are one of the significant factors that claim look at, (Suneja and Sharma, 2015) study factors affecting clients was promotional activities which was basically the least important factors according to in their study. And various institutions and academics on the sale of non-life insurance in different countries viewed from different perspectives and found different conclusions. in this regard, several empirical studies have been carried out by various people with the aim of studying the factors that determine the performance, premiums and promotional activities of the Ethiopian insurance sector.

(Abate, 2012), (Meaza, 2014), (Mistre, 2015) and (Suheili, 2015) are researchers who have studied the overall determinants of insurance companies in Ethiopia. And in the insurance field have examined the impact of life and non-life insurance through aggregation and differentiation of influencing the same factors. As sales of insurance policies it was the backbone of the insurance industry's existence in a competitive market, and research was taken into account when comparing the independent variables, like premium rate, claim settlement procedure, underwriting manuals, sales promotion, and advertising, against the dependent variables of sales of non-life insurance. To the best of this study's knowledge, previous studies on the Ethiopian insurance industry have generally focused only on the factors that affect the performance of insurance companies, without being divided into life insurance and non-life insurance. Other courtesy context to name a few, (Delhausse, 2015) and (Öner, 2015) has been evaluated as determinants of non-life insurance performance in Kenya and Poland, respectively.

The study conclude that demand for auto insurance is generally inelastic in terms of price and revenue, with demand for comprehensive and crash protection increasing significantly as population density increases. (Sherden, 1984) was the first to focus on the sensitivity of non-life insurance purchase the researcher finds that the demand for motor insurance is generally inelastic with respect to price and income and that the demand for comprehensive and collision coverage increases substantially with increased population density. (Beenstock et al. 1988) investigated the relationship between non-life insurance premiums and income using an international dataset and found that marginal propensity to insure and premiums directly affect real interest rates.

According to research conducted so far, the factors influencing sales of life and non-life insurance appear to be inflation, banking sector development, premiums and promotional activities. Nevertheless, this study will try to analyze by incorporating different factors like premium rate, claim settlement procedure, advertising or promotion and sales agent company. On this basis, this study was designed to focus on areas not addressed in previous studies. Therefore, this study focused on the factors that influence the sale of non-life insurance policy. The non-life insurance portion should preferably be considered separately as it is the most important segment in terms of claims settlement processes and procedures, premium rates, sales agency and underwriter processes, and promotion and advertising of Awash insurance.

This study therefore responded to the factors of non-life insurance sales policy by assessing and identifying the factors affecting the sales of non-life insurance policies in the case of the Awash insurance head office.

1.3. Research question

1.3.1 General research questions

- How are the main factors affecting sales of non-life insurance policy in the case of Awash Insurance?

1.3.2 Specific research question

- Is premium rate of a company affecting the sales of non-life insurance policy?
- Do the process and procedure of claim settlement affect the sales of this policy?
- Do the sales agents of the company directly affect the sales of non-life insurance policy?
- To analysis the effects of underwriter process on the sales of non-life insurance policy?
- To analysis the effects of promotion or advertising procedures on the sales of non-life insurance policy?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of this study is to identify and assess the factors that affecting sales of non-life insurance policy in the case of Awash Insurance Head Office.

1.4.2 Specific objectives of research

The specific objectives of this research are to:

- To assess the influence of Premium rate on sales of non-life insurance policy
- To examine the influence of claim settlement process & procedure on the sales of non-life insurance
- To assess the effects of sales agent on sales of non-life insurance policy
- To analyze factors of underwriter process and Promotion/advertisement on the sales of non-life insurance policy

1.5 Scope of the study

This study aims to identify and assess the factors that influence sales of non-life insurance policy in Awash Insurance head office based on the content of independent variables such as premium rate, process and procedure of claims settlement, sales agent of the company, underwriting process, and promotion or advertisement. Thus, the sale of the non-life insurance policy of the company was assumed as a dependent variable of this study. It involves quantitative data analysis techniques were used.

Due to the study limited time and budget, and nature of the research study it was difficult to cover all the issues and problems concerning factors influencing sales of non-life insurance policy. With this in mind, this study focuses on identifying and assessing the factors affecting sales of non-life insurance policies at Awash Insurance head office only. The population for this research was selected randomly from the marketing directorate, Claims directorate, underwriters Directorate and sales agent of Awash Insurance.

1.6 Limitations of the study

The main limitation of this study is the scope and depth of the study. Due to the limited resources particularly time, budget and human resources, qualitative research approach which has some of the important research techniques particularly key informant interview, focus group discussion and case studies ware not employed to generate additional data. It was more fruitful if the study was included a qualitative approach. It may add new ideas and make the finding more comprehensive as it adds a practical experiences and cases.

1.7 Significance of the study

The significance of this research is to contribute in maximizing the customer satisfaction of AI and so that AI may increase its profit by considering and planning corrective measures those factors that affect sales of non-life insurance policy. It serves as a literature for those who are conducting on this research. To draw significant recommendations for those who are working on this research. Improve the factors that affect property and casualty insurance sales by improving service times, service quality and system operation. The finding of this research may provide a knowledge base method that might assist the managers in decision making. It may also help to recognize internal and external control faults to prevent relevant negative consequence. The study will also contribute as a source of knowledge to the stake holders on the issue of the factors that influences sales of non-life insurance.

1.8 Definition of Key Terms

Below is a theoretical definition of the variables considered in the implementation of this study:-

- Advertisement: - Paid forms of non-personal presentation and promotion of ideas, goods or services by specific sponsors in various media channels (Koltler, 2006).
- Sales promotion: - Promotions are media and non-media marketing pressures applied over a predetermined and limited period of time to encourage mystery or impulse purchases, increase consumer demand, and improve product quality. (Muniz and O'Guinn, 2001).
- Underwriting: - Before issuing an insurance policy, insured property and casualty insurance is evaluated based on various parameters. (b) Whether or not to issue an insurance contract and the amount of insurance premiums to be paid are determined according to the level of financial capability of the insurance company, etc. In insurance, this process is known as underwriting. (Mengiste, 2019)

- An insurance agent: - is an entrepreneur performing agency activities under an agency contract concluded with an insurance company and entered in the register of insurance agents. (Andrzej Janowski, 2015)
- Claims Made Policy: A claims made policy covers the business based on the policy that is in force when the claim is made, regardless of when the incident occurred. (Robert 2010)
- Premium Fee: - Premium rates help determine the amount that must be paid in premiums for benefits received under an insurance product. It is determined based on various factors such as the premium payment period. (Mangiste, 2019)
- Insurance Policy: - The policyholder pays the premium and the insurance company agrees to pay the loss. (Robert, 2010)

1.9 Organization of the study

This research is divided into five chapters. Chapter one is preface that provides an overview from the early inception of insurance in Ethiopia to its diffusion, presenting the issues, research objectives, basic research questions, scope and limitations, and the importance of the research presented. Chapter 2 is a literature review that identifies theory, empirical evidence, and conceptual frameworks. Chapter 3 is the research method. Chapter 4 covers data analysis and presentation of results. . Finally, Chapter 5 provides an overview of the main findings, conclusions, recommendations, and suggestions for further research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter deals with about concept of insurance and non-life insurance, factors that affect sales of non-life insurance related theories, empirical literature review and their conclusion & knowledge and the conceptual frame work of the study.

2.1 Concept of Insurance and Non-Life Insurance

According to (Naveed & Ahmad, 2011), insurance is a risk transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by event(s) beyond the control of the insured party. Under an insurance contract, a party (the insurer) indemnifies the other party (the insured) against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called premium is paid. Insurance compensation is normally proportionate to the loss incurred and the basic purpose is to put the insured in same financial position as he/she was before the loss. (Malik, 2011), insurance plays an important role in the development of commercial and infrastructure companies. Seen from the latter perspective, it promotes financial and social stability. Mobilize and induce savings. It supports trade, commerce and entrepreneurship, improving the quality of life of individuals and the overall well-being of nations.

The concept of underwriting has been defined by many scholars using related terms and words to justify its meaning; several definitions have been made by different authors. Nevertheless, the fact that underwriting requires decisions after taking into account those risk factors relating to the proposed risk is common to all meanings. Underwriting is the foundation of insurance transaction; it is an integral element in the execution of every insurance scheme. Unless the underwriting process selects the client from among its applicants, the unavoidable outcome would be adverse selection for the client (Vaughan and Vaughan, 2008).

The financial system consists of financial institutions, financial instruments and financial markets that provide effective payment, credit and risk transfer systems that facilitate the flow of funds from savers to investors in the economy. (Charumathi, 2012). The term “insurance” is defined with reference to two main schools of thought:

i) transfer schools; ii) school pools; According to Transfer School, "Insurance is a means of reducing the uncertainty of one party, the so-called insured, by transferring certain risks to another party. Appoint an insured person to cover the department" (Boadi & Lartey, 2013). According to the Poole school, `the essence of insurance is to remove individual uncertainty and risk of loss by combining a large number of similarly exposed individuals" (Chen & Wong, 2004), Insurance is based on the principle of risk pooling, where people pay into a common fund in the form of insurance premiums, and the lucky ones who do not suffer losses during a certain period of insurance help the unlucky ones who suffer losses. (Kripa, 2016). Insurance not only facilitates economic transactions through risk transfer and indemnification, but also appears to facilitate financial intermediation (Shala, Ahmeti, Berisha & Perjuci, 2014). More specifically, insurance promotes financial stability, mobilizes savings, facilitates trade and commerce, manages risks more efficiently, facilitates loss reduction, promotes efficient capital allocation, and even helps governments secure It can provide effects such as replacement and supplementation of security programs (Muriith & Onuonga, 2009). Insurance can provide financial protection against perceived risks that occur or are discovered within a certain period of time.

Insurance is a unique product in that the policyholder's premium payments are received before or during the policy period, whereas the ultimate cost is often unknown after the policy period has expired (Daniel & Tilahun, 2013). Insurance is an important and growing part of the financial sector in almost all developed and developing countries. A resilient and well-regulated insurance industry can make a significant contribution to economic growth and efficient resource allocation through risk transfer and savings mobilization.

The insurance business is typically divided into two main divisions: a) Non-life insurance business (non-life insurance):- This is a contract between an insurance company and an insured person, in which the insurance company promises to compensate the insured person for damages that may occur due to the occurrence of certain events within a certain period of time. The property and casualty insurance business is categorized as follows: Engine, fire, accident, oil and gas, all contractor and engineering risks. Transportation insurance, credit insurance, deposit guarantee insurance, etc. It is a contract between the insurance company and the insured, in which the insurance company agrees to pay benefits to the policyholder in the event of certain events. b) Life insurance business: includes individual life insurance business, group life insurance and annuity business, health insurance business and annuity insurance (Mistre, 2015).

2.2 Theoretical Literature Review

Different theories of the firm try to explain why firms exist. What forms firm and market boundaries and why there are differences in their organization and performance. This paper aims to determine connection between market competition, premium rate, company plan implementation and claim settlement procedure, effect of agents on sales of non-life insurance policy, customer delivery service and the volume of capita and its profitability in Awash Insurance. The effect of sales can be viewed from three categories of theories namely principal agent theory, institutional theory and strategic theories explained below.

Agency theory is concerned with the conflicting interests of principals and agents. According to (Jensen & Meckling, 1976) modeled that there is a conflict of interest between the managers and the owners of companies. The theory suggests that the separation of corporate ownership and control potentially leads to self-interested actions by managers. The owners contract the managers to perform the controlling tasks of a firm, and as both seek to maximize their own utility and are self-interested a conflict of interest arises. As the managers have the effective control of the firm, they have the incentive and the ability to consume benefits at the expense of the owners. The management may direct firm resources for their own selfish interest instead of using the resources to acquire assets or increase firm market share.

Institutional theory suggests that organizations seek to behave in ways that will not cause them to be noticed as different and consequently singled out for criticism (Meyer & Rowan, 1977). The organization will ultimately become more similar in behavior over time and adopt approaches to businesses that have been legitimized (Powell & DiMaggio, 1983). As organizations compete for resources, customers, political power, and economic and social fitness, institutional theories speculate that organizations face pressures to conform to these shared notions of appropriate forms and behaviors, since violating them may affect ability to secure resources and social support (Dimaggio & Powell, 1983). The notion of business growth and that larger is better than smaller is embedded in the institutional environment of organizations.

Today's business education usually celebrates growth with the focus on larger firm's sales, thus creating pressure from professional managers on firms to grow and become larger. Larger organizations within each industry are normally perceived as the most successful ones. Organization may enter into more debt in order to acquire more assets or for financing activities meant to increase their market share, all in the hope of being like other large firms. The firms with little resources may fall into liquidation since their might not be able to repay the debt.

According to (Porter, 1980) there are three generic strategies that firms can use. Firms can attempt to attain overall cost leadership, product differentiation, or focus-based domination. When using product differentiation strategy (also referred to as benefit leadership), the firm's products are capable of commanding price premium relative to competitors, due to the perceived extra benefits of the products. The strategic logic is either to match the price of the rival firms and sell more than they do or to charge a price premium and attain higher price-cost margin than they are able to.

When pursuing focus or niche strategy, the company configures its value chain so as to create superior economic value within a narrow set of industry segments. Within these segments, the firm may have lower cost per unit than the broader-scope rivals or it may be capable of commanding a price premium relative to them or both. In order to pursue an overall cost leadership strategy, the firm must be able to produce its products at lower per unit cost than the rivals and either undercut their prices and sell more or match their prices and attain higher price-cost margin than they can.

The insurance industry occurs since individuals are willing to pay a price for being insured. There are various theories that try to explain why the insured are willing to pay a premium larger than the net premium. One such theory is the so non-life insurance pricing concept. The term pricing comes from the French tarifaire, the word designating the tariff action and its outcome. From here, the pricing concept gets the meaning of establishing a price or a tariff. Transposed in insurance business, (Denuit, 2003) considers that the pricing process designates a procedure for determining a fair premium corresponding to the insured's individual risk profile.

Developing this idea, the insurance pricing process can be understood as an ensemble of methods that establishes the price paid by the insured to the insurance company in exchange for the risk transfer. Within the insurance business, the necessity of different charging tariffs is emphasized by the insurance portfolio heterogeneity that leads directly to the so-called concept of asymmetrical information.

The information problems between the insurance company and the policyholders arise when the insurer has difficulties in evaluating the risk level of the insured. The economics literature presents two aspects of asymmetrical information, namely moral hazard and adverse selection. (Denuit, 2007) considers that adverse selection occurs when the policyholders have a better knowledge of their claim behavior than the insurer does and they take advantage of information unknown to the insurer. In other words, in the context of insurance markets, the information problems can be defined as the effect of applying the same premium for the entire portfolio.

This basically presumes that the unfavorable risks are also assured (at a lower price comparing with the real cost of the risk occurrences) and it discourages insuring medium risks. Considering this distinction, the actuarial literature presents two concepts of pricing, namely a priori and a posteriori pricing. By applying various actuarial techniques, corresponding to each type of pricing, the reference papers aimed to find an integrated solution that will allow establishing a fair premium rate depending on the risks nature and classification. Insurance originates from a general demand of society asking for protection against unforeseeable events which may cause serious damage to individuals and society. Insurance organizes the financial protection against such unforeseen-able events, meaning that it takes care of the financial replacements of damages. The general idea behind insurance is to build a community (collective) to which everybody contributes a certain amount (fixed deterministic premium), and the financial damage is then financed by the means of this community.

2.2.1 Definition of insurance and its role in economic growth

Insurance is the underwriting of significant insurance risk by one party from another party to indemnify the policyholder when certain uncertain future events (the insured event) adversely affect the policyholder. It is a contract in which you agree to [IFRS 4]. Insurance is a way of reducing the uncertainty of event occurrence and planning against the economic impact of adverse events. It is essentially a joint effort by social institutions to eliminate costs to society when certain types of risks occur (Sushma, 2012). Insurance can be defined as a service offered as an economic benefit to an individual, group, or business in exchange for premiums collected, providing benefits when risks materialize. This is the economic sector that includes the design, manufacture and marketing of services of this kind (Berteji and Hammami, 2016). Insurers take risks while enhancing their cash and investment activities by providing long-term funding for physical and social infrastructure (Cudiamat and Siy, 2017).

(Stability of Financial Forum, 2000), there are three main categories of insurance: life, non-life and reinsurance. The life insurance market offers a variety of products with different protection and investment elements such as annuities, savings, permanent medical and term insurance. This is similar to contractual savings and deposits in addition to risk transfer mechanisms. Nevertheless, non-life insurance is called property insurance or liability insurance (general insurance). The property and casualty insurance industry offers certain insured events as a result of work-related injuries. Insurance contracts are short-term coverage contracts and generally do not have an investment component with an expectation of financial return. In addition, property and casualty insurance offers personal and commercial insurance, including fire insurance, automobile insurance, product liability insurance, automobile insurance and others.

2.3 Empirical Literature Review

In insurance company sales is the backbone for the existence of the business. Sales of the company is more dependent on the claim settlement process, the knowledge of the underwriter to explain the insurance policy for esteemed customer, and also the sales agent licensed by the company play their basic role to enhance the production of the insurance. Therefore, the factors that influence the sales of the company should take into considers to increase the sales of the insurance production from year to year.

Assets and financial future of people are subject to unexpected threats and risks. As a means to compensate the damages which might occur as a result of the realization of such threats, insurance encourages people to invest prospectively, contributes to the growth and reduces the vulnerability of crisis as it protects against financial damages and allows for setting viable future expectations (Istanbul Chamber of Commerce, 2008)

(Barbara and Claudia, 2002) analyzed the relevance of off balance sheet items in explaining productivity change in the European banking. The study was motivated by increased growth in bank income generated through non-traditional activities especially for large EU universal institutions. The study used non-parametric data envelopment analysis to estimate the Malmquist productivity change index with off balance sheet items as one of the outputs. The obtained total factor productivity index was decomposed to obtain the sources of the changes. The study found out that exclusion of off balance sheet items under estimate the Total factor productivity change for European banking.

In addition, inclusion of off balance sheet items affects the technological component than the efficiency change component. Our current study is similar to this study in that it seeks to estimate total factor productivity change for the Kenyan non-life insurance sector and decompose it to obtain its sources. Moreover, the study will use non-parametric data envelopment analysis to obtain the total factor 26 productivity index. However, our current study differs from this study in terms of motivation as it seeks to estimate total factor productivity change to get productivity gains due to the reforms undertaken to develop the non-life insurance sector.

In fact, the basic purpose of life and non-life insurance is to protect against possible financial losses. Economic loss is simply defined as the unintentional and permanent loss of something of monetary value. Unlike other insurers in the financial sector, it specializes in covering the risk of short-term and imminent economic loss (Emmett & Vuauohan, 2008). Insurance such as life insurance, health insurance, fire insurance and accident insurance have a specific risk situation from the customer's perspective.

(Tadesse, 2014) Researchers conducted a study on the factors influencing the choice of insurance services in select insurers in Jimma town, whereby the researcher found out that affordable premiums are one of the significant factors that clients look at. On a contrary, private insurance company, public insurance companies, attractiveness of the branch office facility, the availability of information and parking space and promotional activity were the least insurance companies' selection criteria by clients. Whereas, the most considered factors were, the financial soundness and the reputation of the company.

As discussed above, the theories of the insurance cycle are not inclusive, and the external factors that affect the insurance price are not clearly known. According to the previous studies related to insurance price dynamics, several economic variables may have an impact on insurance price in the short- or long-term.

Greek general insurance companies were studied from1991 to 1996 and observed wide fluctuation in-efficiency among the general insurers (Noulaset al., 2001). The authors argued that domestic insurance firms are efficient than foreign insurers due to dominance by the former.

The condition and indicator of successful business of a modern organization is ensuring the satisfaction of all users who influence the achievement of its goals. The fact is that most Serbian insurance companies today are not sufficiently competitive in the global market.(Militeić et al, 2019, p. 289-304). In order for the insured to be satisfied with the insurance service, and the insurance company has successfully achieved the sales function, it is necessary to take into account the following factors. The quality of insurance service, which implies the relationship of the company towards the insured before the conclusion of the insurance contract expired for the duration and after the expiration of the contract.
The insurance premium quality, including the consideration of market needs and opportunities, and the activities of competing insurance companies, Adequate selection of sales channels so that the insurance company always gets the most optimal sales effects for each insurance service individually, Promotional mix and motivation of staff, who should dispose of appropriate knowledge and skills. The speed and the correct attitude of the insurance company towards the insured in case of

compensation for damage or payment of the insured sum is the most important factor in creating the trust, safety and satisfaction of the insured, which in the end leads to the creation of loyalty of the insured towards the company and better sales results, and ultimately to the formation of a stable risk portfolio as the ultimate goal of every insurance company, which ultimately leads to the creation of a profit for society.

The market is the place where the sale of products and services takes place. The market can also be considered a relationship of supply and demand for a particular product or service; For the insurance services market, it would be the most appropriate definition that it represents the ratio of the demand of individuals and companies that have the need to contract - by purchasing certain insurance services, or they are legally required, and with this need have adequate payment capacity, the desire to meet this need, and authorization for contracting or purchasing insurance services. All four of these factors are important for defining the demand market (need, payment capacity, desire and authority), and the absence of any of these factors negates the existence of the insurance market in the full sense. (Njegomir, 2011, 73-84)

In order for the insurance market to function on it, both contracting parties must actively participate: both insurance service providers and providers of such services insurance companies.

The sale of insurance consists of all those activities and activities that this service offers to potential insured persons, at the time and place that suits those best the insurance service can be sold in different ways, or it can be distributed to potential insurers in several ways. All the means of distribution of the insurance service could be classified into different groups:-Sales of insurance through its own sales network of insurers, Sales of insurance through insurance agents, Sales of insurance through insurance broker and Sales of insurance through promotion and advertising.

Market coverage of the insurance service means the existence of a security service on the market, measured by the number of facilities through which the service is sold. There are different distribution intensities that affect the coverage of the insurance service: intensive distribution, selective distribution, and exclusive distribution. Intensive distribution means the situation in which the insurance service is offered and sold to all distribution channels, in the whole market. It is suitable for insurance services which the insured are obliged to contract by law. When distributing these services, it is very important that sales outlets are located near potential customers or institutions that are linked to further customer activities.

Selective distribution is the distribution of certain insurance services only in a specific geographic area. Such distribution refers to those services that the insurer cannot offer at the moment in the whole market. The reasons for this may be: the specificity of the service, personnel failure, insufficient development of the branch network and branch offices, etc.

Promotion promotes and convinces potential buyers to accept a particular product or service. It is communication with individuals, with gatherings of people or with organizations, with the aim of directly or indirectly facilitating the sale of services or products.

Advertising is a paid form of informing and assuring potential insurers through mass media: radio and television, newspapers, magazines, catalogs, public transport vehicles, etc. Advertising can be directed to a relatively large target group, but also to a small segment of the population.

The aim of the advertising can be: promotion of the characteristics of the insurance service, increasing the level of knowledge of the insurance service, information on where the service can be obtained, increasing the market share of the company. (Đokić, 2016, 79-93).The authors explain advertising costs are relatively low for one potential policyholder, but they can be significant in the total amount of promotion costs because advertising as a promoter is often used extensively.

A personal sale is a form of personal information and assurance of potential insured persons through alternate communication. (Piljan et al, 2017, 148) publicity and public relations are an unpaid form of informing and assuring potential insurers through a newspaper article or other unpaid promotional material about the insurance company or its services (in journals, in newspapers, on the radio or on television).

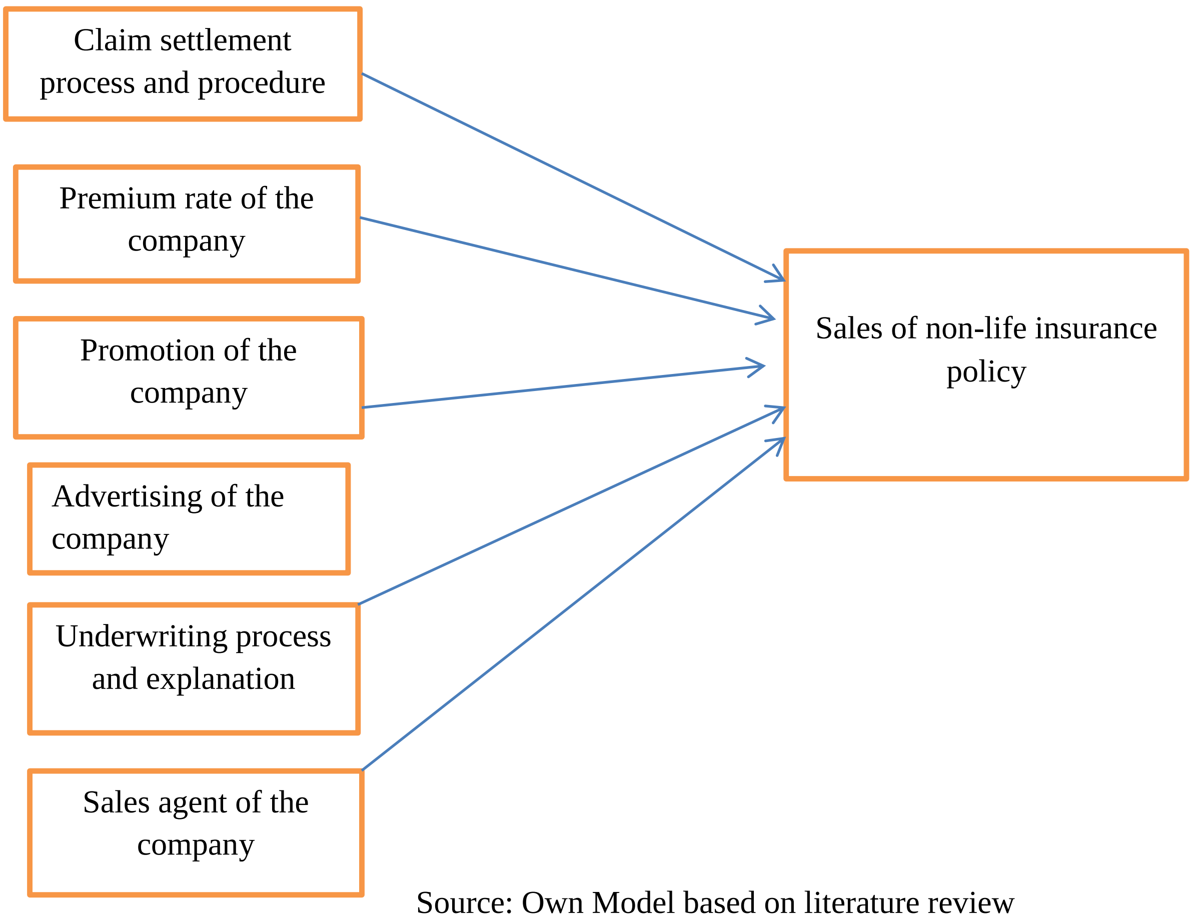
Insurance companies use different methods of promotion. What methods will the company use and which less depends on the most of the following criteria: available funds for promotion, characteristics of the target market, training and skills of sales staff, choice of channels of sales, and characteristics of the specific insurance services.

2.4 Conceptual framework of the study.

A conceptual model shows how to theorize the relationships between multiple factors identified as important to a research question, based on the relevant literature previously discussed, based on the available theoretical and empirical literature. increase**.** With this in mind, a conceptual model based on a review of previous knowledge was developed to discuss the impact of property and casualty insurance in terms of factors and variables across insurance distribution vehicles for this particular case. rice field. This framework was developed taking into account similar empirical studies as well as the theoretical expressions found in the literature section cited above. This framework shows the relationship between independent and dependent variables.

Figure 1: Conceptual Framework

Independent variables **Dependent variables**



Source: Own Model based on literature review

CHAPTER THEE

RESEARCH DESIGN AND METHODOLOGY

INTRODUCTION

This chapter provides detailed steps and procedures for analyzing the factors that affect the sales of non-life/general insurance policy in Awash Insurance Company. These include research approaches and different types of data used, techniques used to collect data, sampling mechanisms including sample size, and methods used to manage and analyze data.

3.1 Research Design and Approach

This study was employed an explanatory research design which mainly presented in a descriptive way because the research was to explore and describe the factors that affect sales of non-life insurance on the sales of insurance policy operating in the AI head office. By using this explanatory research design, the researcher used a quantitative research approach, so that it is possible to recommend a well-studied finding and infer to the whole population of the study. This design is chosen because the study sample allowed the results to be generalized to a large population. Research design is the program that guides the researchers in the process of collecting, analyzing and interpreting the data and to explain the effect of the selected demographic variables and influence of insurance towards sales of non-life insurance policy.

3.2 Population

The target populations of this study all professionals of AI's Marketing Directorate, Claim Directorate, Underwriting Directorate and Sales Agent exist at head office. Thus, the total populations of this study were 245 employees of marketing directorate, Claim directorate, underwriting Directorate and sales agent of the company.

3.3 Sample Size and Sampling Techniques

The respondents of this study were selected using systematic random sampling from marketing directorate, claim directorate, underwriting Directorate and licensed sales agent of Awash Insurance at Head office by using Yamane sample selection formula. The researcher adopted the sampling techniques in choosing the sample out of the total population. Similarly, this research work was selected the best populations' number that has good prospect of accurate information through suitable way of systematic random sampling. The genesis was to answer the research question successfully. However, in selecting sample size researcher used this sampling tabulation and the use of percentage (%) to analyses. Researchers select respondents from the above populations from a list using a systematic random sample. To determine the sample size, researchers used a simplified formula developed by (yamane, 1967). This equation assumes a 95 percent confidence level, 0.05 percent precision, and P=0.5.

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

where n is the sample size, N is the population size, and e is the precision level**.**

n = 245/1+245(.05)2 n=152

From various sample selection technique, based on the data available this study was selected using the Yamane sample selection formula. In this technique, the population is stratified into a series of non-overlapping sub populations, or strata, and a sample is selected from each stratum. Specifically, a proportional stratified sample is one in which the number of sample units drawn from each stratum is related to the relative population size of that stratum. This sampling technique is advantageous because it reliably represents all desired groups in the sample population and independent variable of the thesis was specially determined by using this formula and sample was select.

Therefore, the results of the equation were 152 that is representative sample. In order to make proportional stratified sampling the sample size is divided into 4 categories (stratum) i.e. marketing directorate (62%), claim directorate (62%), underwriting Directorate (62%) and sales agent (62%). Thus, 40, 12, 10 and 90 employees for respectively each stratum were purposely selected.

Table 3.1 Data for study target

No,	**Section**	**Population(T)**	**Sample size**	**Sample(t)**
1	Marketing directorate	65	62%	40
2	Claim directorate	20	62%	12
3	Underwriting Directorate	15	62%	10
4	Sales agents	145	62%	90
Total		245		152

3.4 Research Instruments

In this study, a self-administered questionnaire was used to collect responses from respondents. This questionnaire was modified from a previous study (Ali R. Hassen 2020).

3.5 Data collection methods

Both primary and secondary data sources were used in this study. Primary data were obtained through the questionnaire with relevant variable which contains both open ended and closed ended questions. Developed primary questionnaires were distributed to the respective marketing directorate, claim directorate, sales agent and underwriting directorate at head office of AI. Some sort of observation which was supported by an informal interview and dialogue were conducted at the selected head office directorate of the company. Regarding the secondary data collected and used in this research, rely heavily on various reports and surveys. It is very important to include the company's work to date because it is very useful for insights that have already been implemented and are still ongoing regarding the sale of premiums and the practice sales of non-life insurance policy, and the data has collected. The data was collected through sales analysis of the five-year information (i.e., 2017/18-2021/22GC or 2010-2015EC) for all aspects of this study.

3.6 Methods of data analysis and interpretation

Data were checked for accuracy and completeness in recording responses. After validation, they were summarized and analyzed using SPSS computer software and the Microsoft Excel program. Analyzes were performed using descriptive and inferential statistics. For this purpose, frequencies and percentages were used. Mean and standard deviation, correlation and regression were also used for analysis and interpretation. Tables and charts were used to present the data.

There are quantitative data analyses. Of all questioners distributed, 131 were formally answered and returned, while the rest were not returned. Results are plotted using statistical tools such as frequencies and demographic tables of respondents, and descriptive statistics are used to test mean differences in demographic variables for property and casualty policy sales. Descriptive analyzes such as frequency, percentage, mean and standard deviation were used to summarize and present the data. Then, conclusion was drawn by triangulating the quantitative data as well as document review findings. The data collected was measured in interval measurements whereby probability is possible to clarify the variables were the result is expected to show the independent variables have effects on sales that conducted to interpret by using SPSS statistical tools. The translated data were presented in different forms such as bar graph, pea chart, histogram and tabulation. Secondary data obtained from companies were quantitatively analyzed and data were manually analyzed and compared with existing literature to identify agreement and disagreement. In addition, a multiple regression model was applied to determine the relative importance of each of the five variables for the growth of Awash Insurance. Multiple regression is a flexible data analysis method that is useful whenever you want to examine a quantitative variable (dependent) compared to other factors (expressed as independent). Relationships can be nonlinear, independent variables are quantitative, and the influence of a single variable or multiple variables can be studied with or without the influence of other variables (Cohen , West & Aiken, 2003). The following regression model was adopted from (Kihanya,2013).

$SIP = \beta0 + \beta1ADV + \beta2UP+\beta3SA + \beta4PR + \beta5CL+ \beta6SP + \varepsilon$

Where:

SIP = sales of insurance policy

$\beta0$ = Constant Term

$\beta1$, $\beta2$ and $\beta3$, $\beta4$, $\beta5$ = beta coefficients

ADV = Advertising

SP= Sales Promotion

UDP= underwriting process and procedure

SA= sales agent

PR=Premium rate

CL=process of claim settlement

ε = Error term

3.7 Instrument Reliability and Effectiveness

Reliability Statistics

Cronbach's Alpha	N of Items
.872	37

Validity refers to how well a test tests what it was designed to measure. Reliability, on the other hand, refers to the extent to which a test method provides reliable and accurate results (Phelan and Wren, 2006). The two tests to carter for data quality and variable accuracy were carried out in this analysis. Validity was carried out by pre-testing the questionnaire as a research method for clarification and assurance that it produces appropriate data for evaluating and filling gaps in information. At the other hand, reliability was performed after data collection on all study variables to ensure consistent dependent as well as independent variables.

Data quality during the data collection process, certain factors was considered to have accurate data and a minimum deviation from the standard. The factors considered was to consult well experienced data collectors and intensive training provided on data collection tools, working procedure as well as ethical considerations; applying quality control during data entry to SPSS; identifying appropriate personnel as data sources; identifying proper time and location; cross-checking data from different sources; and minimizing technical and secretarial errors.

All items are identified and peer-reviewed from the existing literature and scholars. Pilot study enabled the researcher to make corrections that may be necessary which helps to ensure that the data collected is reliable and validity for the study. A pilot test was conducted with employees with similar characteristics to the study group. The purpose of the pre-test was to refine and carefully draft a questionnaire after the pilot study to assess the effectiveness of measures in line with the Awash endorsement. Research equipment was also reviewed and modified by experts in the research study.

To assess the validity of the questionnaires, a pilot study was conducted at marketing directorate, claim directorate, underwriting directorate and sales agents of Awash Insurance. The instrument was provided to a total of 40 sample respondents from 152 respondents' (marketing directorate, claim directorate, and underwriting directorate and sales agents). Likert scale, questionnaires and open ended questionaries' it has been raised. The reliability respondents were forty questionnaires, to the respondent due to repeatedly asked the same questions, unrelated questionnaires to this research the questionnaires minimized to 37 questionnaires and the answers were eventually constructed of the final questionnaire to test whether they are able to give the required information related to the study.

This was enhance the reliability and validity of this research. In addition, the researcher was utilize his academic, professional experience and judgment, not to overgeneralize or not to oversimplify the result of this research finding.

Reliability of a measurement is related to obtaining similar results when repeated measurements are made under the same conditions. The greater the variation, the less reliable the measurement (Bordens and Abbott, 2011. 130). If you test and retest your survey and get very similar results, it's a reliable tool. On the other hand, if the responses differ significantly, the instrument is unreliable (Rogers, 1995). The most commonly used technique in the literature to assess reliability is to use Cronbach's coefficient (Kline, 1999), as cited in (Field 2005). He states that the generally accepted value of 0.8 is good for cognitive tests such as intelligence tests, but it is also good for performance tests, and a cutoff value of 0.7 is better. He goes on to say that when dealing with psychological structures: Realistically, he would also expect values below 0.7, since the structures measured vary. As a result, sales of property and casualty insurance increased. Minimize the impact non-life insurance distribution policy.

The most common technique used in the literature to assess reliability is used cronbach's coefficients (Kline, 1999) as cited by (Field 2005) notes that although the generally accepted value of .8 is appropriate for cognitive tests such as intelligence tests, for ability tests a cut-off point .7 is more suitable. He goes on to say that when dealing with psychological constructs; values below even .7 can realistically be expected because of the diversity of the constructs being measured. Accordingly, the results showed that enhance sales of non-life insurance; minimize impact of sales policy of non-life insurance.

3.8 Research ethical Considerations

The researcher presented physically to appropriate authorities to be allowed to conduct research. The respondent in this study were not required to use their names or provide any form of identification.

Full consent of all respondents was sought before the questionnaires were administered. All subjects were assured of total confidentiality and the data collected from AI (marketing department, claim department, underwriting and licensed agents) non-life insurance amounts are used for research purposes only and should be used for academic purposes and consumption of this research. The study tried to avoid creating any form of risk to the participants. There were no direct benefits to the respondents but the results are expected to be of value to the entire organization.

The researcher were like present the fact that everything that has done or worked out in this research are the researcher’s own work and not from other sources steal or copied.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

The focus of this chapter is the presentation, analysis and discussion of data collected from our primary and secondary sources for research. Research results are also presented. Provide answers to research questions that correspond to the purpose of the research. The influence of the independent variables on the dependent variables relevant to the research question was also discussed.

4.1. Sampling and response rate

Table 4.1: Response Rate of Questionnaires administer

S/no,	Questioner	Number	Per cent
1	Returned	131	86.2
2	Not returned	21	13.8
Total		152	100

Source: Researchers' survey 2023

Researchers distributed questionnaires to 152 respondents according to the sample design and sampling technique presented in Chapter 3, Section 3 (Table 1). Of the 152 surveys we distributed, 131 completed and returned the survey. This corresponds to a response rate of 86.2%. This response rate was representative and a laudable conclusion of the study. (Mugenda, 1999), a 50% response rate is sufficient for him for analysis and reporting.

A response rate of 60% is good and a response rate of 70% or more is excellent. Therefore, the response rate based on complaints is considered excellent.

4.2. Demographics of the Respondents

Respondent demographics are taken into account, which influences the magnitude of responses to questions. These elements affect both the understanding of questions as well as the current level of the effect of the variables identified on the sales of non-life insurance policy of Awash insurance. As a result, the demographic summary looks like this:

4.2.1 Gender of Respondents

As shown in pie chart 4.1, the gender of the respondents was that the majority of respondents were male (73%) and female (27%). Like any insurance company, AI is a customer service company.

Therefore, it should be focus for the equal distribution of female and male for customer serves satisfaction, empower women and entire objective of the company.

4.2.2. Respondent's education level

Table 4.2: Education of respondents

S/no	Level	Frequency	Valid per cent
1	High school complete	3	2.29
2	College diploma	6	4.58
3	University degree	95	72.52
4	Above first degree	27	20.61
Total		131	100

Source: Researcher’s Survey, of 2023

The educational background of the respondents is shown in Table 4.2. As shown in the table, 95 people (72.52%) got their first degree. Of the respondents, 27 (20.61%) had a postgraduate degree, while only a minority of respondents had a college or high school degree. We can say that educated people need insurance for their property.

Therefore the human capital of the company should focus to hire the employee on the education level because education has the power to determine the existence of the company to increase sells of the insurance policy. And customers of non-life insurance is tended to be highly educated, this means that non-life insurance industry has able and highly educated customers who understand the operations of the AI.

4.2.3. Respondent’s years of experience in the AI

Table.4.3. Working experience of respondent in AI

S/N	Respondent experience	Frequency	Valid percent
1	1-5years	87	66.6
2	6-10years	20	15.3
3	11-15 years	7	5.3
4	16-20 years	17	13
5	Above 20 years	0	0
Total		131	100

Source: Research survey output of 2023

Table 4.3 shows the results of the respondents' years of in-office service. As shown in the table, 66.6% of respondents had 1 to 5 years of service, 15.3% had 6 to 10 years of service, 5.3% had 11 to 15 years of service, and 13 years of service. % had 16-20 years of service. The inexperience and short tenure of most respondents affected property and casualty insurance sales.

Therefore, Awash Insurance offers benefits to its well-trained and experienced employees to increase its property and casualty insurance sales. This means that respondents are relatively experienced and can contribute to effective insurance sales over the long term. In the long run, this will facilitate the sharing of knowledge and ideas between both customers and insurers.

S/N Job/Position Frequency Effective Percentage

4.2.4 Respondent's job title

Table 4.5 Respondent's job title

S/N	Job /Position	Frequency	**Effective Percentage**
1	officer	105	80.15
2	Supervisor	9	6.87
3	Manager	5	3.82
4	Other	12	9.16
Total		131	100

Source: Researchers survey of 2023

Table 4.5 shows the results for respondents' job titles. The table shows that 80.15% of his respondents are executives, 6.87% are supervisors, 3.82% are managers, and 9.16% are others (senior staff and executives). It indicated that most of them were lower level position policy implementers.

4.3 Underwriting Procedures

4.5.1 Underwriting staff members following proper procedure

A best practice is a standard or set of guidelines that is known to produce good outcomes if followed. Best practices are related to how to carry out a task or configure something. Strict best practice guidelines may be set by a governing body or may be internal to an organization.

Table 4.6 underwriting staff members and insurance sales agents following proper underwriting procedures

Items	Yes		No	
	Frequency	%	Frequency	%
Are the insurance sales agents following the proper underwriting procedures in accepting or underwriting the business?	107	81.7	24	18.3
Are under writing staff members following the proper underwriting procedures in accepting or underwriting the business?	105	80.2	26	19.8

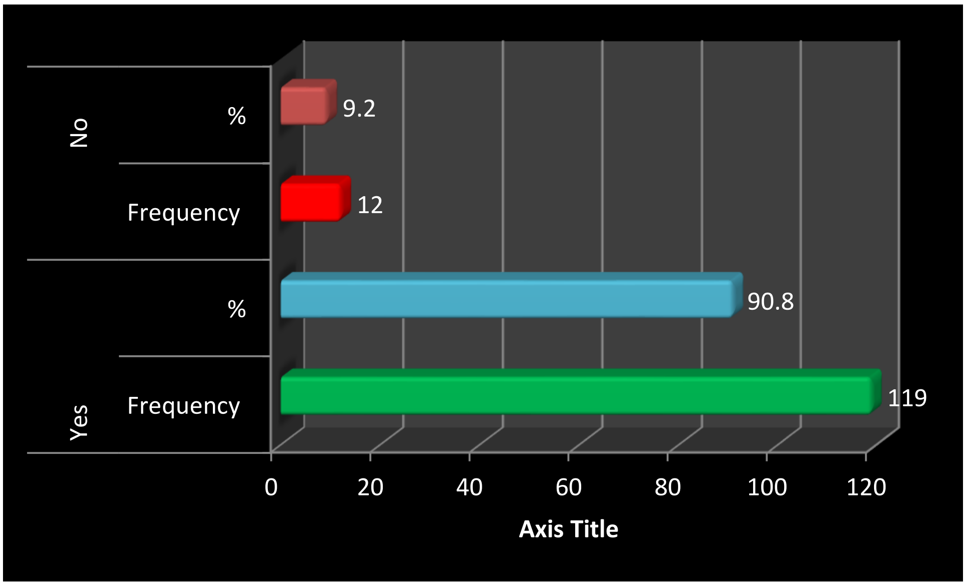
Sources: Researcher survey 2023

As we can observe from the table 4.6 about above 80% responded yes and less 20% of them were responded 'NO'. The result showed that Majority of sample respondent's insurance sales agents and under writing staff members are following the proper underwriting in accepting procedures implement the AI policy but 20% of them are not follow the policy and procedure of the company that is negative impact on the company insurance premium . Therefore, to solve this negative AI provides training about procedure and guideline of their company to enhance sales of non-life insurance policy.

4.3.1 Access of manuals or guideline in insurance companies

Insurance manual or guidelines are one of the most prominent and crucial benefits of insurance. The insured individual or organizations are indemnified under the insurance policies against losses. Buying the right type of insurance policy is, indeed, a way to get protection against losses arising from different uncertainties in life.

Figure: 4.1. Access of manuals or guideline in insurance companies



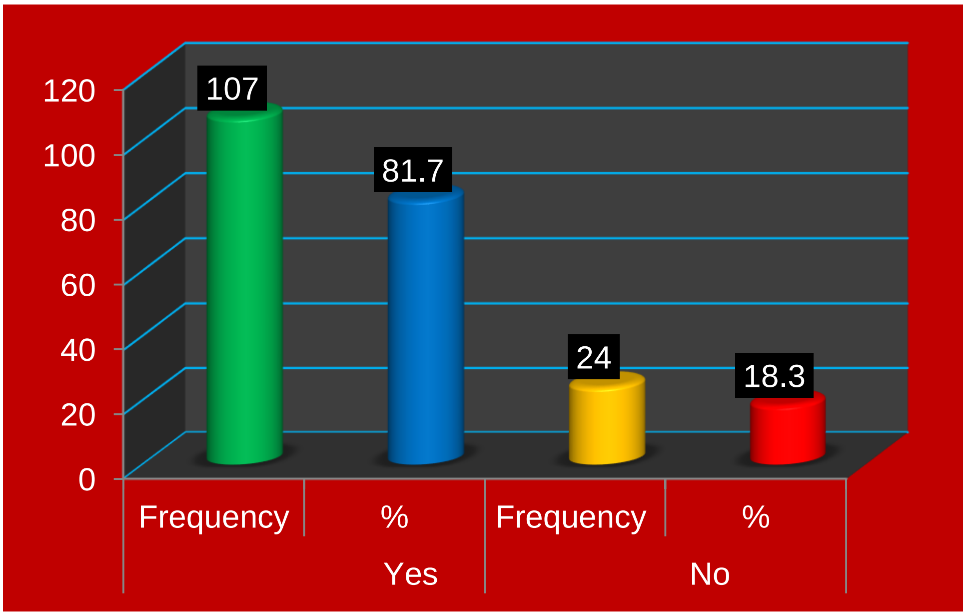
Primary Source: 2023

As Figure 4.1 shows that 119(90.8%) of sample respondents were access of company insurance manual or guidelines and the remaining 12(9.2%) were not access. This implies that 9.2 % of them were not properly implementing the insurance policy of the company.

4.3.2 Underwriting Staff Members and Agent Aware of Underwriting Manuals or Guidelines

Excellent underwriting capabilities can make possible not only sustained risk taking but also greater efficiency, organizational growth, better customer experience and even improved patient health. Insurers that focus on technical soundness frequently use restrictive underwriting standards and complex procedures, and limit the intake of new customers to ensure a profitable and healthy membership base.

Figure: 4.2. Access of manuals or guideline in insurance companies



Primary data: 2023

Out of the total respondents, 107(81.7%) reported that underwriting staff members and agents were aware of underwriting manuals or guidelines and the remaining respondents, 24(18.3%) were unaware of underwriting manuals. The result showed that 18.3% of staff members and agents were unaware of underwriting manuals and procedures that is a problem to implement the policy. Due to this the premium sales of the company decrease.

To solve the skill gap AI shall be provide training and develop for capacity to understand the service.

4.3.3 Insurance agents remit premium due on time

Agents shall collect all payments due from resellers, as defined under the applicable reseller agreement, and/or ensure resellers remit all such payments due directly to the applicable. (Figure 4.3) 63.7% of respondents were responded insurance agents remit premium due on time and 36.7% not remit premium due on time. This implies that insurance agents were not performing as of insurance policy of the company.

This will affect the sales of non-life insurance policy and it is important for the company to train the procedure and guideline of their company to the sales agents.

4.4. DESCRIPTIVE STATISTICS ANALYSIS

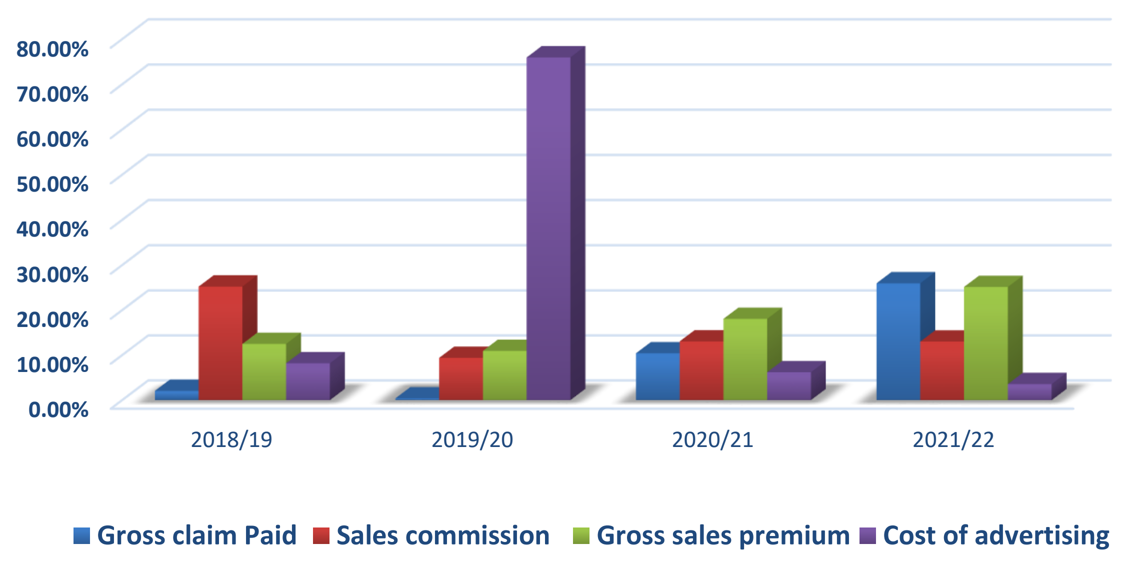
Table 4.7 below present's descriptive statistics for all variables of AI non-life insurance sales contracts, collected through document analysis of the five years of data obtained (i.e. 2017/18-2021/22 GC or 2010-2015 E.C.). It gives an overview of non-life premium sales. From AI - Annual report on all variables in this study. The table shows the mean, standard deviation, and number of observations. Descriptive statistics are presented and discussed as follows.

Table 4.7. Secondary data AI Annually Increment rate

Year	2018/19	2019/20	2020/21	2021/22
Gross claim Paid	2.05%	0.39%	10.42%	25.97%
Sales commission	25.25%	9.40%	13.06%	13.02%
Gross sales premium	12.50%	10.95%	18.07%	25.15%
Cost of advertising	8.20%	75.96%	6.20%	3.57%

Source: Awash insurance Annual report

Figure 4.3. AI Annually Increment Rate



The secondary data on non-life insurance sales collected from Awash insurance annual report prepared per year are shown in the above table. According to the study, insurance premium sales in 2018 was 12.25 percent, in 2019 was 10.95 percent, in 2020 grew by 18.07 percent, and in 2021 grew by 25.15 percent, as well sales commission in 2018 is 25.25 percent, increased by 9.4 percent in 2019, increased by 13.06 percent in 2020, and increased by 13.02 percent in 2021. Additionally, claim payments for the year 2018 increased by 2.05 percent, 2019 increased by 0.39 percent, 2020 increased by 10.42 percent in 2021 increased by 25.97 percent. Finally cost of advertising in 2018 Decreased by 8.2percent, in 2019 increased by 75.96percents, in 2020 increased by 6.2 percent and in 2021 decreased by 3.57percent.

This result implies the survey states, premium sales, profits from sales commissions and claims payments are increasing year on year and cost of advertising is sometimes increase and the other decrease, the interpretation of the advertising is insignificance related to the sales policy of non-life insurance. However, according to the results of this study, premium sales, commission sales profits and claim payments are in different percentages from year to year. Due to this the sales rate of the Awash insurance is fluctuate from year to rear. The relationship between the gross premium sales and cost of advertising, and the reasons for this are underwriters' efficiency, advertising and promotion process and procedure and the amount of premium payment and sales agents.

Even though the sales of premium or insurance policy is influenced by advertising as the primary data or questioner distributed and responded by the concerned body demonstrated the rate of advertising cost is decreasing from year to year as presented on the above table. Therefore the company should give attention to this variable to use different means of mass media to enhance the brand and image of the company as a national and international wide.

4.4 Regression Analysis

This sub section presents the results of the analysis of the specific objectives of the study in which model summary, correlation, ANOVA and multiple regression are being analyzed.

4.4.1 Model Summary

Table 4.8 below shows a study of inferential statistics, starting with an estimate of model fit, showing that the model summary leads to a result where the dependent variable can explain the independent variable of the test by 0.877. A sample independent variable can be explained from R. Factors affecting sales of non-life insurance policy accounted for 87.7%.

Table 4.8. Model Summary[b] for regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.937[a]	.877	.871	.35164	1.286

a. Predictors: (Constant), Sales promotion, Premium rate, Underwriter process, Advertising, Sales agents, Claim settlement

b. Dependent Variable: Sales of non-life insurance

From Table 4.8 of the above regression model, the coefficient of determination (R2) was 0.877. It accounts for 87.7 percent of total sales of non-life insurance policy (SNLI) across five dimensions of distribution practices (premium rate factors, claim settlement factors, underwriter factors, sales agency factors, promotions and advertising factors). On the other hand, the remaining variation (12.3%) could be due to other factors beyond the scope of our study. This also means that the model fits well and there was a statistically significant relationship between the dependent and independent variables.

4.4.2 Correlation

The following table 4.9 presents the findings of an analysis of the association between independent variables and dependent variable. Results are given as below. The results above indicated influence of sales of non-life insurance policy is negatively correlated with sales promotion and advertising and premium rate. However, there is a strong association between the values of -0.156, .090 respectively.

Sales of non-life at insurance policy and premium rate. Another negative correlation is between reasonable sales promotion and advertising, and sales agents with the value of -0.090, .159 respectively while the remaining relationships have positive correlations, sales promotion and advertising and sales agents and claim settlement negatively correlation is with the value of .073, .269 respectively sales agents and premium rate, sales promotion and advertising is negatively correlation with value of .159, .073 respectively claim settlement and sales promotion and advertising is negatively correlation with the value of .269 while the remaining relationships have positive correlation.

Table 4.9. Correlations coefficient

		Sales of non-life insurance	Premium rate	Underwriter process	Sales agents	Claim settlement	Advertising	Sales promotion
Sales of non-life insurance	Pearson Correlation	1	.227**	.778**	.793**	.897**	-.139	-.141
	Sig. (2-tailed)		.009	.000	.000	.000	.113	.107
	N	131	131	131	131	131	131	131
Premium rate	Pearson Correlation	.227**	1	.084	-.159	.048	-.195*	.024
	Sig. (2-tailed)	.009		.340	.069	.587	.026	.788
	N	131	131	131	131	131	131	131
Underwriter process	Pearson Correlation	.778**	.084	1	.721**	.760**	.150	-.050
	Sig. (2-tailed)	.000	.340		.000	.000	.086	.568
	N	131	131	131	131	131	131	131
Sales agents	Pearson Correlation	.793**	-.159	.721**	1	.833**	.004	-.129
	Sig. (2-tailed)	.000	.069	.000		.000	.965	.142
	N	131	131	131	131	131	131	131
Claim settlement	Pearson Correlation	.897**	.048	.760**	.833**	1	-.204*	-.276**
	Sig. (2-tailed)	.000	.587	.000	.000		.020	.001
	N	131	131	131	131	131	131	131

Advertising	Pearson Correlation	-.139	-.195*	.150	.004	-.204*	1	.609**
	Sig. (2-tailed)	.113	.026	.086	.965	.020		.000
	N	131	131	131	131	131	131	131
Sales promotion	Pearson Correlation	-.141	.024	-.050	-.129	-.276**	.609**	1
	Sig. (2-tailed)	.107	.788	.568	.142	.001	.000	
	N	131	131	131	131	131	131	131

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

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

4.4.3: Test for Multicollinearity.

Multicollinearity assessment is achieved by assessing two key factors: tolerance level or VIF. According to Jesshim (2003), tolerance values below 0.10 indicate strong multiple correlations, suggesting a high probability of multicollinearity. If the Variance Inflation Factor (VIF) value is greater than 10, you are experiencing multicollinearity issues.

The table below shows a reasonable and reasonable claim payment VIF value of 5.387, a sales representative of 4.237, a fair insurance cost of 3.003, a VIF value of 1.354, a fair cost premium rate of 1.182, promotions and advertising. So the variables show no problems with multicollinearity.

Table 4.10 Multicollinearity Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.005	.422		-2.384	.019		
	Premium rate	.275	.046	.212	5.927	.000	.775	1.291
	Underwriter process	.149	.053	.162	2.818	.006	.300	3.333

	Sales agents	.339	.089	.247	3.807	.000	.236	4.237
	Claim settlement	.631	.082	.570	7.691	.000	.180	5.544
	Advertising	-.152	.117	-.060	-1.295	.198	.461	2.171
	Sales promotion	.134	.064	.087	2.106	.037	.577	1.734

A. Dependent Variable: Sales of non-life insurance

B. Independent Variable: premium rate, claim settlement process and procedure, Underwriting process, sales agents, and sales agents and promotion observed

4.4.4 Analysis of Variance

The table 4.11 below indicates the results of the model that is commenting whether the model is significant or not significant. The results are as follows. The results above indicate the model of this study is significant with the values 0.000; this value is less than significant level which is 0.05. This means the model is significant hence the model is suitable to test the research questions of the study.

Table 4.11. The **ANOVA[a]** result of the regression analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	109.451	6	18.242	147.525	.000[b]
	Residual	15.333	124	.124		
	Total	124.784	130			

a. Dependent Variable: Sales of non-life insurance(SNLI)

b. Predictors: (Constant), Sales promotion, Premium rate, Underwriter process, Advertising, Sales agents, Claim settlement

ANOVA Table 4.11 found a large F-statistic (147.525) with a corresponding p-value of significant (0.0000) or an alpha value of less than 0.05. This shows that the independent variables (premium rate, agency factor, loss adjustment) have a significant impact on sales of non-life insurance (SNLI) policies.

4.5 Multiple linear regression analysis

Multiple regression is a statistical model used by researchers to analyze the relationship between a dependent variable and multiple independent variables. (Ho, 2006) is a commonly used statistical method that achieves three main goals. First, it is used to sort the best prediction equation for a set of variables (that is, to answer questions such as Z (the dependent variable) given X and Y as predictors). Second, it is also important to control for confounders to assess the contribution of a particular variable or set of variables by identifying independent relationships. Finding structural relationships to explain seemingly complex relationships is also important. This allows you to predict one variable from several other variables. Multiple linear regression assumes that all variables are scaled by intervals or ratios. Furthermore, the dependent variable should be normally distributed around the prediction line. Of course, this assumes the variables are linearly related.

All variables should be normally distributed (Pallet, 2005). One of the SPSS outputs from a regression analysis is the model summary, which includes the r-squared and standard error terms of the model. The R-squared (called the coefficient of determination) indicates the proportion of the variance in the dependent variable (performance in this particular case) that can be explained by the variation in the independent variable (the effect of the NLI tool). The standard error of the estimate gives the bounds of error for the prediction formula. The second important piece of output is the ANOVA summary table. For now, the important numbers are what the rightmost column means. A linear regression is said to be significant if this value is less than 0.05. If it's greater than 0.05, it's not. The last and most important section of the output is the coefficients table showing the actual expectation equations.

Table 4.12. Regression Analysis of sales of non-life insurance policy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.005	.422		-2.384	.019
	Premium rate	.275	.046	.212	5.927	.000
	Underwriter process	.149	.053	.162	2.818	.006
	Sales agents	.339	.089	.247	3.807	.000
	Claim settlement	.631	.082	.570	7.691	.000
	Advertising	-.152	.117	-.060	-1.295	.198
	Sales promotion	.134	.064	.087	2.106	.037

a. Dependent Variable: sales of non-life insurance policy(SANL)

b. Predictors: (Constant), PR,CLS,UD, AG, PROM & ADV,

Source: SPSS Regression Output, (2023)

A multiple linear regression model of five predictors was proposed to find the best set of predictors for property and casualty insurance sales (SNLI). Predictors were premium rate factor (X1), underwriter process (X2), promotion and advertising factor (X3), business representative (X4) and loss factor (X5).

The equation of the proposed multiple linear regression model was as follows:

$Y(SNLI) = \beta0 + \beta1(X1) + \beta2(X2) + \beta3(X3) + \beta4(X4) + \beta5(X5) + \beta6(X6) + \varepsilon$

Where: - $\beta0$ = Constant, ε = Error

Based on the standard multiple regression method used, all independent except promotion and advertising variables were found to have a significant impact on non-life insurance sales (SNLI).

As shown in Table 8, the estimated model looks like above.

$$Y(SNLI) = -1.005 + .275X1 + .149X2 +.339X3 + .631X4 + -.152X5+ .132X6$$

The regression model results in Table 8 above show that, holding the other variables constant at 0.275 units, an increase in number of premium rate leads to an increase in the number of AI non-life insurance policy units sold. An increase sales agents cost of 0.339 units will affect sales of AI's non-life insurance policy.

In addition, to this the significant beta coefficient (0.631) for claim settlement factors. This means that when controlling for the variance explained by all other predictor variables in the model, this variable makes the most significant contribution to explaining the dependent variable (non-life insurance policy sales). This shows that an increase in the standard deviation of the claims adjustment factor is followed by a 0.631 standard deviation increase in the sales of non-life insurance. Then the agent coefficient (0.339) was the second highest positive significant value. This means that an increase in the standard deviation of the agent factor is followed by a 0.339 standard deviation increase in the non-life insurance outstanding (SNLI). The premium coefficient beta value was the third highest positive significant value (0.275). This means that an increase in the standard deviation of the premium rate factor is followed by a 0.275 standard deviation increase in the non-life insurance outstanding (SNLI).

Sum-ups of the regression analysis showed that the premium rate, sales agents and claim settlements are a more significant effect on sales of non-life insurances than sales promotion and advertising and underwriter process.

Table 4.13. Descriptive regression statistical analysis

	N	Mean	Std. Deviation
Sales of non-life insurance	131	3.5634	.97973
Premium rate	131	3.4580	.75485
Underwriter process	131	3.4402	1.06800
Sales promotion and advertising	131	3.4115	.43724
Sales agents	131	3.1565	.71275
Claim settlement	131	3.2805	.88580
Valid N (listwise)	131		

Source: SPSS Regression Output, (2023)

4.5.1 Influence of Premium Rate on Non-life Insurance Sale Policy.

Researchers selected five predictors that could reflect success in selling of non-life insurance policy. The premium rate factors influencing sales towards non-life insurance policy at Awash insurance (AI). The average success rate (3.458) and standard deviation (0.75) of the products sold by the firm to determine the customer to attract customers is good. The amount of premium rate sold is important to determine to stay existing client as well as to attract new potential client. The respondents had a common agreement that applying on insurance premium; Training provided for major clients, visiting existing customer and sponsoring clients of non-life insurance can influence the sales of non-life insurance in Awash insurance.

This research finding affordability of insurance policy premiums to its esteemed customers has distressed the sales of Insurance in the market, and Income level of the organization influence sales for non-life insurance and considering marketing inflation rate and conducting marketing assessment. This suggests that insurance companies need to do more about their mode of payment of premium in order to attract more customers to their services/products. There must be reasonable rate of premium so that a lot of customers can patronize after fulfilling basic needs. Customers across the net anticipate low price products with same returns and other valuable distinctions. In order for non-life assurance products to be understood and patronized by more people who are supposed to be number one beneficiary of insurance products such as motor policy, damage policy, fire policy etc premium charges need to be reduced in order to attract more people to partake in insurance products. The finding tend to support earlier research , notably, (Tadesse, 2014) who influence the choice of insurance service in selected insurance companies the researcher found out affordable premiums are one of the significant factors that claim look at summaries that AI have to consider marketing inflation rate and make customer satisfaction survey assessment during fixing insurance premium rate and need timely adjustment because the inflation rate continuously increasing rate..

4.5.2 Influence of Sales Promotion on Non-life Insurance Sale Policy.

The finding of the study was the availability of information and promotional activity were the less significant influence on sales of non-life AI than claim settlement and premium rate. This supports research consistent with the literature that advertising elements consist of a mixture of tools available for marketing called the advertising mix. Non-life/general insurance companies use these tools to reach out to their customers and have them to sale their non-life insurance sales policy. sales promotion and advertising that can reflect affect customer sales of non-life insurance policy AI head office has interpreted agree (3.4115) with standard deviation (.43724). Respondents agreed that insurance promotions and advertising could contribute to NLI sales in AI. This finding tend to support earlier research , notably, (Đokić, 2016, 79-93) who explain advertising costs are relatively low for one potential policyholder, but they can be significant in the total amount of promotion costs because advertising as a promoter is often used extensively.

4.5.3 Influence of Agents of the Company on Non-life Insurance Sale Policy.

Key responses of insurers and salespeople to the rapidly changing environment include enabling insurers to sell more insurance policy and act more aggressively. The same is true when selling non-life insurance.

The underwriter process and procedure of the company influence sales for non-life insurance in AI in average is as much as (3.44), with the standard deviation of (0.75485).

The practice and discipline followed by the sales agents of AI have played their part to impose on the sales of the company in AI with a mean (3.1565) interpreted agree, with standard deviation (0.71275).

4.5.4 Influence of underwriter process and procedures on sales of non-life insurance policy

The analysis was agree as per the response result interpreted the underwriter and lack of quick response to customer incidents to settle claims. To this point the consequence of delay response to customer incidents was follow loss of customer in Awash insurance on non-life insurance business. To the underwriter build the capacity by giving training. In contrast, insurers that focus on distribution typically view underwriting as a necessary step but one that should be carefully applied so it does not stand in the way of capturing new customers.

4.5.5 Influence of claim settlement on non-life insurance sale policy

Claim settlement is an entitlement of the policyholder to get compensation for his/ her loss due to hazards or accidents. The study wanted to find out the two factors that most influence the sales of non-life insurance was lack of administrative efficiency and uneconomical use of resources mean 3.2805 with 0.8858 std. deviation.

Therefore, immediate action to settle claim of customer is enhancing sales of non-life insurance policy. To the end the practice and discipline followed by the agents has more important to the success of sales policy and, claim settlement and compensation procedure followed by the company the respondent result showed that the policy were complicated. Because they are not made aware of the correct documents required in times of disaster. Again, they find it difficult to gather all the documents required by the insurance company. They may not able to get all the preferred certificates and documents due to delay from government offices. Examples of such documents include police report and first information report, among others. The researchers are of the view that the long process of evaluation of the documents is necessary as insurance is a high risk and as such effective measures should be put in place in minimizing this risk. However, it should not be unduly delayed since some of the settlement (money) needed are time bound example, those who insured for motor, fire and theft of insurance policy. Companies assess the performance of their companies based on claim settlement ratio and the company revises if the policy, the strategy, span of control and the organizational structure have the problem.

4.6. Discussion

The empirical data is combined with the theory to provide a broader view. The majority of those who responded to a survey asking about non-life insurance sales have worked for the company for a sizable amount of time and have a good understanding of the non-life insurance industry. This means that respondents have a good working relationship with the organizations and therefore have the knowledge and data that has been considered useful for this analysis.

The aim of the study was to identify and assess the main factors that most affected the sales of Non-life insurance policy: lack of administrative effectiveness and inefficient use of resources. This finding tend to support earlier research , notably, (Đokić, 2016, 79-93) who explain advertising costs are relatively low for one potential policyholder, but they can be significant in the total amount of promotion costs because advertising as a promoter is often used extensively.

Based on primary data collected from respondents, it is suggested that promotions and advertisements have a minor impact on sales policy of non-life insurance. However, the cost of sales promotion and advertising as per the secondary data collected from Awash Insurance has decreased from year-on-year. In addition, to this sales promotion and advertising expenses are also used in conjunction. Therefore, when analyzed, the use of sales promotion and advertising as a group is relevant to further enhance or boost the profitability of non-life insurance sales policy.

As per the respondent of this research according to collected questioners' response process and procedure the sales of non-life insurance by claim settlement, promotion and advertising, underwriting process and procedure, sales agent of the company and premium rate to sales each policy was influence.

The questioners distributed based on the independent variable and dependent variables of the research present that sales of insurance policy are extremely affected by the variables presented in the research. But, from the primary and secondary data analyzed were replied that the emphasis given is not enough for adverting and promotion variables in general as company level. In other way, on open question response the advertising activity is not enough this affect the sales policy. Additionally, underwriter has played major role to fulfill goods underwriting and inform customers about policy in details. Therefore, the impact on the sales of non-life insurance has high. Finally, the company's underwriters follow processes and procedures, sales forces, claims reconciliation processes, favorable premium rates, professional and appropriate advertising and promotions

At the end, the practice and discipline of the agents is more important for the success of the sales policy and claim settlement. According to the study, the survey respondents had been with the company for several years and indicated that policies that provide both risk coverage as well as a savings.

Other barriers include inefficiencies in claim settlement, insufficient disposable income to buy non-life, a lack of product diversity, the intricacy of non-life products, and a lack of national presence.

The results from both regression and ANOVA showed that all independent variables have a significant impact on the non-life insurance contract, and the effects of these variables are on the sales policy for non-life insurance, but the degree of impact is significant, as regression analysis results show the premium rate, claim settlements have a high significant effect, and sales promotion, advertising, and underwriter process has a low significant effect. This thesis support previous studies, of researcher Tadesse, (2014), which looked at factors that influence the choice of selected insurance companies. The researcher found that affordable premiums were one of the important factors that claim looked at, and Suneja and Sharma (2015), who looked at factors affecting clients, found that promotional activities were the least important factors in their study.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

The academic study presented its key conclusions, recommendations, and findings in this chapter based on the collected information. There are various parts to it: The entire survey's findings are reported. Based on the study's findings, recommendations are provided that the insurance business might employ to accomplish its objectives. Both theoretical and practical implications of the study are discussed. The researcher next uses the study of the empirical data to draw pertinent findings about the important topics outlined above.

5.2. Summary of results

Concentrating on the five independent variables, the researchers were able to discuss the findings, these variables are claim settlement, promotion and advertising process, premium rate, underwriting process and sales agents of the company.

Sum-ups of the regression analysis showed that the premium rate, underwriter process and claim settlements are a more significant effect on sales of non-life insurances than sales promotion and advertising.

The amount of premium rate sold by the company was influence the customer and Income level of the organization and individuals of non-life insurance policy, from the variables the income and awareness have a higher mean score when compare with the overall mean score of the independent variables pertaining to the respondents' responses to the questions under each variable.

The sales policy revealed that they were influenced by advertising factors with promotional activities influence the sales of NLI. Therefore, there is an impact of promotional and advertising variables on sales of NLI insurance

Underwriter procedure follow is the best practices are related to carry out a task or configure something and the practice guidelines may be set by a governing body or may be internal to an organization.

The growing of insurance is for a highly-analytical and professional, talented and sales-minded professional with a passion for the insurance industry the interested with customer. Therefore, Insurance agent is generate new businessby contacting potential customers and build last relationships.

Advertising and promotion is a marketing strategy commonly employed in a competitive environment. Therefore, the insurance industry used sales promotion and advertising to address new potential customer in the future. The sales of non-life insurance policies were significantly impacted by the independent factors; the p-value for significance is 0.000. (See Table 4.11 of the ANOVA)

Sum-ups of the regression analysis showed that the premium rate, sales agent and claim settlements are a more significant effect on sales of non-life insurances than sales promotion and advertising and underwriter's process, the studies output supports the previous studies of Tadesse, 2014 and Suneja and Sharma, 2015. (Refer regression table 4.12)

5.3 Conclusion

For single premium business, revenue is recognized on the date on which the policy is effective. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross premium; others are recognized as an expense. The results of this study, premium sales, commission sales profits and claim payments are in different percentages from year to year. Due to this the sales rate of the Awash insurance is fluctuate from year to year. The relationship between the gross premium, and sales agents and the reasons for this are underwriters' efficiency, advertising and promotion process and procedure

Sales promotion and advertising, and underwriter based on the primary data collected from respondents, it indicates that they have insignificant impact on sales policy of non-life insurance.

As secondary data, showed that all independent variables and dependents variables positive relationships. (Reference secondary table 4.7)

5.4 Recommendation

The study concludes that sales of non-life insurance policy are driven by a number of factors and demonstrated that affordable premium rate would go a long way in enhancing the sales of insurance policies in AI. This is because the doubts would be cleared and more prospective clients would be identified and there evidence from other areas that people are generally not aware of the many non-life insurance policy products and the benefits that might accrue from them. The study has also demonstrated that insurance companies hardly conduct any public awareness campaigns and explain their products and benefits if the level of sales is to be enhanced and while charging a lower premium can impact the insurer's profitability, charging higher could result in losing applicants. Maintaining this balance becomes a crucial and challenging process. Thus, it is better to make premium affordable to the customers buying capability.

The claim settlement and compensation procedure followed by the company is complicated and shall be need amendment. In adding, global standards should be used as benchmarks and employees should continue to receive regular training on proper risk assessment. And a best practice is a standard or set of guidelines that is known to produce good outcomes if followed .best practices are related to how to carry out a task or configure something. The Strict best practice guidelines may be set by a governing body or may be internal to an organization.

The claim settlement delay response to customer incidents was follow loss of customer therefore, immediate action to settle claim of customer to sales of non-life insurance policy.

According to the study, the high price of premiums and inefficient claim settlement resulted in non-life insurance cause loss of customer and profit. Therefore, affordability of premiums to their valued customers has affected the sales of insurance. And claim settlement delay response to customer incidents was follow loss of customer therefore, immediate action to settle claim of customer to sales of non-life insurance policy.

5.5 Suggestions for further research

Studies should be conducted with more variables that are considered relevant to the study. Studies should be conducted to examine the interplay of other variables that affect the sale of non-life insurance policy. To gain more insight into Awash non-life insurance policy, the study should be replicated with a larger sample. Other factors affecting the insurance industry as a whole can also be analyzed in detail through similar research.

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APPENDICES

Questionnaire on sales policies of insurance companies

Dear Respondents,

Questionnaires

I am a student of Faculty of Commerce, Addis Ababa University. My name is Fayisa Dandana. I am conducting research on the theme of "Factors influencing the sales policy of non-life insurance". Case study of Awash Insurance conducted at its headquarters in Addis Ababa. Partially meets the requirements for conferring a master's degree. We kindly ask you to take a few minutes to complete a survey that is used to assess your satisfaction with the sale of your policy. Your responses will be used for scientific research purposes only and the information you provide will be treated confidentially. Your honest answers have a big impact on the results of your research. It is not mandatory to include your name on the questionnaire.

Thank you for your help.

Feyisa Dandana

Mobile: - 251 9 13 13 62 87

E-mail Address: feyisaamena@gmail.com

A questionnaire on the factors that influence sales of non-life insurance policy in Awash insurance(AI) at Head office Addis Ababa.

(INSURES PERSPECTIVE)

Part-I: Demographic Characteristics

Direction: Please select the appropriate option by putting an X in the box against each Question.

1. Gender

   1 Male { __ }   2 Female { __ }

2. Education

   1. High school completes {__}   2. College diploma {__}

   3. University degree { ___}   4. .Above { ___ }

3. Experience

   1.1–5 yrs {___}   2. 6 – 10 yrs {___}   3.11 – 15 yrs {___ }

   4.16-20   {_______}   5. Above 20 yrs { ___}

4. Position held in the organization

   1. Officer {___}   2. Supervisor {___}   3. Manager {___}   4. Other {___}

Part II: Variable and sales policy

Instruction: Please indicate your degree of agreement or disagreement by Tick the appropriate option for each of the following statements Where,1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly Agree. What the appropriate number.

A	Sales of non-life insurance policy practice	1	2	3	4	5
1	I intended to Sale non-life insurances policy because it perceive the benefit of insurance services.					

2	I intended to sale non-life insurances policy because it generate enough income to afford insurance services.					
3	I intended to sale non-life insurances policy because it enhance profit to insurance company					
4	I intended to sales non-life insurances policy because it is a good opportunity advertising and promoting insurance service					
5	I intended to sale non-life insurances policy from insurers who offer me fair premium.					
B	**Rate of premium factors influencing Attitude towards non-life insurance**	1	2	3	4	5
1	The amount of premium rate sold by the company can determine the customer to stay attract the client.					
2	The affordability of insurance policy premiums to its esteemed customers has distressed the sales of Insurance in the market.					
3	Income level of the organization and individuals to sell insurance policy influence sales for non-life insurance.					
C	**Underwriter process and procedure**	1	2	3	4	5
1	Are the company underwriting staff members following the proper underwriting procedures					
2	Are the company underwriting staff members aware of the key aspects of the underwriting manual/ guidelines					
3	Do insurance companies have underwriting manuals or guidelines					
D	**Advertising of AI**	1	2	3	4	5
1	TV mode of advertisement performed by the company affects overall sales of the policy.					
2	The AI policy explanation brochures and leaflets affect its					

	sales.					
3	Online activities of AI such as websites, blogs, and social media affect its sales.					
4	Awash insurance's participation in various events such as trade fairs and exhibitions affects its sales.					
5	The use of billboards, sonic screens, and wall branding put in various places by AI affect its sales.					
6	As radio is movable anywhere advertising by this mechanism has more influence to enhance the sale of the insurance policy.					
E	**Sales Promotions**	1	2	3	4	5
1	Applying discounts on insurance premiums provided for new and existing customers affects the AI non-life sales policy.					
2	Training provided for major clients on various insurance-related issues affects the AI non-life sales policy.					
3	AI Customer service week such as visiting existing clients affects its sales.					
4	Sponsoring client-based or community-based events by AI affects its sales.					
F	Agents of the company	1	2	3	4	5
1	AI's effort to create more office business (without agents) affects its sales.					
2	AI's effort to work with agents affects its sales.					
3	High commission rates paid to Insurance Agents					
4	There are no direct distribution networks, such as Internet and Mobile phones to be used to sell insurance policies rather than through agents					

G	**Claim settlement**	1	2	3	4	5
1	Lack of administrative efficiency and uneconomical use of resources					
2	Lack of quick response to customer incidents to settle claims.					
3	Efficiency in the claim settlement process and procedures affect customer attitude to buy the non-life insurance policy.					
4	The claim settlement and compensation procedure followed by the company is complicated.					

Part III: Insurance underwriting is the process of classification of risks in terms of a standard or substandard risk, rating in terms of the premium that the risk will be charged, and selecting risks in terms of acceptance or rejection. In that case, the underwriter's primary function is to protect the insurance company against adverse selection (very poor risks) that can cause loss to the company and those parties who may have fraudulent intent. Tick the appropriate number. Please write '**Yes**' for correct, and '**No'** for the incorrect statement on the following arguments:

S/N	Statement	Yes	No
1	Are underwriting staff members following the proper underwriting procedures in accepting or underwriting the business?		
2	Are the insurance sales agents following the proper underwriting procedures in accepting /underwriting the business?		
3	Do insurance companies have underwriting manuals or guidelines?		
4	Are the underwriting staff members and agents aware of the key aspects of the underwriting manual/ guidelines?		
5	Do most insurance agents remit premiums due on time to the insurance companies?		

Part IV

1. In your opinion, do you think AI has undertaken enough advertising activities to promote itself and its insurance products?

2. In your opinion, what do you think non-life insurance companies should do to increase sales policy of non-life insurance in AI?

3. In your opinion, what do you think the underwriter should do to enhance sales of non-life insurance in Awash insurance?

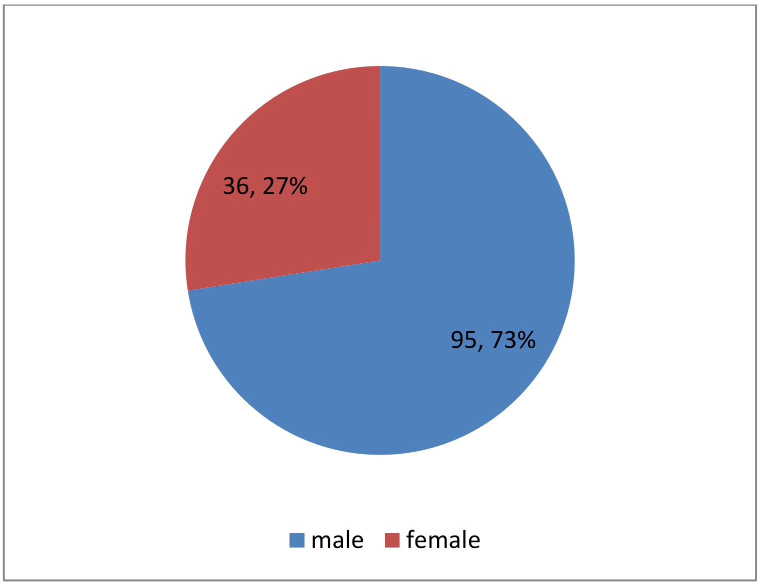
4. Any other comment?

THANK YOU VERY MUCH FOR YOUR PARTICIPATION.

===The End====

Appendix 2

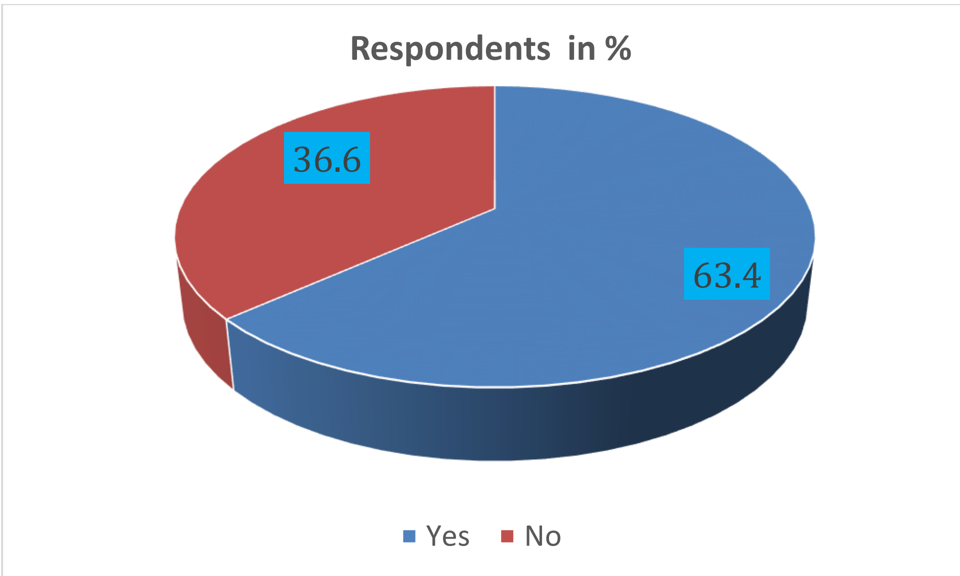
Chart: 12 Gender of the respondent. Source research survey of 2023



Source: researcher survey of 2023

Appendix 3

Figure: 4.17 Access of manuals or guideline in insurance companies



Source: research survey of 2023

Appendix 4

Influence of Premium Rate on Non-life Insurance Sale Policy /**Statistics**

		The amount of premium rate sold by the company can determine the customer to stay attract the client.	The affordability of insurance policy premiums to its esteemed customers has distressed the sales of Insurance in the market.	Income level of the organization and individuals to sell insurance policy influence sales for non-life insurance.
N	Valid	131	131	131
	Missing	0	0	0
Mean		3.70	2.98	3.69
Median		4.00	3.00	4.00
Std. Deviation		.781	1.277	1.197
Range		3	4	3

Source: SPSS output of research survey of 2023

Appendix 5

Influence of Underwriter Process and Procedures on Non-life Insurance Sale Policy

Statistics

		Are the company underwriting staff members following the proper underwriter procedure	Are the company underwriting staff members aware of the key aspect of the underwriting manual/guideline	Do insurance companies have underwriting manuals or guidelines
N	Valid	131	131	131

	Missing	0	0	0
Mean		3.21	3.21	3.91
Median		4.00	4.00	5.00
Mode		4	4	5
Std. Deviation		1.402	1.328	1.378
Range		4	4	3

Source: SPSS output of research survey of 2023

Appendix 6

Influence of Advertising on Non-life Insurance Sale Policy /**Statistics**

		TV mode of advertisement performed by the company affects overall sales of the policy.	The AI policy explanation brochures and leaflets affect its sales.	AI online activities such as websites, blogs and social media influence sales.	Participation in various events such as trade fairs and exhibitions of Awash Insurance influences sales.	The use of billboards, sound screens, and wall branding placed in various locations by AI impacts sales.	As radio is movable anywhere advertising by this mechanism has more influence to enhance the sale of the insurance policy.
N	Valid	131	131	131	131	131	131
	Missing	0	0	0	0	0	0

Mean	3.60	3.70	2.99	3.21	3.21	3.31
Median	3.00	4.00	3.00	4.00	4.00	4.00
Std. Deviation	1.115	1.100	1.344	1.402	1.328	1.102
Range	3	4	4	4	4	4

Source: SPSS output of research survey of 2023

Appendix 7

Influence of Sales Promotion on Non-life Insurance Sale Policy/ **Statistics**

		Offering premium rebates to new and existing customers influences the sales policy of AI General Insurance.	Large customer training on various insurance-related topics impacts sales of non-life insurance policy for AI	AI Customer Service Week such as Visiting existing customers impacts sales.	AI sponsorship of customer-based or community-based events impacts sales.
N	Valid	131	131	131	131
	Missing	0	0	0	0
Mean		3.60	4.01	3.31	3.20
Median		4.00	4.00	4.00	3.00
Std. Deviation		.802	1.186	1.102	1.249
Range		3	4	4	4

Source: SPSS output of research survey of 2023

Appendix 8

Influence of Agents of the Company on Non-life Insurance Sale Policy

Statistics

		AI efforts to create more office business (without agent) are having an impact on sales.	AI efforts working with agents impact sales.	High commission rates paid to Insurance Agents	There are no direct distribution networks, such as Internet and Mobile phones to be used to sell insurance policies rather than through agents
N	Valid	131	131	131	131
	Missing	0	0	0	0
Mean		3.21	3.60	2.80	3.02
Median		4.00	4.00	3.00	3.00
Range		4	3	4	4

Source: SPSS output of research survey of 2023

Appendix 9

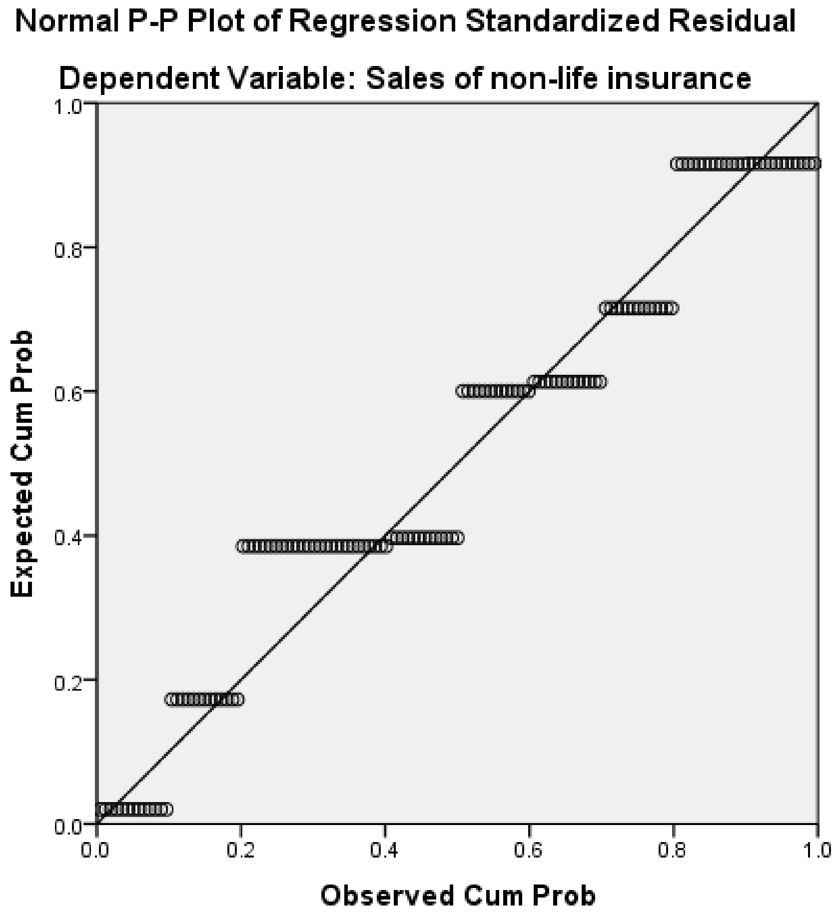
Influence of Claim Settlement on Non-life Insurance Sale Policy

Statistics

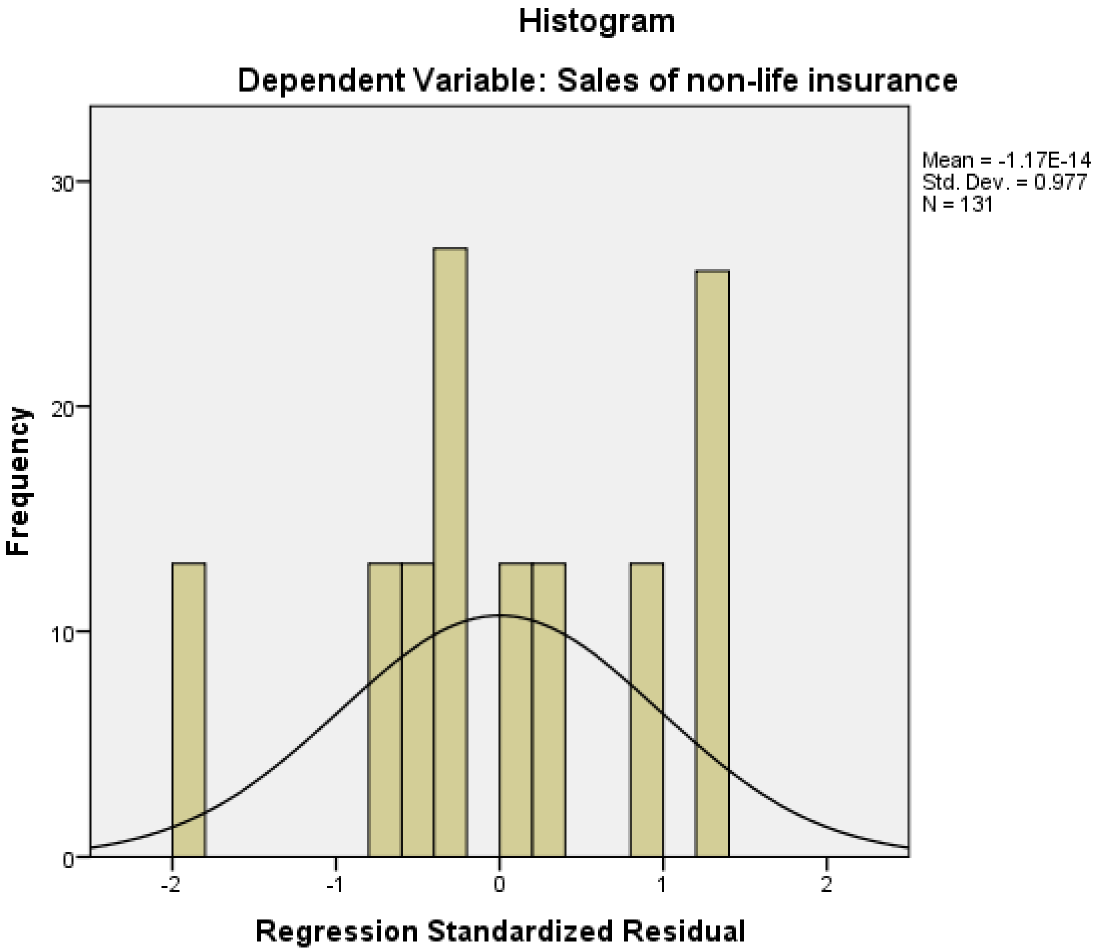
		Lack of administrative efficiency and uneconomical use of resources	Lack of quick response to customer incidents to settle claims.	Efficiency in the claim settlement process and procedures affect customer attitude to buy the non-life insurance policy.	The claim settlement and compensation procedure followed by the company is complicated.
N	Valid	131	131	131	131
	Missing	0	0	0	0
Mean		3.21	3.21	3.10	3.61
Median		4.00	4.00	3.00	4.00
Range		4	4	4	3

Source: SPSS output of research survey of 2023

Appendix 10

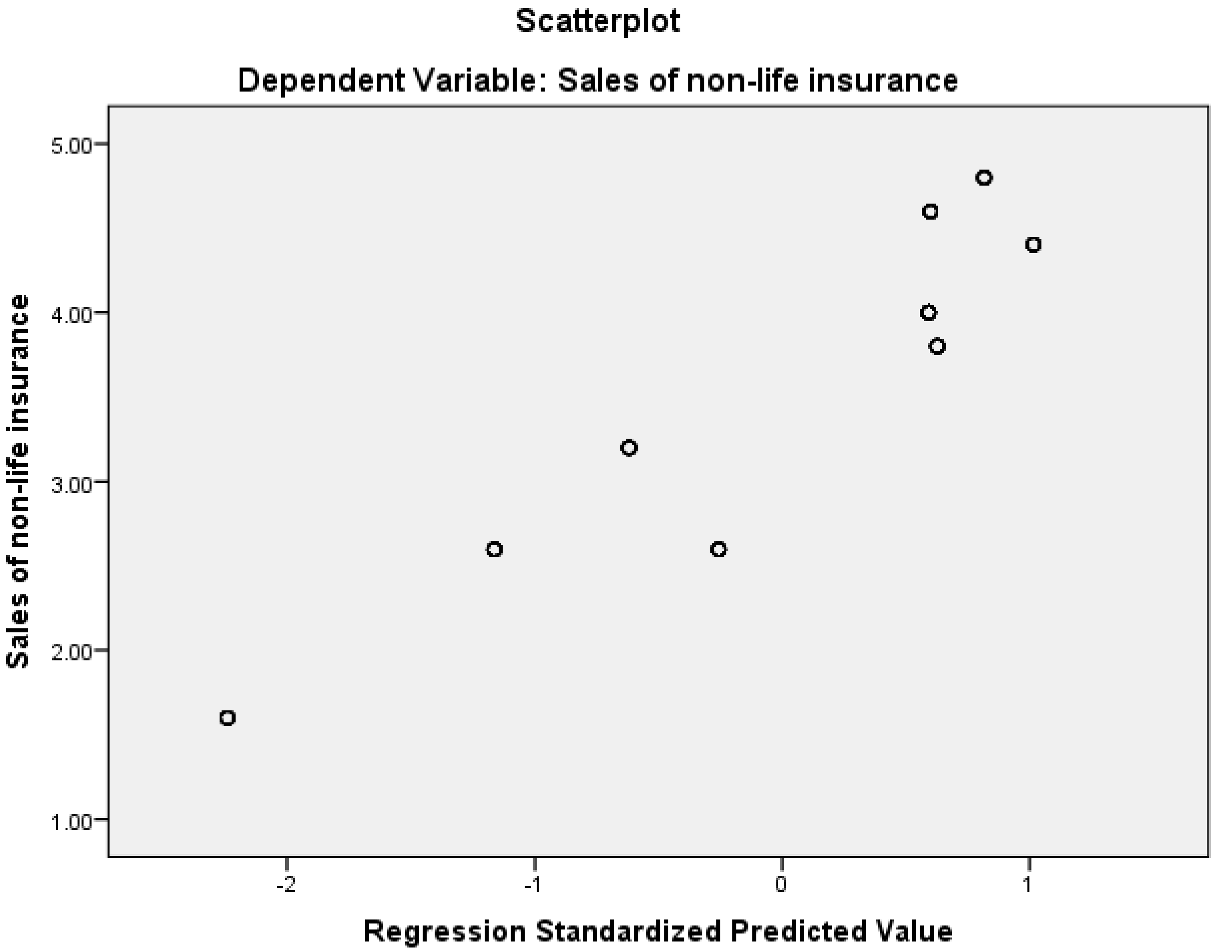

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Sales of non-life insurance
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0

Appendix 11



Source: SPSS output of research survey of 2023

Appendix 12



Source: SPSS output of research survey of 2023