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Factors Affecting the Provisions of Microinsurance in Ethiopia

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DECLARATION

I, Kuleni Gudeta declare that this research work entitled as **"Factor Affecting the Provision of Microinsurance in Ethiopia"** is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor. This study has not been submitted for any degree in Addis Ababa University or any other University. It is offered for the partial fulfillment of the degree of masters in Marketing Management.

Kuleni Gudeta

Signature_____

Date 15/06/2018

LETTER OF CERTIFICATION

This is to certify that Kuleni Gudeta carried out this thesis on the topic entitled **"Factor Affecting the Provision of Microinsurance in Ethiopia"** under my supervision. This work is original in nature and is suitable for submission for the award of Master of Marketing Management.

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Dr. Mesfin Workeneh

(The Research Advisor)

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ABBREVIATIONS

AMFI	Associations of Ethiopian Microfinance Institution
ANOVA	Analysis of Variance
EAMFI	Ethiopian Association of Microfinance Institutions
EIC	Ethiopian Insurance Corporation
EU	European Union
GDP	Gross Domestic Product
IAIS	International Association of Insurance Supervisors
ICT	Information and Communication Technology
IT	Information Technology
MFI	Microfinance Institutions
MRA	Multiple Regression Analysis
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organizations
SACCOs	Saving and Credit cooperatives
UNDP	United Nation Development Program
VIF	Variance Inflation Factor

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Abstract

In Ethiopia, the need for enhanced access to insurance at affordable rates to the lower end of the market is well set out in the National Growth and Transformation Plan II, 2015/16-2020/21. Access to insurance services is important for low-income groups as they are more vulnerable to unexpected losses due to natural disasters. Consequently, reaching out to this group and mitigate the level of risk as it will drive them to deeper level of poverty. To bridge this need, only five insurance firms have developed products that targeted this section of the market. However, several challenges affect the success of rolling out the products into the insurance to the market. This research sought to establish factors affecting the provision of microinsurance in Ethiopia by focusing on socio-institutional factors as independent variables namely client awareness, trust, government regulation and technology. The research adopted a descriptive research design whereby data was collected using a structured questionnaire that was distributed to 130 respondents (supervisors and managers) in the Ethiopian Insurance Companies. The respondents were selected using purposive sampling technique. The data analysis employed was descriptive and inferential statistics. Pearson Correlation and Multiple regression analysis were used to examine the relationship between independent variables and provision of microinsurance using SPSS20.0 .The result revealed that all independent variables, client awareness, technology, trust and government regulation showed significant association. Because of the limited knowledge on the insurance products, there is a need for a rigorous and well-coordinated approach on insurance to be offered to the target market and this will rope in the support of donors, the federal and regional governments .The factors under analysis show attention to be given to demand and supply sides of microinsurance, individual mindsets and structural factors that might require systemic intervention by the firms, government and clients.

Key words: ***Microinsurance, Provision of Microinsurance, Factors affecting the provision of microinsurance in Ethiopia***

CHAPTER ONE

INTRODUCTION

This chapter presents: the background of the study, provision of microinsurance, statement of the problem, research questions, research objectives, significance of the study, scope of the study delimitation of the study and organizations of the study.

1.1 Background of the Study

Low-income persons live in risky environments, vulnerable to numerous perils, including illness, accidental death and disability, loss of property due to theft or fire, agricultural losses, and disasters of both the natural and man-made varieties. The poor are more vulnerable to many of these risks than the rest of the population, and they are the least able to cope when a crisis does occur. Poverty and vulnerability reinforce each other in an escalating downward spiral. Not only does exposure to these risks result in substantial financial losses, but vulnerable households also suffer from the ongoing uncertainty about whether and when a loss might occur. Because of this perpetual apprehension, the poor are less likely to take advantage of income-generating opportunities that might reduce poverty (AMFI, 2010).

According to Lloyd's Microinsurance sector (2009), low income people in developing countries are exposed to a variety of significant risks to their wealth and life. Thus, to manage these risks, they resort to a number of strategies such as: informal risk sharing arrangements, conservatism (i.e. avoiding risky activities), and self-insurance through savings, reduced expenditure (including withdrawing children from school) and acquiring additional work, emergency credit from family or money-lenders, liquidation of assets.

The same report also showed that poor people face significant risks and have only limited opportunity to avoid through insurance and other markets. This has been acknowledged from theoretical, policy and practice point of view and efforts gear towards finding sustainable, effective and efficient risk management strategies. From economic point of view, uninsured risks usually force poor households to undertake costly strategies to manage their losses. This results in substantial welfare costs and contributes to persistent poverty. Microinsurance has the potential to

reduce these welfare costs. By offering a payout when an insured loss occurs, it avoids other costly ways of coping with the shock leaving future income earning opportunities intact. Furthermore, the security linked to being insured can be expected to allow the avoidance of costly risk-management strategies with positive impacts on poverty reduction (Dercon et al., 2008).

1.2 Provision of Microinsurance

The International Association of Insurance Supervisors (IAIS, 2007) defines microinsurance as "protection of low income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved." Microinsurance is one of the provisions of insurance services to the poor, usually in developing countries. Microinsurance is defined in line with Churchill (2006) as an insurance that (i) operates by risk-pooling (ii) is financed through regular premiums and is (iii) tailored to the poor who would otherwise not be able to take out insurance. Microinsurance is for persons ignored by mainstream commercial and social insurance schemes, persons who have not had access to appropriate products.

Dror and Piesse (2009) mentioned that there are three approaches to understanding the term microinsurance: the first focuses on the target group, the second on the product and the third on the process. First, the target group approach defines microinsurance by the target market, specifically the low income population. Poorer communities are typically excluded from the formal financial services market because they cannot afford the premiums or do not have access to these benefits through their employment. Microinsurance provides access to the formal insurance market by creating unique products and distribution systems to address their needs. Second, the product approach explains microinsurance by the characteristics of the products offered, being smaller coverage and proportionally smaller benefits. Conventional insurance is unsuitable to the lower income groups because the premiums are unaffordable and the coverage is possibly excessive Third, the processes approach relates microinsurance to the process of designing, introducing, and administering the schemes, and the schemes are governed directly to some degree by the insured members (Dror and Piesse, 2009).

This definition is essentially the same as one might use for regular insurance except for the clearly prescribed target market: low-income people. It has the same purpose as traditional insurance – to allow consumers, whether they are individuals or businesses, to transfer their risks and purchase the

security they need to live their lives or grow their businesses. The main suppliers of microinsurance are commercial insurers. Most international insurers and reinsurers are involved in microinsurance initiatives or offer products directly. At the same time, international organizations, donors, non-governmental organizations (NGOs) and governments are important facilitators. Community-based and informal insurance schemes will prove valuable sources of innovation, but it is likely that, as communities develop, opportunities for regulated insurers with appropriate products and processes will increase and these insurers will become market leaders.

The Lloyd Microinsurance center report (2009) identified that the concept microinsurance means different things to different people. Commercial insurers see its potential as a way of reaching large under-served markets. Development institutions, such as the World Bank and the United Nations, focus on its potential to secure poverty reduction. Financial journalists and analysts highlight the size of markets at the "bottom of the pyramid". Academics argue that financial sector development is as essential as industrialization for sustainable economic growth.

In Ethiopia context Under Legal Draft Notice "Licensing and License Renewal of Microinsurers Directives 2014, Ethiopia, "microinsurance" means an insurance that is designed for a low income or under-served population, to address their particular risks and insurance needs; "microinsurance business" means a class of insurance business whereby the products and services meet the definition of "microinsurance" as well as specific restrictions and limitations as outlined in these directives; "microinsurance products" include:(a) term insurance for insured policyholder or member of the family,(b) accidental death and/or disability of insured policyholder or family member, (c) medical expense, (d) loss of or damage to property, including crops and livestock, on an indemnity basis only, (e) credit life, (f) credit linked coverage, (g) weather index insurance, (h)other categories of microinsurance as may be authorized by the Bank.

Lloyd Micro Insurance Center (2009) underscore the several benefits for commercial insurers besides the obvious profits as a larger and diversified risk pool, benefits to reputation, and market intelligence and innovation that can be applied to other business activities. In the longer term, the combination of first mover advantages and sustained growth in developing markets can lead to strong future business prospects. The same report states the success of microcredit worldwide has shown that people with low incomes are a proven market for financial services and are effective consumers if given appropriate products, processes, and knowledge. In the insurance field,

microinsurance can provide the specialized insurance products demanded by under-served low income markets.

Similar to the above claim, micro insurance markets have exhibited strong growth rates in recent years; 61.9 million people in the Africa region as covered by at least one microinsurance policy at the end of 2014, versus 44.4 million people identified in 2011.The authors made trend analysis by looking only at institutions who reported both periods, representing a comparable growth of 30% over the 3-year time period (McCord & Biese, 2015). This trend can imply two points. On one hand, despite the strong growth of microinsurance markets in recent years, more than 90 per cent of the poor population in developing countries have limited or no access to insurance (Biener & Eling, 2012). On the other hand, great parts of the industry are challenged by fundamental issues of providing insurance products. One of the most significant of which is pricing risk and practitioners frequently highlight problems in the insurability of risks that hinder the development of microinsurance) that is worth investigating.

Thus it is important to see the context of microinsurance from demand and supply sides as micro-insurance stimulates the demand–supply of financial intermediation in less developed countries and so helps promote economic development (Olaosebikan & Adams, 2014). To start with the demand side, key factors affecting the demand of microinsurance are price, wealth, risk aversion, non-performance risk, trust and peer effects, religion, financial literacy, informal risk sharing, quality of service, risk exposure, age, and gender (Eling, Pradhan, &Schmit, 2013b); premium flexibility, income level and nodal agency (Akotey, Osei, & Gemegah, 2012).

From supply side, the traditional risk carriers for microinsurance products are insurance companies, reinsurance companies including the large multinational reinsurers, and governments. NGOs and some mutual organizations provided forms of cover but these have been acting as informal insurers with the risk that, as they are unregulated and they may not be able to pay contractually agreed claims in the aftermath of a disaster (Clarke & Grenham, 2012). The provision of microinsurance by these actors can be justified at different level of analysis. Since insurers and reinsurers have an incentive to reduce claims, they also contribute to development by promoting risk reduction measures and by mobilizing long-term savings. Insurers are an important source of long-term finance that can be invested.

At household level, microinsurance can potentially help to break the cycle of poverty through both protective and productive contributions. On the protective side, insurance can shield policy holders from the financial consequences of various risks. Small, regular premium payments are more affordable than the large expenses that accompany crises. On the productive side, through life insurance policies, the poor can accumulate savings and build assets in addition helps access to productive inputs such as credit, by covering risks that lenders do not want to carry. Thus, microinsurance provides the insurance industry with an opportunity to build from the bottom up and create foundation of retail insurance, ultimately making a stronger contribution to the country's general economic development.

The contribution of microinsurance to a community and a country extends beyond its involvement in deepening the insurance industry. As microinsurance lies at the intersection between social protection and financial inclusion, the contribution to social and economic development will be greatest where these forces are well coordinated. As Malima and Louw (2017) put it "microinsurance began in Africa as a form of charity in the 1990s, when the International Labor Organization began experimenting with super-cheap insurance policies ". It was learnt in the same report that formal insurance covers only the wealthiest top 10% of the population in East Africa, with the remainder having to face the risk of the death of an income earner, illness and property damage by themselves.

Proclamation No. 86 of 1994 – Licensing and Supervision of Insurance Business heralded the beginning of a new era in Ethiopia. It opened up the insurance market for competition and thus ended the monopoly of the business. Today, there are seventeen insurance companies in Ethiopia, sixteen private and one state-owned. The insurance sector in Ethiopia is characterized by a small but growing domestic insurance market, including both publicly and privately owned companies. There has been strong growth in the private sector since the 1990s, but the insurance market is still dominated by the state-owned insurer. Products are concentrated in general insurance lines of business, although the life insurance market continues to grow. General insurance business is focused on the corporate market, and premiums from the retail sector are almost entirely derived from motor insurance. Insurance providers rely heavily on the banking sector, as partner organizations providing client referrals as well as investment capacity.

1.3 Statement of the Problem

Agriculture is the dominant sector in the Ethiopian economy where 83% of the population fully depends on and more than 43% of the GDP is generated. This sector in turn is dominated by subsistence farming where more than 95% is rain fed farming of which more than 90% owned by a smallholder (mostly less than half hectare) farmers. These smallholder farmers are highly exposed to different types of risks.

Low-income households are vulnerable to an array of perils and have devised a variety of risk management strategies to reduce the impact of economic shocks and unexpected catastrophes. However, many of the strategies employed by low-income households are inadequate and often contribute to increased levels of vulnerability. Low-income households have fewer assets and nominal income which often fluctuate throughout the year. They have limited saving to draw upon and often have to borrow from friends and relatives, obtain emergency credit, borrow informally, or reduce consumption when exposed to exposed to risks. (The Association of Ethiopian Microfinance Institutions ,2010)

Insurance is one of the integral parts of a comprehensive risk management that demands strong effort of the public and private sector. The microinsurance market in Ethiopia is still under-developed although insurers are increasingly becoming active while informal "insurers" are expanding into the formal insurance system. Microinsurance Network and the Munich Re Foundation study carried out in 2015 stated that only 1.9% of the population of Ethiopia was covered with different microinsurance products compared to other African countries such as Kenya 6.0%, Uganda 6.7%, Ghana 29.6% and South Africa 64%.

In developing country context like Ethiopia, the need for enhanced access to microinsurance at affordable rates to the poor and low end market becomes a concern not only for the government but also for the insurance companies. As a developing market, the insurance industry faces a number of challenges, including a lack of modern electronic management information systems (MIS) and limited technical capacity. There exists a significant skills gap in terms of product development and actuarial skills, as well as risk management knowledge and experience.

The microinsurance sector continues to be a small subset of the overall insurance market. Commercial insurers are hesitant to enter the microinsurance sector, given the lack of cost-effective

distribution channels as well as lack of insurance awareness among target clients. In spite of a number of donor-sponsored initiatives, over the last several years, including capacity building efforts, the range of available microinsurance products remains quite limited (Churchill, 2006).

That being said, over the past three years there has been incremental progress in the number of providers offering microinsurance products, as well as development of new products. The most widely available microinsurance product is credit life insurance. Given the 2009 amendments to the microfinance institution (MFI) legislation, MFIs are nowadays legally allowed to offer microinsurance directly to their clients. While this intervention has significantly expanded the level of formal provision of microinsurance in the country, it has discouraged insurance companies from engaging in further microinsurance development. The predominant view appears to be that credit life has the most potential to be profitable, and that insurers can no longer compete or partner on a cost-effective basis with MFIs to offer this coverage (Miressa, 2016).

Understanding the factors affecting the provision of microinsurance can shed light on gray areas why only one quarter of the Ethiopian insurance companies have practiced microinsurance so far. Thus, it is imperative to examine underlying reasons from multifold perspectives through concepts like utility, incentives, corporate social responsibility and public-private partnership.

1.4 Research Questions

In accordance to the problem statement, below are the questions addressed in the research.

1. Does client awareness affect the provision of microinsurance in Ethiopia?
2. What is the effect of trust in the provision of microinsurance scheme in Ethiopia?
3. Does technology has any effect in the provision of microinsurance in Ethiopia?
4. What is the role of government regulations on microinsurance provision in Ethiopia?

1.5 Research Objectives

1.5.1 General Objective

The general objective of the study is to examine factors affecting the provision of microinsurance in Ethiopia.

1.5.2 Specific Objectives

1. To identify the effect of client awareness on the provision of microinsurance in Ethiopia.
2. To examine the effect of trust in microinsurance scheme in Ethiopia.
3. To find out how technology has effect on provision of microinsurance in Ethiopia.
4. To assess the role of government regulation in the provision of microinsurance in Ethiopia.

1.6 Significance of the Study

The study has significance for the three important actors, researchers, insurers and practitioners on the basis of addressing the need for enhanced access to insurance at affordable rates to the poor that is a major topic of discussion in the continent of Africa. The primary objective of this study is to contribute to filling this gap by examining the decision on providing, as well as the current knowledge and perceptions about the provision of microinsurance. This analysis could then be used to inform the formulation of technical recommendations on potential microinsurance product designs, education campaigns, and marketing strategies. It can also be a springboard for other researches in the sector.

The interest of insurance companies to understand contributions has two dimensions. Firstly, such research can be built into a process of continuous improvement and enable insurers to identify ways in which they can improve their products. Secondly, many companies take their corporate social responsibility (CSR) obligations seriously and are therefore interested in evidence to validate their efforts.

1.7 Scope of the Study

The study focused on all insurance companies in Addis Ababa. Microinsurance services are centralized at the head offices (Addis Ababa) in all insurance companies. To cope with the available time, only head offices of these insurance companies located in Addis Ababa were considered; and other branch offices located in Addis Ababa or regional cities were not included.

All players or actors of the microinsurance scheme are very important to study the factors affecting the provision of microinsurance in the country, namely informal institutions such as iddir and equb, formal institutions such as banks, microfinance institutions, cooperatives, technology providers, ethio

telecom, other general insurance product providers, brokers, agents and governmental or non-governmental organizations need to consider their sayings in the subject matter of the study.

1.8 Delimitation of the Study

Time was a key limitation during data collection and analysis. The size and nature of the sample must be enhanced to ensure variability and control for possible extraneous variation. The sample is restricted to the seventeen insurance companies .It would have been recommended that data should be gathered from various sectors and industries in Ethiopia.

In addition, the data in this research was collected from the employees of insurance companies but left out the distributors of the products like the delivery channels and agents who would have some input on the level of provision of the microinsurance products. Though it would have given the study sense of completeness if there would be a chance to include clients under the microinsurance, the study delimited to the suppliers of the microinsurance products as the study would be vast to manage for one year research project and challenges in accessibility of the clients and resource constraints.

1.9 Organization of the Study

The study is organized in to five chapters. Accordingly, the first chapter deals with the introduction part of the study; the second chapter discusses the details of related literature of the study; the third chapter focuses on methodology, the fourth chapter deals with data presentation and analysis and finally in chapter five summary of findings and conclusions drawn based on analysis and possible recommendations are forwarded based on the investigation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The purpose of this chapter is to highlight the work that other scholars and researchers have done on microinsurance. The chapter presents various views and perspectives of different scholars, which are based on the research objectives. The chapter begins with theoretical orientation on microinsurance. In the second part, an empirical review on the factors affecting microinsurance provision in the insurance companies undertakes leading to a conceptual framework, which is proposed to guide the study.

2.1 Theoretical Review

2.1.1 Trends of Provision of Microinsurance

Insurers assume, rightly or wrongly, that the low-income market cannot afford insurance. Interestingly, when insurance first became widespread in the late 19th century, it was seen as a poor man's financial service. The wealthy did not need insurance because they could essentially self-insure. Somewhere along the way, as insurance became more sophisticated and the wealthy recognized their vulnerabilities, the perceptions reversed (Churchill, 2006).

Churchill further mentioned that a major challenge in extending insurance to the poor is educating the market and overcoming its bias against insurance. Many are skeptical about paying premiums for an intangible product with future benefits that may never be claimed – and they are often not too trusting of insurance companies. Creating awareness about the value of insurance is time-consuming and costly. To be fair, the bias goes in both directions. The people who work for insurance companies are usually unfamiliar with the needs and concerns of the poor.

Similarly, the culture and incentives in insurance companies reward salespersons for focusing on larger policies and more profitable clients and portray the idea of selling insurance to the poor as ridiculous. This low-income market has massive potential if insurers can address these issues with efficient and effective innovations. While these obstacles are significant and daunting, they can be

overcome – they are being overcome – by a number of formal and informal insurers around the world that are developing new techniques to reach a vast under-served market.

However, most low-income persons do not currently consider insurance as a viable risk management alternative. There are many ways to explain this: firstly, there is a lack of financial education among the population about the purpose and benefits of insurance. Secondly, there is a wide spread lack of trust in institutions. In addition, most low-income households feel they do not have sufficient financial resources, perceiving insurance as an "extra" or even "wasteful" expense, or as a luxury product. Finally, most insurance firms do not offer any products targeted to the lower-income population, nor are making a marked effort to reach out to this segment (Churchill 2006).

Currently, most insurance firms offer a traditional product range, many relying on automobile and other compulsory insurances. Direct sales through intermediaries (agents and brokers) is very common, and marketing is primarily executed through traditional mass media (television, radio, print advertising). One of the main issues with the current product offering is that most products are not affordable, but also payment is required in full and upfront (Corneliu, 2010).

According to Chummun (2012), due to the nature and profile of microinsurance, the insurer cannot expect a client to take the initiative to come and look for microinsurance products. It is up to the insurer to devise new ways and means to reach out for the low-income people in the most remote places where they live. First and foremost may be the distribution challenge: the poor are often dispersed (most of the poor are engaged in agricultural activity) and simply reaching them (or having them come to an office to purchase insurance) often requires significant travel, which is costly and time-consuming (Miressa, 2016).

Prior to 2009, credit life coverage was offered on an informal basis by a number of MFIs, and formalization of this market was identified as one of the immediate opportunities available to develop microinsurance in Ethiopia (Chamberlain and Smith 2010). A number of pilot projects have been implemented, in conjunction with international development support and technical assistance, with mixed success in terms of sustainability and scale. Results from earlier pilots have

been used to refine product design and distribution approaches. A high level of donor involvement in microinsurance pilot projects, as well as donor subsidies, also indicates a need for appropriate microinsurance regulation that provides clear lines of ownerships and accountability for various types of stakeholders. There are about five insurance companies that provide microinsurance services: Ethiopian Insurance Corporation (EIC), Africa, Nyala, Oromia, and Ethio-Life Insurance Companies.

2.1.2 Utility Theory

The standard utility theory demonstrates that risk adverse investors will choose to purchase insurance at actuarially fair values and that they will be willing to pay a premium load in excess of the actuarially fair premium based on their level of risk aversion and their corresponding wealth level (Brau et al, (2010). Expected utility theory explains demand by referring to insurance product characteristics (premium and payouts), socio-economic characteristics and assumes that individuals are capable of objectively assessing the probability of risk.

Schneider (2004) mentioned under expected utility theory, insurance demand is a choice between an uncertain loss that occurs with a probability when uninsured and a certain loss like paying a premium citing the work of (Manning and Marquis, 1996). Expected utility theory assumes that people are risk averse and make choices between taking a risk that has different implications on wealth. At the time of insurance choice, consumers are uncertain whether they will be ill or not, and of the related financial consequences. Insurance reduces this uncertainty. Through insurance, they can level out their income over two different states, ill/not ill, which makes the aggregate outcome relatively certain. This certainty allows the insured to reach a higher utility in case of illness than those without insurance. This theory is silent about the level of consumers' income and its impact on the insurance choice (Schneider, 2004).

Consumers cannot easily switch between insurers, since the market structure in a specific geography looks rather monopolistic for an individual household, with all the potential adverse effect this market structure brings. Intermediary insurer and insured often communicate through an intermediary, often an NGO or MFI. The intermediary is paid for this task through an insurance commission. It is typically not easy for an intermediary to be ‘‘between the chairs,’’ trying to serve the interests of insured and insurer at the same time. And in today's increasingly competitive microinsurance market, large intermediaries are well aware about their power to negotiate with

insurers. Intermediaries do not always act in the best interests of the target groups, and often also demanding disputable contributions from the insurer for their decision making management.

Donors, government and general public such stakeholders are interested or potentially interested in microinsurance, but often have their own ideas (or no ideas) about how to integrate such support with their existing frames of reference and systems. If such stakeholders do not see such a fit sufficiently clearly, it is either difficult for them to brief or guide partners, or if they try to brief and formulate guidelines, such guidance may be less than optimal and can prevent the flexibility and creative experimentation which is so typical for this dynamically developing market (Radermacher and Brinkmann, 2012).

2.1.3 The Agency Theory

An agency, in general terms, is the relationship between two parties, where one is a principal and the other is an agent who represents the principal in transactions with a third party. Agency relationships occur when the principals hire the agent to perform a service on the principals' behalf. Principals commonly delegate decision-making authority to the agents.

Agency problems can arise because of inefficiencies and incomplete information. This study is based on principal agent theory developed by Logan, (2000) which is based on the separation of ownership and control of economic activities between the agent and the principal. Logan further explains the agency theory is on developing the most efficient contract governing the principal-agent relationship assuming self-interested people and corporations. The assumptions of the agent theory about the agent's behavior are negative.

The principal is assumed to be risk neutral since they can diversify their risk through their investments. The principal therefore adopts various incentives systems i.e. outcome based e.g. rewarding agents upon reaching set targets by offering them stock options or behavior based incentives. The theory postulates that various agency problems may arise, such as asymmetric information between the principal and the agent, conflicting objectives, differences in risk aversion, outcome uncertainty, behavior based on self-interest, and bounded rationality. The theory further argues that the contract between the principal and the agent governs the relationship between the two parties, and the aim of the theory is to design a contract that can mitigate potential problems.

2.1.4 Factors affecting the Provision of Microinsurance in Ethiopia

2.1.4.1 Client Awareness

A study carried out by the German Institute for Economic Research in 2009 highlighted a potential challenge to developing the microinsurance sector is educating customers. The study points out that as demand for insurance is correlated to customers' perceptions of the benefits, a clear understanding of what insurance means and what to expect is crucial to avoid disappointment by the customers. According to the Microinsurance Center, (2007), many low-income people are insurable in that they have assets and livelihoods to protect, and sufficient incomes to pay premiums. However, they do not have insurance, as they are unfamiliar with the concept of insurance as a risk management tool.

According to Njuguna and Arunga, (2013), many clients are skeptical about paying premiums for an intangible product with future benefits that may never be claimed and they are often do not trust insurance companies. A study by Siegel et al. (2001) found that some insurance firms provide information and conduct education campaigns among low-income households on the need for risk protection through such schemes as microinsurance and to differentiate microinsurance from the conventional insurance products. Morelli et al. (2010) mentioned that for a microinsurance scheme to succeed, it needs to satisfy, among other conditions; comprehensibility and understandability by the clients.

2.1.4.2 Trust

Trust has been defined as the expectation that arises among citizens of regular, honest and cooperative behavior, based on commonly shared ethical norms and values, including reliability, loyalty and solidarity (Schneider, 2004). He also describes trust in insurance in three dimensions. First, patients' trust in providers, which is based on their previous experience with providers' ability to diagnose and treat illness and to act in patients' interest. Secondly, trust in insurers, based on the insurer's reputation of improving access to care. Thirdly, trust generated by the control mechanism for legal enforcement of commitments like contracts. He concludes that insurers can build a reputation of trustworthiness by demonstrating expertise, responsiveness to consumers, and by ensuring quality care in contracting health facilities.

One of the challenges (Morsink and Geurts ,2011) to the development of insurance markets is lack of trust .Many insurance policies (e.g. health, property) require some discretion on the part of the insurance company if customers worry that the company will settle unfairly, they may be unwilling to purchase. Creating trust is challenging, and private insurance companies do not enjoy high levels of trust everywhere. Because many developing country governments may lack deep technical expertise in insurance, industry self-regulation may also be necessary and effective in building trust.

Demand for micro insurance in developing countries is low in comparison to demand for insurance in developed countries. Common explanations are lower levels of wealth or financial literacy of the targeted clients. However, recently it is being realized that these explanations often don‘t account for the experienced variance between the demand in developed and developing countries. Lower levels of demand in developing countries may be caused by weaker formal trust-building institutions governing insurance transactions in developing countries (Morsink and Geurts, 2011).

2.1.4.3 Technology

Silverberg (2016) stated that a key innovation contributing to the reshaping of the insurance industry today has been the spread of and advances in mobile phone technology. Penetration rates are even more impressive when basic mobile phones are included in calculations. In addition to capturing valuable data, the growing prevalence of mobile phones provides new methods for insurance firms to communicate with and provide products and services seamlessly at all hours to their customers, encouraging greater engagement and brand allegiance. With advances in mobile technology, smart phones are playing an increasingly important role in company-consumer connections. For example, insurers can send text reminders to policyholders to update account details to ensure continued protection or push personalized communications to customers when they are more likely to need a plan, such as during travel.

The report further stated that emerging technologies and innovations are beginning to transform the insurance landscape as they enable new ways to measure, control, and price risk, engage with customers, reduce cost, improve efficiency, and expand insurability. This has produced enormous opportunities for established insurers to modernize, create new insurance products and services, and shake up their business models. It has also led to the emergence of many new innovative startups

seeking to significantly enhance the way insurance has traditionally been assembled, purchased, and experienced.

Increasingly, incumbents are compelled to strategize about ways to routinely innovate and establish superior digital experiences in response to disruptors who have made notable inroads in the market by focusing on unmet consumer demands, lowering costs, and providing innovative new services. Going forward, both competition and partnerships between tech-savvy incumbents and increasingly well-funded and nimble new market entrants are expected to rise. This will likely fuel further innovation and transformation within the industry.

At the same time, addressing issues surrounding comprehensive data regulation will grow in importance, and insurance regulators and data privacy rules will play a significant role in determining how insurers will be able to use data and also influence the level of product customization available to customers. The channels of distribution should be an innovative one instead of the traditional way (Miressa, 2016).

2.1.4.4 Government Regulation

The insurance supervisory process is in the midst of revision, therefore there are some inconsistencies between older rule-based requirements and the new risk-based supervisory approach that are expected to be resolved in the near term. The 1994 insurance proclamation and related directives prescribe several requirements related to insurance supervision, including quarterly financial reports from insurers, annual audits, and actuarial evaluations for long term insurance business on an annual basis for the first 5 years, and then once every 3 years. Actuarial evaluations are not required for general insurance business. The 2012 insurance proclamation includes and expands upon most of these requirements, although the proclamation is worded more generally, leaving detailed provisions or requirements to be specified in directives. This approach provides more flexibility and is less rule-based, but in the short term the absence of new directives leaves a regulatory gap.

The current supervisory approach is to review insurer returns, including all financial statements, on a quarterly basis, and to conduct on-site examinations at least once every 2 years. In practice, the supervisor is currently conducting on-site examinations on an annual basis. Efficiency gains as a result of the Financial Sector Capacity Building Project have reduced on-site supervision from

almost six months to within 31 working days, and off-site supervision from one month to 15 working days.

The 2012 insurance proclamation requires insurers to provide the National Bank of Ethiopia (NBE) with such detailed data as is required for it to conduct appropriate examinations on-site and off-site, although the form and content of that information is not specified. Lack of specific regulations or guidance for financial reporting does affect the reliability of financial information provided. There are currently no requirements for reporting microinsurance specifically, although life insurance and general insurance are required to have separate accounts and be reported separately. Pilots of index-based agriculture insurance have not been subject to any reporting or supervisory requirements other than the normal quarterly reporting required from the insurer involved.

The NBE has also published guidelines for risk-based supervision on its website, based on recommendations and a supervisory manual provided by its external consultant in the course of the insurance regulatory review in 2010. As these guidelines are new, it is unclear as to the extent to which they have been adopted by either the supervisor or the industry. The capacity of insurance companies, both in terms of technical expertise and systems technology, may be inadequate to adopt appropriate risk management processes, particularly for more complex insurance products. The risk-based supervision guidelines do not include any references to microinsurance or proportionate supervisory practices although, in theory, a risk-based approach should be able to accommodate a reduced supervisory burden for low risk insurance products and providers.

Kukoc (1998) stated regarding risks of insurance regulation that there are number of issues of potential concern for government in insurance regulation. These include: moral hazard, rent seeking behavior, heavy handedness and regulatory gaps and overlaps - consistency versus specificity.

2.2 Empirical Studies

The demand for microinsurance in Ethiopia is influenced by the level of poverty, the availability of products that address relevant risks, existing risk management coping mechanisms, attitudes towards insurance, and the ability and willingness to pay for insurance. The low level of infrastructure, including the penetration of financial services, technology and communication also plays a significant factor. While a national microinsurance demand study has not yet been conducted in Ethiopia, a number of targeted studies have been conducted which provide very useful

information on the risks experienced in this population, and the potential of microinsurance to mitigate them. (Kelly and Rendek, 2012)

2.2.1 Client Awareness

"Overcoming Barriers to Microinsurance Adoption: Evidence from the Field" studied by Cole (2015) stated that much of the population, especially the poor, lacks a solid understanding of financial products and may therefore not recognize the value provided by financial services. Even in developed economies like the U.S., low financial literacy has been identified as a barrier preventing the poor from accessing government-supported health insurance programs. The strong correlation between financial literacy and financial behavior has led many to support financial education to improve financial outcomes.

Cole (2015) further investigated the role of financial education in purchase decisions directly, again through a randomized experiment. Financial literacy may be of particular concern when considering novel products, such as weather insurance: farmers think in terms of soil moisture, while the product payout depends on millimeters of rainfall. When marketing insurance to rural households in Andhra Pradesh, randomly add a module that explains in detail the relationship between millimeters of rainfall and soil moisture. However, this additional knowledge has no effect on a farmer's decision to purchase rainfall insurance.

Attempts were made in the Oromia region livestock insurance demand study conducted under the "The Potential for High Value Livestock Indemnity Insurance in Ethiopia's Oromia Region "by The Association of Ethiopian Microfinance Institutions (AMFI) in 2009 to identify why respondents did not uptake insurance. Respondents were therefore asked, if they did not invest in insurance, why not? They were asked to provide two different reasons. About 21.6 percent of the respondents reported that they do not know what insurance is. About 60.3 percent of the respondents indicated that the insurance that they require is unavailable.

Hill, Hoddinott and Kumar, (2013) 'Adoption of weather-index insurance: learning from willingness to pay among a panel of households in rural Ethiopia' study uptake responses were analogous. The most common reason given for not purchasing insurance by the respondents was "I would like to buy it but cannot afford it," with slightly more than 50 percent of non-purchasers giving this answer. Approximately 30 percent stated that they did not need it and 16 percent thought

the price was too high, given what was provided. Limited awareness and education on micro-insurance is a number one challenge in expanding micro-insurance in Ethiopia. There is a need to promote financial literacy/education in rural and urban areas.

In the journal of "Optimizing Performance and Efficiency Series" by MicroSave Market-led solutions for financial service (2012), in areas of low insurance penetration and awareness, it is often necessary to also include events of medium frequency for the coverage, in order to make the product attractive. Assessment of client awareness of insurance informs the design of insurance communication and marketing campaigns. Insurance globally faces a situation of latent demand. Amongst the microinsurance target customers, lack of awareness of insurance further reduces demand. Insurance awareness drives, therefore, are integral parts of many successful microinsurance programs across the globe. Awareness drives will only be effective if the actual level of insurance awareness is analyzed.

2.2.2 Trust

In the research "Disclosure, Trust and Persuasion in Insurance Markets", Meza et al (2010) investigated the effect on buyers of mandatory disclosures concerning an insurance policy's value for money (the claims ratio) and the seller's commission. These information disclosures have virtually no effect despite most buyers claiming to value such information. Instead, the data reveals that whether the subject is generally trusting plays an important role. Trust is clearly associated with greater willingness to pay for insurance. Trusting buyers are more suggestible, so take advice more readily and buy more insurance, although they are no more risk averse than the uninsured. Moreover, trusting buyers feel less pressured by sellers, and are more confident in their decisions which suggests that they are easier to persuade. Therefore, in markets where persuasion is important, public policy designed to increase consumer information is likely to be ineffective.

An empirical insurance survey (Ernst & Young 2012) made on Indian life insurance shows that 33% of customers explained price is a factor in their insurance provider selection, company trustworthiness (69%), customer service (43%) and convenience (38%). This means that trustworthiness is uniquely essential in insurance sector as insurance company is selling promises.

2.2.3 Technology

The study by Ogega (2015) on the "Effect of Information Technology on Growth of Microinsurance Business" was conducted by a survey of commercial insurance companies in Kenya to provide an understanding of the effect of information technology as a driver of microinsurance growth. The findings revealed a high positive significant correlation between information technology and growth of micro-insurance. The implication is that sustainable growth of micro-insurance business among the low-income Kenyan population can be greatly enhanced by leveraging the benefits of information technology. Therefore microinsurance service providers should embrace information technology systems as a strategic action in order to tap into the ripe microinsurance client base.

Dawn (2015) on the study 'The Influence of ICT Adoption on Performance of Microinsurance Business in Kenya" emphasized ICT adoption in firms offering micro insurance has a direct influence on the performance of staff and that the processing of claims by staff is more efficient while using ICT systems than when manual system was being used. The study recommends that improved ICT in the firms offering micro insurance in Kenya. With improved access to mobile phones, improved connectivity, satellite communication and e-mail, insurance companies are able to engage professionals like accountants and lawyers to offer services.

2.2.4 Government Regulation

Out of the 115 respondents took part in the study of "Factors Affecting the Growth of Life Insurance in Ethiopia" by Mekonnen Gebrewahid (2015), 57% of the respondents agreed that government regulations in Ethiopia affected the marketing and growth of life insurance business and had a common agreement that it would likely contribute to the growth of life insurance in Ethiopia.

In the study by Wong (2011) "Insurance in emerging markets: growth drivers and profitability" enabling regulations are also critical for insurance growth. Deregulation involves giving more room to private industry by de-monopolizing and removing price and product controls to allow for product innovation. Supervisory measures still need to be adopted and enforced to strengthen solvency rules and make insurance compulsory where needed. In this way, individuals and corporations are kept accountable and potential victims can be appropriately compensated. Such

reforms have helped the insurance sector of certain emerging markets to achieve healthy competition, high growth, and stability. In Emerging Asia, market-enabling regulation and insurance supervision is likely to improve in the medium- to long-term. India, for example, has opened its market to foreign participation without geographical restrictions. An insurance bill allowing reinsurers to set up branches and increasing the possibility of foreign ownership in joint ventures to 49% is currently being discussed. In Malaysia and Thailand, there are proposals to raise foreign equity participation. Malaysia's proposal would raise it to 70% from its current level of 49%, and Thailand would raise it to 49% from 25%. India was one of the first countries to formulate microinsurance regulations and set up licensing conditions that oblige insurers to source business from pre-defined rural and social sectors, thus creating incentives for insurers to reach out to low incomes populations. The Indian market has since seen rapid development in microinsurance business, including large-scale microinsurance schemes (especially in health) launched by the states and the central government.

"A Business Case For Microinsurance: An Analysis of the Profitability of Microinsurance for Five Insurance Companies" by Angove and Tande (2011) emphasized that government regulation that requires or encourages commercial insurers serve low-income and rural communities is another reason for insurers to expand into this market. The insurers in the case studies from India, South Africa and the Philippines have been influenced by government policy on microinsurance to a greater or lesser extent. Donors have also played a role in expanding the involvement of insurers in microinsurance by funding research and pilot projects to smooth the entry for commercial players by reducing the investment required and the associated risks.

2.3 Research Gap to be filled by the Study

In most of the studies reviewed in empirical review, it has been noted that micro insurance has been studied in other countries and several challenges have been highlighted. In Ethiopia previous studies focused more on the general insurance business and the on the demand side of insurance industry as a whole. It was further noted that the insurance regulations aimed at insurance industry as a whole with little recognition of micro insurance business as distinct from mainstream insurance business.

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 by taking different variables. Abate Gashaw (2012) studied on factors affecting profitability of insurance companies in Ethiopia in general. Megersaa Miressa (2016) studied on the topic of factors influencing the penetration of microinsurance in Ethiopia. Million Tadesse and Marjorie Victor Brans (2012) studied on 'risk, coping mechanisms, and factors in the demand for micro-insurance in Ethiopia' .Even though, these studies are valuable in their perspective, they were not dwelling on 'factors affecting the provision of microinsurance in Ethiopia'. Microinsurance sector has been contributing very little to the GDP of the country which is affected by various factors as explored in this study.

2.4 Conceptual Framework

The study was focused on four independent variables which are considered factors affecting microinsurance provision in Ethiopia and one dependent variable which is microinsurance provision in Ethiopia. Below summarizes the variables of the study and shows the conceptualization of the relationship between the dependent and independent variables.

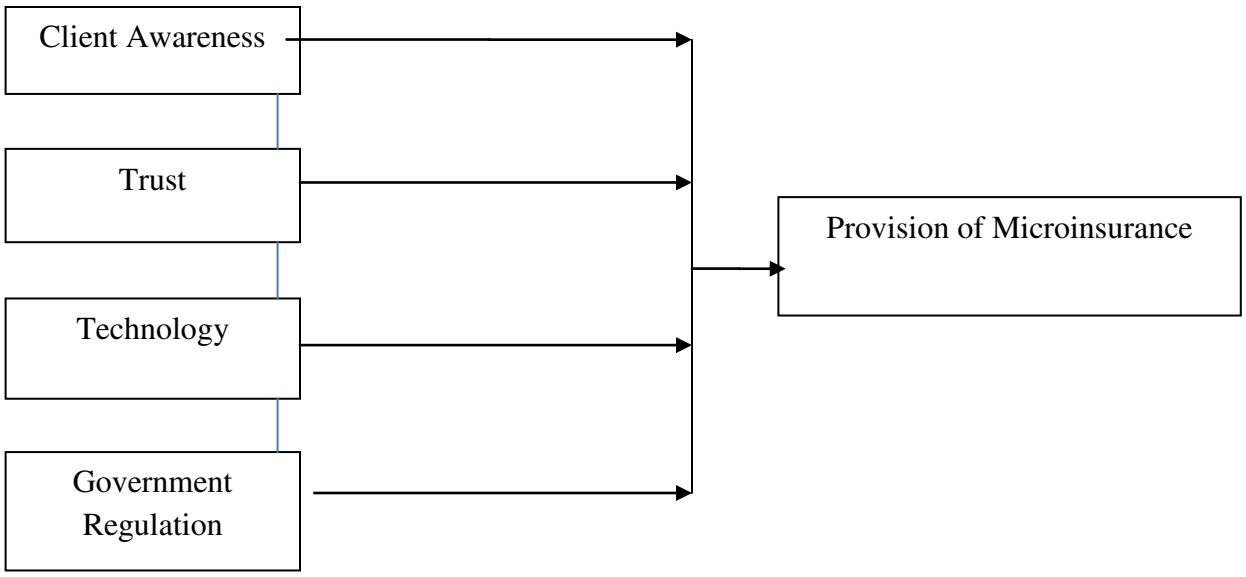

Figure 1 Conceptual Framework

Source: ***(Kotler and Armstrong, 2010: Principles of Marketing (13th ed.) Pearson***

2.5 Hypothesis of the Study

For this study the following hypothesis were developed and tested using the data gathered from sample respondents.

Ha1 There is a positive relationship between client awareness and provision of microinsurance.
H01 There is no positive relationship between client awareness and provision of microinsurance.

Ha2 There is a positive relationship between trust and provision of microinsurance.
H02 There is no positive relationship between trust and provision of microinsurance.

Ha3 There is a positive relationship between technology and provision of microinsurance.
H03 There is no positive relationship between technology and provision of microinsurance.

Ha4 There is a positive relationship between government regulation and provision of microinsurance.
H04 There is no positive relationship between government regulation and provision of micro insurance.

CHAPTER THREE

METHODOLOGY

This section presented the overall research methods employed to answer the research questions. In short, it is a roadmap of how the proposed study was carried out. It covers the study area, research approach an design, the population of the study, what type of data and how data was collected and eventually how it was analyzed.

This chapter deals with research methodology used to carry out the research. The chapter is organized in eight sub sections, research design, research approach, population, sample & sampling technique, data type, sources and instruments, validity & reliability, data analysis and ethical considerations.

3.1 Research Design

A research design is the conceptual structure within which research is conducted and constitutes blueprint for collection, measurement and analysis of data (Kothari, 2008) .The primary aim of the study was to examine the factors affecting the provision of microinsurance in Ethiopia. The study adopted descriptive research design to summarize and organize data in an effective and meaningful manner. According to Mugenda and Mugenda (2003), descriptive survey research attempts to collect data from members of a population in order to determine the current status of the population with respect to one or more variables.

The method is deemed as an efficient way to obtain information needed to describe opinions and views of all insurance companies on the factors affecting the provision of microinsurance .The descriptive survey method is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2008).

3.2 Data Type and Sources

The study mainly relied on data which were obtained from two different sources namely: primary and secondary. The primary data was collected from employees of insurance companies. The advantage of primary data is firstly, since the data are customized collected towards the research

topic, it is more targeted, reliable to the study with low-error. Secondly, it is possible to collect more additional data during the study in order to adapt to the changing situation. The secondary data will be obtained from different up to date reports of the insurance companies and prior researches available in the library. The biggest advantage of secondary data is that it is easy to collect with less cost and in large amounts (Storch and Pauly, 2009). Both primary and secondary data was used in the research.

3.3 Population of the Study

Population of study refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Uma and Sekaran, 2006). The population of this study is all the seventeen (17) insurance companies in Ethiopia. Microinsurance services are centralized at the head offices in all insurance companies. It was possible for the researcher to sample all of them and use purposive sampling to identify the respondents.

The study therefore is a census survey where all units from the population of interest were analyzed. The main advantage of the census survey is that the whole population is involved and, therefore, there are no random errors or systematic errors caused by the sampling itself (Kothari, 2004).

3.4 Sampling Procedure

3.4.1 Sample Size

Sample size is an important concept in statistics, and refers to the number of individual pieces of data collected in a survey. Being few in number (n=17), a census of all registered commercial insurance companies conducted, because a census is convenient and attractive for small populations (Mugenda & Mugenda 2003). It eliminates sampling error by providing data on all the units in a population (Kothari, 2008). The target populations were all supervisors, division managers, department managers and microinsurance experts whose jobs were related to microinsurance services in the seventeen insurance companies registered in Ethiopia. These staffs were assumed to have sufficient knowledge to provide the requisite information elicited in the research instrument.

3.4.2 Sampling Techniques

The study focused on all the seventeen (17) registered insurance companies in Ethiopia. Purposive sampling was used to identify the respondents. The sample size was supervisors, division managers, and department managers whose jobs were related to microinsurance services and all experts of microinsurance from all insurance companies.

Table 1 Insurance employees whose jobs are related to microinsurance services.

Categories of employees in all seventeen (17) insurance companies	Target population	Sample size	Percentage
Supervisors whose jobs are related to microinsurance services.	45	45	100%
Division managers whose jobs are related to microinsurance services.	31	31	100%
Department managers whose jobs are related to microinsurance services.	42	42	100%
All microinsurance experts.	12	12	100%
Total	130	130	100%

Source: Human resources of each insurance company as of April 2018.

Therefore, through purposive sampling, numbers of supervisors, division managers, department managers and microinsurance experts were identified from each of the insurance companies. These respondents of each company are working in the upper positions whose opinions play a great role.

3.5 Data Collection Instrument

The data collection instrument that was employed was a structured survey questionnaire which was administered by the researcher. Questionnaire has its own advantages for the study including time savings, upholding of confidentiality and for being the best source of primary data. The questionnaire was adapted from previous study of (Makau, 2013) and (Chummun, 2012).

The questionnaire was structured in two parts namely Part I and Part II. Part I contained general data of the respondents, which was useful for the analysis while part II focused extensively on the research instrument adopted for the study i.e. factors affecting the provision of microinsurance .

3.6 Validity and Reliability

Validity, often called construct validity, refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure. Reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacherjee, 2012).The validity of this study were ascertained via different methods or techniques corresponding to whether the validity is internal, external, construct or statistical. Interval validity of the study tied to achieve by demonstrating that the independent variables are directly responsible for the effect of the dependent variable (provision of microinsurance). These cause and effect relationship between the independent and dependent variables are stated in the conceptual framework. In addition, qualities of the study have been realized using questionnaires.

First-hand information obtained from a sample that is representative of the target population would yield data that will be valid for the entire target population. Independent variables of the study are briefly stated in the theoretical framework. In order to make the validity of the study somehow all rounded statistical validity was also aimed to attain. It has achieved through the control of statistical measures of the data analysis.

The research instruments were tested for validity and reliability through pilot testing of questionnaires to the target population .In this study, prior to distribution of the actual survey, a pilot test was carried out to avoid any possible difficulties with the questionnaire. The main objective was to detect weakness in questionnaire design and measurement scale. Generally, in this study pilot test was conducted by involving some employees to validate the content of the questionnaire in terms of relevance, accuracy and wording. The quality of the findings of the study accomplished when the reliability of the study achieved corresponding to its validity. Finally, Cronbach's Alpha test (George and Mallery, 2003) was done and the value is greater than .7 which is acceptable as can be seen from the analysis. The main purpose of calculating the value of Cronbach's Alpha is to ensure that all the items included in the survey instrument (questionnaire) are really measuring in a common concept, i.e. the value of Cronbach's alpha indicate whether good internal consistency of the included items in the scale exist or not.

Table 2 Reliability Statistics

Variables	No. of Items	Cronbach's alpha
Trust	4	.733
Client Awareness	3	.925
Technology	4	.887
Government Regulation	4	.742
Provision of Microinsurance	6	.822

Source: Survey Findings (2018)

3.7 Data Analysis and Presentation Methods

Data were checked for accuracy and completeness of recording of the responses. After it was checked, it then summarized and analyzed using computer software SPSS 20. It was analyzed using descriptive statistics and inferential statistics. For this purpose frequencies and percentages were used. Mean and standard deviations as well as correlation and multiple regressions were also used in the analysis and interpretation. Tables were used in the presentation of the data.

3.8 Ethical Consideration

In order to make the study ethically acceptable, an attempt was made to first explain to the respondents the objective and significance of the study. The respondents were assured that their responses would be used only for the purpose of the study and therefore would be kept confidential. Moreover, they were assured that their identity would be anonymous.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

This chapter deals with data analysis, findings and discussions on research findings. The purpose of this study was to identify and analyze the factors affecting the provision of microinsurance in Ethiopia and to give recommendations based on the concepts in the literature review. Among the variables investigated were: Client Awareness, Trust, Technology and Government Regulation on microinsurance.

The study targeted insurance employees related to microinsurance sector working in the seventeen insurance companies. Employees were selected based on the sampling strategy in the previous chapter. The data that were collected from the respondents were analyzed and presented using tables, frequencies and percentages.

4.1 Response Rate

The researcher distributed questionnaires to 130 respondents following the sampling design and sampling technique which was stated in chapter three. Out of the planned and distributed 130 questionnaires, 119 respondents successfully filled in and returned the questionnaires. 11 respondents were unable to complete and return the questionnaire on time. Thus, the response rate was 91.54% that can be considered (table 3) representative and commendable to make conclusion for the study.

Table 3 Response rate of respondents

Attribute	Frequency	Percentage
Respondents	119	91.54%
Non respondents	11	8.46%
Total	130	100%

Source: Survey Findings 2018

4.2 General Information

General information about respondents were analyzed with regard to respondents' working in categorized insurance company, position in the company, level of education and work experience in the companies are presented hereunder.

4.2.1 Respondents working in categorized Insurance Companies

Respondents working in the General (Non-life) Insurance and General, Life Microinsurance were 29.4% each. Majority of the respondents (41.2%) were found working in the insurance companies categorized as General and Life (table 4). This implies that the General and Life insurance companies have been in operation longer than the Non-life insurance companies and more or less the same with the General Life and Microinsurance .

Table 4 Respondents working in categorized Insurance Companies

Company Category	Frequency	Percent
General (Non –Life)	35	29.4
General and Life	49	41.2
General , Life and Microinsurance	35	29.4
Total	119	100

Source: Survey Findings 2018

4.2.2 Current Position of the respondents

Regarding the positions of the respondents 35.3% were supervisors, 31.1% were department managers, while 23.5% were division managers and 10.1 % were microinsurance experts (table 5). This shows that most of the responses that were given were from the perspective of those who are in supervisory position.

Table 5 Current Position of the respondents

Position	Frequency	Percent
Supervisors	42	35.3
Division Managers	28	23.5
Department Managers	37	31.1
Microinsurance Experts	12	10.1
Total	119	100

4.2.3 Educational Level

The findings showed that 59.7% of the respondents were degree holders and 40.3% were post graduates. This illustrates that there are no diploma holders among the respondents' .The respondents could represent the insurance industry education background (table 6).

Table 6 Educational Level of the respondents

	Frequency	Percent
Degree Holders	71	59.7
Post Graduates	48	40.3
Total	119	100

Source: Survey Findings 2018

4.2.4 Work Experience of the respondents

The study findings showed that 26.9%, 63.9 % and 9.2 %of the respondents has a working experience of below 10 years, between 11-20 years and above 20 years respectively. The majority of the respondents have work experience over 10 years (table 7). This implies that they provided answers based on the long experience they had.

Table 7 Work Experience of the respondents

	Frequency	Percent
Below 10 years	32	26.9
Between 11-20 years	76	63.9
Above 20 years	11	9.2
Total	119	100

Source: Survey Findings 2018

4.3 Descriptive Analysis of factors affecting the provision of microinsurance

Regarding the descriptive interpretations for variables or dimensions used on Likert scale; the measurement was used on the basis of the survey; 5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly disagree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N =

Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). According to Dane B. (2007) make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50).

The mean indicates that to what level of agreement the response of all respondents is approached. Standard deviation, however, measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses.

4.3.1 Client Awareness

The grand mean of the three measurements (table 8) items (2.92) fall within the range of 2.51 to 3.50 (Neutral)

Table 8 Mean and Standard Deviation of Client Awareness

Item	Mean	Standard Deviation
The Insurance Company I work for aware well the benefits of insurance to the low-income earners	3.03	1.374
The Insurance Company I work for educates well the insurance policy contract wordings to the low- income earners.	2.83	1.297
The Insurance Company I work for organizes regular meetings with low income earners to encourage insurance.	2.92	1.387

Source: Survey Findings 2018

4.3.2 Trust

Grand mean of the items is 3.88 and it is within Agree (3.51 – 4.50). This indicates that respondents have a good perception of items (table 9). A low standard deviation indicates that the data points tend to be close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values.

Table 9 Mean and Standard Deviation of Trust

Item	Mean	Standard Deviation
The insurance company I work for is trustworthy.	4.21	0.882
The insurance company I work for creates trust among the existing clients.	4.04	1.123
The insurance company I work for creates trust among the prospective clients.	3.87	0.935
The insurance company I work for provides trust so that the low-income households see insurance as a necessity.	3.42	1.168

Source: Survey Findings 2018

4.3.3 Technology

With a grand mean of 3.67 the technology items (table 10) fall within the scale of Agree (3.51 – 4.50).

Table 10 Mean and Standard Deviation of Technology

Item	Mean	Standard Deviation
The insurance company I work for is equipped with IT system.	4.15	0.962
The insurance company I work for has internet connection systems to communicate with relevant stakeholders.	3.98	1.200
The insurance company I work for interlinks with branches.	3.79	1.032
The insurance company I work for use IT systems to provide new methods to communicate with low income earners.	2.79	1.457

Source: Survey Findings 2018

4.4.4 Government Regulation

The grand mean (table 11) of the three measurement items (3.13) fall within the range of 2.51 to 3.50 (Neutral).

Table 11 Mean and Standard Deviation of Government Regulation

Item	Mean	Standard Deviation
Improving the regulatory framework in arranging incentives for microinsurance operators is needed.	3.50	1.032
Current regulation and new coherent microinsurance framework is required for further development of microinsurance.	3.09	1.097
Regulation intervention is required for microinsurance provision.	2.96	.915
Regulation supports the fact that a microinsurance act is urgently needed.	2.98	1.455

Source: Survey Findings 2018

4.4.5 Provision of Microinsurance

The items in provision of microinsurance have grand mean of 3.19 (table 12) and fall within the neutral range of 2.51 to 3.50.

Table 12 Mean and standard deviation of Provision of Microinsurance

Items	Mean	Standard Deviation
Relatively inexperienced employees in microinsurance sector	3.03	1.374
Microinsurance is moderately profitable.	2.93	1.388
Lack of focus by companies ('let's do everything', 'let's do what the competitor does')	3.40	0.847
Lack of premium subsidy.	2.83	1.297
Good image and reputation of the public towards microinsurance.	3.17	0.827
Low provision of misroinsurance	3.80	0.869

Source: Survey Findings 2018

4.4 Normality Testing

One of the important assumptions for parametric tests is that the data are from normally distributed population. The researcher checked normality of the data using an objective test of skeweness and kurtosis statistics .For an ideal normality the values of skeweness and kurtosis should be zero. Positive values of skeweness indicate a pile up of scores on the left of the distribution, whereas negative values of skeweness indicate a pile up of scores on the right of the distribution. Positive values of kurtosis indicate a pointy distribution whereas negative values of kurtosis indicate a flat distribution (Field, 2005).

Table 13 Normality Testing

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Client Awareness	119	.245	.222	-1.028	.440
Trust	119	-1.157	.222	1.281	.440
Technology	119	-1.002	.222	.602	.440
Government Regulation	119	-.146	.222	-1.030	.440
Provision of Microinsurance	119	-.025	.222	-.979	.440
Valid N (listwise)	119				

For testing of normality skewness statistics value less than 2 and kurtosis statistics value less than 6 is acceptable. Refer to the skewness and krutosis statistics values shown above, (table 13) all values fall below 2 and 6 ceiling. Thus, the data is taken as a normally distributed one.

4.5 Correlation Analysis

Correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 (Field, 2005). A correlation analysis with Pearson's correlation coefficient was conducted on all the independent and dependent variables in this study to explore the relationship between variables. According to guidelines suggested by Field (2005) to interpret the strength of relationship between variables, the correlation coefficient (r) is as follows: if the correlation coefficient (r) is as follows: if the correlation coefficient falls between 0.01 to 0.29, it is weak; 0.3 to 0.49 is moderate; and >0.5 is strong relationship between variables.

In this study, bivariate Pearson correlation was used to examine the relationship between each of the independent variables and dependent variable using a two tailed test of statistical significance.

All variables i.e. Client Awareness, Government Regulation, Trust, Technology and Provision of Microinsurance have strong positive correlation with their respective correlation coefficient of 0.938, 0.872,0.749 and 0.692 with sig value of .000 (table 14). Since all significant values are less than 0.01, the correlation between all the independent variables (trust, client awareness, government regulation and technology) and dependent variable (micro insurance provision) is proved to statistically significant.

Table 14 Correlation Analysis

Correlations		Trust	Client Awareness	Technology	Government Regulation	Provision of Microinsurance
Trust	Pearson Correlation					
	Sig. (2-tailed)					
Client Awareness	Pearson Correlation	.646**				
	Sig. (2-tailed)	0.000				
Technology	Pearson Correlation	.878**	.573**			
	Sig. (2-tailed)	0.000	0.000			
Government Regulation	Pearson Correlation	.687**	.788**	.773**		
	Sig. (2-tailed)	0.000	00.000	0.000		
Provision of Microinsurance	Pearson Correlation	.749**	.938**	.692**	.872**	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

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

4.6 Test of Multicollinearity

Before the regression analysis, multicollinearity of variables was tested. The commonly used cut-off points as Pallant (2005) mentioned for determining the existence of multicollinearity among independent variables are Tolerance value and Variance inflation factor (VIF) value. Tolerance

value should be greater than 0.2 and the VIF should be less than 10. Multicollinearity occurs when there are high inter correlations among some set of the predictor variables. In other words, multicollinearity happens when two or more predictors contain much of the same information. The presence of multicollinearity poses threat to the validity of multiple regression analysis by affecting the statistical significance beta coefficients. VIF values are all well below 10 and the tolerance statistics all well above 0.2; therefore, we can safely conclude that there is no collinearity within the data (table 15).

Table 15 Collinearity Statistics

Coefficients Model		Collinearity Statistics	
		Tolerance	VIF
1	Trust	.280	5.569
	Client Awareness	.295	3.391
	Technology	.244	6.957
	Government Regulation	.204	4.906

a. Dependent Variable: Provision of Microinsurance

4.7 Multiple Regression Analysis

Correlations are very useful research tools but they tell us nothing about the predictive power of variable (Field, 2005). To support the correlation tools, a regression analysis was implemented. A regression analysis was used to further investigate the relative importance of the independent variables in predicting the dependent variable. In regression analysis the predictive model is used to predict the values of dependent variable from independent variable.

Table 16 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimator	Durbin Watson
1	.970[a]	.941	.939	.20334	1.888

a. Predictors: (Constant), Government Regulation ,Trust , Client Awareness and Technology

b. Dependent Variable: Provision of Microinsurance

Adjusted R square is the amount of variation in the outcome variable that is accounted for by the model and it gives us some idea of how well our model generalizes (Field, 2005). The value of adjusted R square of 0.939 indicates that 93.9 of the variance in micro insurance provision can be predicted by the independent variables (table 16).

Table 17 ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.952	4	18.738	453.179	.000[b]
	Residual	4.714	114	.041		
	Total	79.666	118			

a. Dependent Variable: Provision of Microinsurance

b. Predictors: (Constant), Government Regulation ,Trust, Client Awareness and Technology

The p value for F statistic in the ANOVA (table 17) is 0.000 which is <0.05 indicates that at least one of the independent variable is a significant predictor of the dependent variable (provision of microinsurance)

Table 18 Coefficients

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.421	.117		3.608	.000
Trust	.255	.057	.240	4.456	.000
Client Awareness	.380	.027	.584	13.933	.000
Technology	-.088	.048	-.109	-1.816	.072
Government Regulation	.317	.048	.331	6.562	.000

a. Dependent Variable: Provision of Microinsurance

Regression Equation

PM=0.421+0.255(TR) +0.380(CA)-0.88(TG) +0.317(GR)

Where:

PM= Provision of Microinsurance

TR=Trust

CA=Client Awareness

TG= Technology

GR=Government Regulation

0.421 =Constant

Based on the result in the above coefficient (table 18) Microinsurance Provision is predicted or explained by Trust, Client Awareness and Government Regulation with beta coefficient of 0.255, 0.380 and 0.317 respectively with all sig. value of less than 0.05. 'Technology 'with beta coefficient of -0.88 and sig. value 0.072 is significant at .10. Regression coefficients give the estimated change in the response (dependent) variable associated with a unit change in the corresponding explanatory (independent) variable. Accordingly, when there is a unit change in trust, client awareness, government regulation and technology, there will be an estimated change of 0.26%, 0.38% and 0.32% and .72 % on provision of microinsurance.

4.8 Hypothesis Testing

Table 19 Hypothesis Testing

Hypothesis	Coefficients	Sig	Result	Alternative Hypothesis
Ha1 There is positive relationship between trust and provision of microinsurance.	0.255	0.000	Confirmed	Rejected
Ha2 There is positive relationship between client awareness and provision of microinsurance.	0.380	0.000	Confirmed	Rejected
Ha3 There is positive relationship between technology and provision of microinsurance.	-.0.88	0.072	Confirmed	Rejected
Ha4 There is positive relationship between government regulation and provision of microinsurance.	0.317	0.000	Confirmed	Rejected

4.9 Discussion on factors affecting the provision of microinsurance

The findings of the study show that client awareness, trust, government regulation and technology play a vital role in influencing the provision of microinsurance. Trust, client awareness, technology and government regulation are strongly and positively correlated. The positive correlation between trust and provision of microinsurance confirmed the findings of earlier researchers of Ernst & Young (2012). This means that trustworthiness is uniquely essential in insurance sector as insurance company is selling promise. This correspond well to existing literature on the subject that conventional insurers often try to create large headquarters as a way to convey the impression that they are a large and stable company. Located in the centers of towns and cities, the headquarters are often far from the areas where the poor live and work, which is not so useful for the low-income market.

In all insurance products, there needs to be trust in the benefits actually being paid. This is particularly important for microinsurance, as poor policy-holders are unlikely to challenge the insurer through the courts and may not be sufficiently financially literate to understand the terms of the policy. Without trust, clients will be unwilling to pay premiums today against the promise of a possible future benefit. The element of trust still needs to be worked upon between the prospective low- income household and the insurance firm as indicated by the low average mean with regard to trust. There is a general concern among the low-income households that insurers are quick to take money but slow in an event of a claim. The insurance firm must convince the customers that they are indeed trustworthy.

Client awareness is the most important antecedent variable for provision of microinsurance followed by "government regulation". As Cole (2015) stated the strong correlation between financial literacy (creating client awareness) has led many to support financial education to improve financial outcomes. Amongst the microinsurance target customers, lack of awareness of insurance further reduces demand. Insurance awareness drives, therefore, are integral parts of many successful microinsurance programs across the globe according to the Journal of Optimizing Performance and Efficiency Series (2012). The other obstacle to microinsurance business is relatively low level of experience of the target group with formal insurance. Many people do not understand the concept of insurance and are reluctant to pay in advance for a service that they may not ever receive (Miressa, 2016).

Additional regulatory intervention and usage of technology increase provision of microinsurance. However, the findings support that of IAIS, (2008) which opines that regulation can be beneficial, but enforcing the laws of conventional insurance on microinsurance will hinder the growth of the sector. It may also be necessary for regulators to make adjustments to laws and regulations to reduce obstacles to financial inclusion. Some countries have even created a special category for microinsurance companies (e.g. the Philippines), although others (e.g. Colombia) have succeeded in stimulating inclusive insurance markets without making regulatory changes.

As stated in the literature, the people who work for insurance companies are usually unfamiliar with the needs and concerns of the poor. Similarly, the culture and incentives in insurance companies reward salespersons for focusing on larger policies and more profitable clients and portray the idea of selling insurance to the poor as ridiculous. This low-income market has massive potential if insurers can address these issues with efficient and effective innovations. While these obstacles are significant and daunting, they can be overcome by a number of formal and informal insurers around the world that are developing new techniques to reach a vast under-served market (Churchill, 2006).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of a summary of the findings of the research, conclusions relating to the research objectives, suggestions or recommendations and finally areas that need further research. The research was aimed at determining the factors affecting the provision of microinsurance in Ethiopia. Data relating to the objectives of study were collected and analyzed and the findings are presented in chapter four.

5.1 Summary of the Findings

Microinsurers must have effective strategies to overcome the apprehension of low-income households as regards to insurance. One of the primary ways to achieve that objective is through client education, to raise awareness among prospective policyholders about how insurance works and how it can benefit them. Savings- and credit-linked insurance products can make an important contribution to the protection of low-income people, and they can benefit the microfinance institution as well. To take advantage of this potential, microfinance institution should ensure that they fully exploit the systems they have established for clients' education, training and information provision to enhance the clients' awareness and ultimately develop an insurance culture. Client involvement in the development of products and their genuine knowledge about insurance are essential for successful operations.

According to Churchill (2006), for microinsurance to build the confidence of the market, it has to avoid many of the common criticisms of insurance providers, who are seen as quick to take one's money, but slow to pay it out. Indeed, microinsurance needs to develop systems to pay benefits expeditiously, to minimize or avoid claims rejections and to provide a quality of service that earns the trust of a wary market.

The main intent of the study was to establish factors affecting the provision of microinsurance in Ethiopia. The findings of the study were that in Ethiopia, commercial insurance companies have started to provide the low-income population with microinsurance products and services. Insurance

is more important for low-income groups as they are more vulnerable to unexpected expenses and natural disasters. This move has happened in response to the realization that poorer segments of society generally do not have access to formal insurance mechanisms. The poor have instead relied on informal insurance such as eddir for protection against losses over the years. The findings showed that the factors that affected the provision of microinsurance were client awareness government regulation and trust. The most critical factor that affects the provision of microinsurance is client awareness followed by government regulation, trust and technology.

5.2 Conclusion

From the findings, it has been demonstrated that microinsurance can reduce exclusion from basic risk coverage. A number of factors were judged crucial in facilitating the provision of microinsurance products and include client awareness, government regulation trust and technology. Improving administrative capacity and undertaking continuous marketing targeting the low-income group can help in the successful provision of microinsurance. Microinsurance can serve the interests of poor populations with risk-pooling to manage unpredictable flows of income and catastrophic events.

To ensure that microinsurance safeguards the assets and interests of the poor, microinsurance initiatives must exercise professional management, product development, and appropriate reinsurance arrangements. For microinsurance, perhaps the most effective way of conveying this message is through branding associating the insurer with something that is trusted by the poor .The capacity of insurance companies, both in terms of technical expertise and systems technology possibly will be inadequate to adopt appropriate risk management processes, particularly for more complex insurance products (Miressa, 2016).

5.3 Recommendations

Administering large volumes of small policies will, in order to be profitable, demand low overheads and highly efficient administration systems. In some cases the development and implementation of these systems may need to be subsidized. Insurers could try and make use of existing infrastructure to distribute and administer their products thus reducing the cost involved in introducing microinsurance product. Nevertheless, if they manage to maintain a growth in revenue that is greater than the growth in incremental costs, they will achieve profitability through scalability.

Looking at different products, credit life microinsurance programs are generally able to generate a profit anywhere in the world. Having said this, breaking even for a new product may take a few years, as is to be expected (Churchill 2006). Only if microinsurance products are profitable will it be attractive for insurance companies to offer them in significant volumes. To be profitable the premiums charged, absent any subsidy, must cover the cost to the company of covering the insured risk, its marketing and administration costs and the cost of holding capital. Increasing the reach of microinsurance will require insurers to have suitable distribution and administration capacity provided by themselves or in collaboration with others (Churchill, 2006).

Maintaining good image and reputation of the public towards the insurance industry is one of the greatest challenges for microinsurance. This leads to weak demand for such services. In many countries, including Ethiopia; barriers to microinsurance facilities force the poor to sell productive assets for unexpected losses of crop and livestock often driving the poor further into poverty. Although a system of taken steps to expand the insurance coverage, there is a need for interim strategies to reduce the poor's additional incurrence out-of-pocket expenditure to cover such risks. Such strategies include mixes of community cooperative and enterprise based insurance and social health insurance type coverage for specific groups.

To increase the level of provision of microinsurance products the insurance firms should cover high cost by adopting necessary procedures and expand membership to a wide range of low and middle income groups to increase cross-subsidization and improve financial viability. It thus appears that education on insurance, or, promoting financial literacy is one of the crucial areas where microinsurance providers as well as donors should engage, in order to make microinsurance a viable enterprise.

There is a significant scope and need for donor assistance to microinsurance in general and microinsurance schemes for health in particular. Technical assistance can help the microinsurance schemes for health improves the management capacity and systems, including risk-management through reinsurance. Technical assistance can also focus on connecting microinsurance to overall development of the financial sector. Microinsurance programs must invest their portfolio of funds in a manner that is appropriate to their fiduciary risks and that benefits the growth of the community. Considering the emergence of the microinsurance market in Ethiopia, most of the

microinsurers do not have enough adequate insurance background in the field. Since the microinsurance service providers are unlikely to find people with microinsurance experience, microinsurers should regularly upgrade staff skills according to a recent report by the ILO (Microinsurance Network, 2009). Microinsurers can also look outward for the necessary expertise, especially when retaining full-time experts is either not possible or not cost-effective. For example, outsourcing is common among conventional insurance companies who often rely on actuarial consultants (Microinsurance Network, 2009). The microinsurers need to find ways of convincing the target market that they are indeed trustworthy.

5.4 Implications for Further Research

In light of these limitations, future research is recommended to use mixed methods research in order to validate the results of this research, and apply a longitudinal study to better capture the factors that limit the provision of microinsurance in Ethiopia. Conducting a replication study including clients and distributors of the products (delivery channels and agents) would have some input on the level of provision of the microinsurance products. Another possible source of data could be the microfinance institution, regulatory bodies and donors whose opinions, along with those of executives, can give a better insight of the barriers to microinsurance product provision. Furthermore, taking into consideration certain factors that may have a moderating role in these relationships, such as the firm size and location, could enrich the research results.

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Annex 1 Questionnaire

Addis Ababa University

School of Commerce

Marketing Management MA Program

Questionnaire to be filled by **Employees of Insurance Companies**

Dear prospective participant,

This research is meant for academic purpose to gather data regarding the "factors affecting the provision of microinsurance in Ethiopia." and thus does not affect you in any case.

You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential.

If you have any query, please contact me: Kuleni Gudeta Tel: + 251-911-240701

Part I. General Information

Please respond to each item by putting a tick mark ☐ in the box.

1. Which of insurance services listed below does your Insurance Company uses?

A. General ☐ B. General & Life ☐ C. General, Life and Microinsurance ☐

2. Position held in the organization:

A. Supervisor ☐ B. Division Manager ☐ C. Department Manager ☐

D. Microinsurance Expert ☐

3. Level of Education:

A. Diploma ☐ B. Degree ☐ C. Post Graduate ☐

4. Indicate the period of time you have been working in Insurance Company.

A. below 10 years ☐ B. 10 -20 years ☐ C. above 20 years ☐

Part II. Factors affecting the provision of microinsurance in Ethiopia.

1= strongly disagree 2=disagree 3=neutral 4=agree 5= strongly agree

No	Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
TR1	The Insurance Company I work for is trustworthy.	1	2	3	4	5
TR2	The Insurance Company I work for creates trust among the existing clients.	1	2	3	4	5
TR3	The Insurance Company I work for creates trust among the prospective clients.	1	2	3	4	5
TR4	The Insurance Company I work for provides trust so that the low-income households see insurance as a necessity	1	2	3	4	5
CA5	The Insurance Company I work for aware well the benefits of insurance to the low-income earners.	1	2	3	4	5
CA6	The Insurance Company I work for educates well the insurance policy contract wordings to the low- income earners.	1	2	3	4	5
CA7	The Insurance Company I work for organizes regular meetings with low income earners to encourage insurance.	1	2	3	4	5
TG8	The Insurance Company I work for is equipped with IT system.	1	2	3	4	5
TG9	The Insurance Company I work for has internet connection systems to communicate with relevant stakeholders.	1	2	3	4	5
TG10	The Insurance Company I work for interlinks with branches.	1	2	3	4	5

No	Item	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
TG 11	The Insurance Company I work for use IT systems to provide new methods to communicate with low income earners	1	2	3	4	5
GR12	Improving the regulatory framework in arranging incentives for microinsurance operators is needed.	1	2	3	4	5
GR13	Current regulation and new coherent microinsurance framework is required for further development of microinsurance.	1	2	3	4	5
GR 14	Regulation intervention is required for microinsurance provision.	1	2	3	4	5
GR 15	Regulation supports the fact that a microinsurance act is urgently needed.	1	2	3	4	5
PM 16	Relatively inexperienced employees in microinsurance sector	1	2	3	4	5
PM 17	Microinsurance is moderately profitable.	1	2	3	4	5
PM 18	Lack of focus by companies ('let's do everything', 'let's do what the competitor does')	1	2	3	4	5
PM 19	Lack of premium subsidy.	1	2	3	4	5
PM 20	Good image and reputation of the public towards microinsurance.	1	2	3	4	5
PM 21	Low provision of misroinsurance	1	2	3	4	5

Thank you very much for your participation.