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COLLEGE OF BUSINESS AND ECONOMICS

ASSESSMENT OF OPPORTUNITIES, CHALLENGES, AND FUTURE PROSPECTS OF LIFE INSURANCE SERVICES IN ETHIOPIA

BY:-NIGATU GEBREWOLDE KEDANE

ADVISOR: - TEKALIGN NEGA (PHD)

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS (CBE), THE
DEPARTMENT OF ACCOUNTING AND FINANCE FOR THE
PARTIAL FULFILLMENT OF MSC DEGREE IN
ACCOUNTING & FINANCE.

ADDIS ABABA, ETHIOPIA

JANUARY 2024 GC

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January 2024 GC

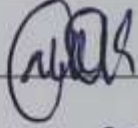
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I. DECLARATION

I, Nigatu Gebrewold, wrote this study in 2023, titled Assessment of "Opportunities, challenges, and prospects of life insurance services" in Ethiopia. The data I used in doing this research was collected with the cooperation of the company's employees and my efforts. I have listed my sources with the necessary acknowledgment (giving credit) of the information I have used for reference. This study has not been conducted or presented at any university or other institution before. Accordingly, I confirm that this research work has been done by me without any support other than the consulting help given to me by my research advisor. Based on this, I have submitted this research to Addis Ababa University's College of Business and Economics for partial fulfillment of the MSC degree in Accounting and Finance.

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Date: 20-04-2024

January 2024 GC

Addis Ababa, Ethiopia

II. RESEARCH APPROVAL PAPER

As members of the Examiners of Accounting and Finance Research Open Defense Examination, we certify that we have read, evaluated, and examined the research studies prepared by Nigatu Gebrewolde Kedane. The study was prepared under the title Assessment of "Opportunities, challenges, and prospects of life insurance services" in Ethiopia. This Nigatu Gebrewolde research paper has been accepted as it meets the research requirements for the MSC degree in Accounting and Finance.

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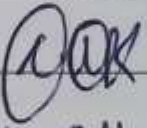
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IV. ABBREVIATION

(SC)-Share Company

(ELG)-Ethio: Life and General Insurance.

(E.E.Co)-Ethiopian Insurance Company,

(AIA)-American Insurance Association

(IFRS): International financial reporting standards

(GDP): Growth of domestic products

(NGO): non-governmental organization

(IO): International organization

(ID) Identification card

(EPRDF) Ethiopian People's Revolutionary Democratic Front

(TURF): Total Unduplicated Reach and Frequency

(SPSS)-Statistical Package for the Social Sciences

(NGO)-non-governmental organization

(DESA)—Department of Economic and Social Affairs

(ICT): Information and communication technology

V. DEFINITION OF WORDS

Edir: Edir, also known as Idir or Edire, It is a traditional Ethiopian burial association or funeral society. It is a communal organization where members contribute money regularly to assist one another during times of bereavement. The funds collected are used to cover funeral expenses, provide support to the bereaved family, and organize funeral arrangements. (Abera, (2017). Edir provides insurance to bereaved families, for example, in need of support (financial or otherwise) in an emergency. Edir members should be present in service delivery and should always be ready to help. Idir can be established in a community or village, workplace, or among friends and family. (Gebeyehu, (2019).

Equb: Equb is a traditional Ethiopian system of saving and lending money. It operates as a rotating savings and credit association where a group of individuals contribute a certain amount of money regularly into a pool, and each member takes turns receiving the total amount. This system helps community members to access funds for various purposes without relying on formal banking institutions. (Gebeyehu, (2019). It is an association formed by a small group of people to provide high-turnover financial support to members to improve their lives and living conditions. (Abbink, (2017).

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I. ABSTRACT

This study assessed the opportunities, challenges, and prospects of life insurance services in Ethiopia. The research was conducted using mixed research approaches through a descriptive survey design. The study uses both primary and secondary data. Primary data was obtained from the employees of the life insurance department of the 12 insurance companies; secondary data was collected from published and unpublished, past research works. To collect qualitative data, interviewed six senior managers of the life insurance department and used the thematic analysis method to analyze the data. Quantitative data was collected using a seven-point Likert scale questionnaire and analyzed with the help of SPSS software. The total population of this study is 461; all are employed in the life department of twelve insurance companies, and out of these 461 employees, 210 samples are directly included in this study using the simple random sampling method, and the six senior managers are participated in the interviews. Interviewee are selected using the judgmental sampling method. Financial resources, administrative challenges, human resources, products, and services are the internal challenges of life insurance development. Sociodemographic challenges, economic challenges, technological challenges, and industrial challenges are major external challenges. The legal environment is a moderate challenge, and politics is not a challenge for life insurance development in Ethiopia. High market demand, administrative and policy amendments, the growth of commercial banks, and ICT infrastructure development are opportunities for the life insurance business. Employee skill development, introducing new products, focusing on innovation, budget improvement, and adoption of new technologies, accessibility, and expansion of services are internal opportunities for life insurance development. And also that the prospects of life insurance are bright and attractive. It has high market demand, business profit, economic growth, and population growth. Also, this study includes the researcher's recommendations.

CHAPTER ONE

1. INTRODUCTION'S

This chapter explains and gives an understanding or general introduction to the study. This introduction includes the background of the study. This background mainly discusses insurance in general, insurance in Ethiopia, a general introduction to life insurance, and also includes the background of the organization, a statement of the problem, research questions, general and specific objectives of the study, and finally the significance and organization of the study.

1.1. BACKGROUND OF THE STUDY

There is no one definition of the concept of insurance. Economic, financial, social, and legal scholars give different definitions and interpretations from different angles. However, these scholars agree that insurance is a systematic agreement to reduce risk by transferring risk from one party to another (risk sharing mechanism). (Rejda, & McNamara, 2017)

The insurance industry is essential to reducing economic risk and loss to people and property. When the insured and the insurer enter into a contract, the insured agrees to pay a certain amount of money in the event of a loss or other accident. Insurance companies have various financial and social benefits for society, businesses, and investors. It reduces the risk of financial loss for people, businesses, and governments by eliminating the risk of investment loss. This encourages investors and promotes investment. Insurance companies need to manage risk and ensure financial stability. Especially in developing countries like Ethiopia, insurance companies are important for economic stability. Even life insurance has a great role in a country like Ethiopia, where death is high and children and families are safer from financial loss. Improving the performance of insurance companies is critical to increasing market value, accelerating industry expansion, and ultimately enhancing economic success. As a result, insurance contributes to economic growth by encouraging long-term investments.

Insurance In developing countries like Ethiopia, the development of the insurance sector is essential to raising internal funds because the operation of insurance companies is directly related to the economic activities of the country. Although the growth of life insurance is

small, it has a small share in the country's economy, but when looking at the general (property) insurance contribution to the country's GDP, in the 2006/2007 fiscal year, the premium of the Ethiopian insurance market for life and general insurance contributed 0.2 percent to the gross domestic product. When looking at this in financial terms, the total assets of insurance companies are 105 million dollars (Ermias, 2020). In the 2008 financial year, the annual gross premium from life and general insurance was 4.69 billion, or 277 million dollars. And it also covered 0.62% of the country's GDP in the fiscal year 2016–2020 (Head of Economic Research & Consulting, 2020) In addition to the contribution of insurance companies to economic growth, it is an indicator of GDP growth and healthy economic growth. As a result, investors and management should focus on insurers' financial stability and policymakers' ability to meet commitments. The performance of insurance companies increases market value and generally improves the health of the economy. However, especially life insurance has not received much attention in underdeveloped countries.

Life insurance industry in Ethiopia and Africa is poor, and most Africans find it difficult to pay life insurance premiums. Demand for life insurance products is low as the general public is not well informed about life insurance and its benefits. Because of this, many people are often hesitant to invest in life insurance. And they fail to see the fundamental benefit of life insurance as a tool for managing personal risk. Although the National Bank of Ethiopia is responsible for managing and regulating the insurance and banking sectors, the growth of the life insurance industry is lower than that of the overall Ethiopian economy. Compared to the development of non-life insurance products, the development of life insurance products is not growing as fast. This is because the National Bank has not given as much attention to life insurance as it has to banks and general insurance (Berhanu, (2020).

Although there are studies done on the factors that affect the insurance market, especially the life insurance market, the research done in Ethiopia is small. Few studies have been done on insurance profitability in the insurance industry. Most of the studies that have been done have focused on the insurance company's profitability, growth, and service quality, but there are no studies on the challenges faced by the current service efficiency. Based on this, this study examines the internal and external challenges, opportunities, and prospects of life insurance services in Ethiopia.

1.2. STATEMENTS OF PROBLEM

According to Faje (2017), the life insurance market in Ethiopia is very small, it cannot be satisfactory in terms of the population of Ethiopia, and the people of Ethiopia are not familiar with life insurance services (Faje Tesfaye, 2017). However, according to a study by Tegest (2018), the number of companies engaged in life insurance is increasing, but society's demand for life insurance is very low. On the other hand, Abenezer study that the attention given to the insurance industry in general, and especially to life insurance, is less (Ebenezer Shiferau in 2017).

In developed countries, life insurance is now seen as a basic part of life. According to Mike Brown, 54% of the population in the United States has life insurance coverage (Mike Brown Jun 14, 2023). According to Jennifer Ruden's study on life insurance coverage in Africa, South Africa has 16.99%, while our neighbor Kenya is in 6th rank with 2.83%, and our other neighbor Sudan is 0.57%, better than Ethiopia. Our country, Ethiopia, is 28th in Africa with 0.43% access (Jennifer Rudden, 2022). Data shows that the growth and coverage of the life insurance industry in Africa are weak, and Ethiopia's life insurance growth is much less. According to Derege Gebeyehu, most Africans find it difficult to pay insurance premiums. Generally, the demand for life insurance products is low, as most people are not aware of life insurance and its benefits. As a result, many people do not often decide to invest in life insurance and fail to see its basic benefits as a tool to manage personal risk (Derege Gebeyehu, 2021).

The expansion of life insurance companies in Ethiopia is also very low. According to Kidist Yohannes's research, no company only provides life insurance services in Ethiopia. Although Ethiolife and Total Insurance Company were established to provide life insurance services at the time of their establishment, they are currently providing integrated services by joining General (property) Insurance Services (Kidist Yohannes, 2020). According to Tigst Dersese, there are currently 18 insurance companies in Ethiopia under the supervision of the NBE that provide insurance services in Ethiopia. Of the 18 insurers (55.6%), 12 are integrated insurance service providers (i.e., they do both life and non-life business), and the remaining eight (44.4%) are general (non-life) insurers (Tigst Dersese, June 2018). But looking at other countries, there are around 24 life insurance companies in India and 20 life insurance

companies in South Africa (SA Base, January 18, 2023). This shows that in Ethiopia as a country, the lack of expansion of life insurance companies is one of the problems.

According to Dereje, life insurance's market share and growth in Ethiopia are slow, underdeveloped, and backward (Dereje, 2022). Kidist Yohannes says studies show that access to and development of life insurance in Ethiopia is slow and neglected (Kidist Yohannes. 2020). According to Fuje Tesfaye'st, the life insurance market in Ethiopia is very small and unsustainable compared to Ethiopia's population and demand for life insurance services (Fuje Tesfaye, 2017). However, according to the most recent study, the number of companies operating life insurance services is increasing, but the demand for life insurance in society is very low (Thuggest Derese, 2018). This means the growth of life insurance is not slow. According to this statement, the weak development of life insurance is due to the lack of social demand, not the problem of life insurance supply or the lack of insurance companies.

According to Ermias Tzazu, 2001, the insurance market in Ethiopia has shown an average annual growth of more than 10%. In the 2006/2007 fiscal year, Ethiopia's insurance market contributed 0.2 percent to the gross domestic product of premiums paid for life and general insurance. The total contribution of insurance companies to the GDP is \$105 million. Of the total share, life insurance's financial year was only \$6 million, or 0.6 percent. "General insurance, especially motor vehicle insurance, covers 99 million dollars and covers 94 percent" (Ermias Tzazu, 2001).

The contribution of insurance companies in the 2008 fiscal year was 4.79 billion birr or 277 million dollars. However, life insurance premiums account for only 0.56 percent of total insurance premiums. However, according to Kedest Admasu's research, life insurance contributes 0.62 percent to Ethiopia's GDP, but life insurance's contribution to economic growth is 0.04 percent, and the remaining 0.57 percent is covered by non-life insurance (Kedest Admasu 2020). However, the development of life insurance in Ethiopia is not only slow, but it has decreased from a 0.6% contribution in the 2006–2007 financial period to 0.56% and 0.4%, respectively. This is much lower than even our neighbor Kenya's share of 36.2% and Ethiopia's 6%. According to Rut Mengste's research, life insurance in Ethiopia

has not played a significant role in the development of the national economy. In general, life insurance in Ethiopia is underdeveloped and is the lowest compared to other insurance sectors in the country (Ruth Mengste, 2019). According to Jared Mola, the life insurance market in Ethiopia is not satisfactory for various reasons (Jared Mola, 2015). Dawit Biset said in his research that the life insurance market in Ethiopia is underdeveloped and the service is not competitive with other insurance markets (Dawit Biset Akalu, 2014) Kahase G/Michael's research shows that insurance coverage is affecting the gross domestic product due to low insurance growth, which is 0.5% of Ethiopia's gross domestic product. (Kahase G/Michael, 2018).

Regarding the availability of life insurance, when it comes to Ethiopia, Statistics.com estimates that the coverage of life insurance in Ethiopia is about 0.2 percent. However, in 2022, according to Jennifer Rudden, Ethiopian life insurance coverage was 0.02% (Jennifer Rudden, Feb. 7, 2022). This data shows that Ethiopia's life insurance coverage is 0.43%, ranking 30th among other African countries. This is very small compared to South Africa (16.99%), Namibia (6.69%), Lesotho (4.76%), Mauritius (4.18%), Zimbabwe (4.09%), Kenya (2.83%), and similar African countries. Following this, the studies and other studies seen above show that the growth and coverage of life insurance in Ethiopia are low. Most studies agree that life insurance services in Ethiopia are not satisfactory and that there is an underdeveloped life insurance market. All these and many other studies show that life insurance is relatively rare in Ethiopia. As seen above, the development of life insurance in Ethiopia's economy, as well as its reach and growth, are small and backward. However, the results of the research show that life insurance in Ethiopia is underdeveloped and backward.

When looking at the question of what the challenges of life insurance growth in Ethiopia are, Kiddist Admassu's research involving 87 participants from nine insurance companies shows that the problems of human resource management, insurance companies not offering special products, lack of awareness among the public, and the companies' strategic focus are weak. (Kiddist Admassu, 2018). Demis H. Gebreal, in his research on 8 insurance companies providing life insurance services, found that lack of awareness, religious attitudes, and illiteracy are the main challenges in life (Demis H. Gebreal, 2016). Faji Tesfaye, in her research based on 100 insurance employees by selecting 5 insurance companies, shows that

law and regulation, tax, and public awareness level are the main challenges of life insurance (Faji Tesfaye, 2017). According to Temesgen Azize's research involving 55 participants in 3 insurance companies, the first challenge for insurance companies is the presence of price wars and unhealthy competition. Instead of competing by providing efficient service and new products, they compete on premiums, which causes companies to reduce premiums collected from insurance customers (Temesgen Azize', 2015). However, the studies that examined the life insurance growth challenges discussed above were conducted on a small number of companies with a small sample size. Also, the researchers did not include in their studies what the prospects of life insurance would look like. Although these researchers say that the growth of life insurance in Ethiopia is slow, what is the challenge that made it slow? What is the future of life insurance in Ethiopia? They don't see the basic issue. The solution to the backwardness of life insurance and the fundamental issue needed for its future development is to identify and analyze the challenges and prospects.

This research was done by using all twelve life insurance service provider companies and increasing the sample size. Also, this study differs from other studies in that it examines in detail the internal and external challenges (such as sociodemographic, political, economic, legal, industrial, and technological challenges) that researchers have not looked at in detail. It also examines the opportunities, challenges, and prospects of life insurance services in Ethiopia. Based on this, this study includes 12 life insurance service providers and increases the sample size, which is better than the studies done so far, to investigate the challenges, opportunities, and future holds for the development of life insurance in Ethiopia. This study examines the opportunities, challenges, and prospects of life insurance in Ethiopia. Based on that question, it answers the following five basic research questions:

1.3. RESEARCH QUESTIONS

1. What are the internal challenges to the development of life insurance in Ethiopia?
2. What are the external challenges to the development of Ethiopian life insurance services?
3. What are the internal opportunities for life insurance in Ethiopia?
4. What are the external opportunities for life insurance in Ethiopia?
5. What is the prospect of life insurance services in Ethiopia?

1.4. OBJECTIVES OF THE STUDY

1.4.1. GENERAL OBJECTIVE OF A STUDY

The overall objective of this study is to examine the challenges, opportunities, and prospects of life insurance services in the Ethiopian insurance sector.

1.4.2. SPECIFIC OBJECTIVE

1. To investigate the internal challenges to the development of life insurance in Ethiopia
2. To investigate the external challenges to the development of life insurance in Ethiopia
3. To assess the internal opportunities for life insurance in Ethiopia.
4. To assess the external opportunities for life insurance in Ethiopia.
5. To investigate the prospects of life insurance services in Ethiopia.

1.5. SIGNIFICANCE OF THE STUDY

This study is conducted on life insurance service provider companies in Ethiopia. Therefore, the results of this study help to assess the challenges and prospects of life insurance services in Ethiopia. Accordingly, this study is significant. For Management: By identifying life insurance opportunities and challenges, managers can help the insurance company take the necessary steps to improve its performance and make the right decisions? For investors, buying and investing in life insurance stocks can help determine the fate of the companies. For customers: life insurance applicants interested in life insurance services, insurance companies that provide life insurance services, and organizations and individuals who benefit from the service. It is a useful study for individuals and organizations researching life insurance. Especially as the research was done on life insurance services, it has made a great contribution to the insurance companies.

1.6. SCOPE OF THE STUDY

This study is conducted to examine the development challenges, opportunities, and prospects of the life insurance service in Ethiopia. The research is done on the twelve insurance companies that provide life insurance services. When conducting the research, the data is collected from the headquarters of life insurance companies and the employees of the life insurance department. So it was possible to get enough information. Therefore, the scope of

this study is limited to the life insurance service provider companies and their employees to examine the challenges, opportunities, and prospects of life insurance services.

1.7. ORGANIZATION OF THE STUDY

This paper is organized into five chapters: Chapter One contains the introduction; Chapter Two is a literature review; Chapter Three discusses the methodology of the study; Chapter Four analyzes the study; and the final Chapter Five has a summary, conclusion, and recommendation of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. INTRODUCTION

The main purpose of this chapter is to examine the results of previous studies on the evaluation of "life insurance services" in Ethiopian insurance companies. This chapter examines the various studies, book reports, and other documents related to the theoretical perspectives and services of life insurance to give us a broad understanding. Accordingly, this chapter describes the theoretical and empirical review of the study. This section reflects deeper thought, knowledge, and data by evaluating any published and unpublished theoretical and empirical evidence. This chapter gives knowledge about the insurance business, particularly life insurance development opportunities and challenges.

2.1. THEORETICAL REVIEW

2.1.1. DEFINITION AND NATURE OF INSURANCE

Insurance is not a contract for a current event, but for a risk that is expected to happen in the future. Accordingly, if the insured suffers a future loss or accident, get insurance for the unexpected event and the compensation paid to him by the insurance company (Bisrat Gugsu, Risk management practices in the Ethiopian insurance sector, 2018). Gemechis Debaba explains that insurance is a contract or plan to reduce losses caused by the uncertainty of an event or issue (Gemechis Debaba, 2017).

According to the Keder Hamed study, insurance is usually used by individuals or groups as a risk management mechanism for these individuals or groups. It is used to reduce losses by sharing the risk or financial loss of an individual with the insured under an agreement. Accordingly, it is the transfer of financial loss to others that occurs in events such as accidents, illness, or death, as well as the loss of property (Keder Hamed, 2016). Regarding this, insurance is a contract where the insured transfers the potential loss to the insurers.

In the principle-based definitions, IFRS 4, defines it as follows: "Insurance is a contractual agreement in which an individual or party accepts a substantial amount of insurance coverage against an unknown future event (insured to a party) by agreeing to pay compensation to the

policyholder (holder) if the policyholder's holdings are adversely affected. Insurance is a contract in which a small amount of money is collected from another party to provide insurance to an individual, organization, or any party that has suffered a significant loss, and the party that has suffered a loss receives money to reduce the loss (IFRS 4, Handbook).

According to the economist's interpretation, insurance is a policy contract between the insured and the insurance company. The insurance company provides financial protection or compensation to the policyholder in the event of an economic loss (Julia Kagan, April 20, 2023). Looking at the interpretation from the business perspective, insurance is an association that protects the party from bankruptcy through the funds (premiums) contributed by all members based on the statistical prediction of loss (Biniam G. Bonga University).

According to the interpretation of social experts, insurance is meant to save society from the social and economic problems that occur in society. Insurance is a social tool used to reduce and eliminate the risk of accidents by combining a sufficient number of people who are exposed to the same risk into a group so that the risk is shared by the group (Risk Management and Insurance, CH 3, 2011). According to the Insurance Information Institute, it is also a social tool that helps to correct the disruption of life in society due to the destruction of resources caused by various disasters (William Street, 2015).

According to legal experts, insurance is a legal agreement between an insurance policy provider (insurance company) and an insurance policyholder (individual) (Knowledge Center, June 6, 2022). From a legal point of view, Article 654 of the 1960 Ethiopian Commercial Code defines an insurance policy as a contract whereby a person, called the insurer, undertakes, against payment of one or more premiums, to pay a person, called the beneficiary. Insurance is a sum of money where a specified risk materializes (Commercial Code of Ethiopia, 1960, Article 654).

When it comes to religious interpretation, we find it different from all these. According to religious doctrine, they say that even if a property is destroyed, it is according to God's will, following the doctrine of David that says, "God gave, God rose. Based on this doctrine, they believe it is a sin to accept money for which they have not worked. Therefore, they do not allow them to accept insurance (Bisrat Gugsa, Risk management practices in the Ethiopian

insurance sector, 2018). They also teach that "God is the keeper of life," so they consider such works to be dexterous. They teach that it is a sin. Instead, they explain that the only solution is to beg God and pray (Tim Slothower, October 31, 2021). From the definitions seen above, it can be understood that insurance is the sharing of losses or risks from individual to group. Therefore, insurance helps each other by sharing the risks that may occur to each other and restoring the party who has suffered a loss.

2.1.2. PURPOSES OF INSURANCE

The primary purpose of insurance is to indemnify the policyholder in the event of a financial loss. According to Tegest Derese, insurance has two basic features: 1) transferring or shifting risk from an individual to a group, and 2) sharing losses fairly (Tegest Derese, 2018). According to the Tsegerda Zeru, a person who has an insurance policy is to provide compensation to restore the financial position of the policyholder when the property specified in the contract suffers a loss according to the contract agreed on the policy (Tsegerda Zeru, 2016). Accordingly, the purpose of insurance is to obtain compensation in the event of financial loss. However, the compensation given by the insurance company is not intended to benefit the person who suffered the loss by earning extra money.

According to Keder Ahmed, an insurance company is meant to provide economic and social services. Accordingly, it is to provide economic and social benefits to society by reducing losses, providing compensation, and increasing employment opportunities (Keder Ahmed, 2016). The basic purpose of insurance is to protect property from economic loss. This economic loss occurs, when something of monetary value is temporarily or permanently damaged, stolen, destroyed, etc. The main purpose of insurance is mainly to solve economic problems and lead a sustainable life for individuals. According to this, insurance companies are to save the loss of property and the economic collapse of families and allow people to return to their old lives. Accordingly, the objective of insurance companies is to reduce financial losses due to unexpected and unknown causes and to provide financial compensation for such losses.

When it comes to life insurance, it is used to prevent personal life risks and fix financial problems related to them. Accordingly, it is used to provide compensation for economic loss

caused by death, ill health, injury, disability, and old age (Tsegerda Zeru, 2016). According to Kedir (2016), life and health insurance companies provide services to protect people from financial loss caused by death and health problems. Accordingly, life insurance is the primary function of life insurance companies to cover financial losses caused by personal accidents such as death, disability, illness, accident, etc (Keder Ahmed, 2016).

2.1.3. LIFE INSURANCE VS GENERAL INSURANCE

A life insurance policy is a long-term policy, whereas a general insurance policy is a short-term (one-year) policy. A financial valuation of any property that is covered by insurance indemnity under a general insurance policy may determine the value of the property, but in life insurance, it is difficult to estimate or determine the financial value of human life. Life insurance does not doubt that death will happen one day. So it is certain that there is an indemnity on life insurance. In general insurance, an insured event (such as an accident) may not occur with certainty. Life insurance can be predicted to pay a death benefit to a designated beneficiary upon the death of the person insured. The life insurance contract is not a contract of indemnity. A general insurance contract is a contract of indemnity where the exact value of the loss is compensated by property insurance (Principles and Practices of Life Insurance, 2008).

2.1.4. PRINCIPLE OF LIFE INSURANCE

Life insurance applies to insurance laws and principles. However, life insurance, by its nature, is not subject to some basic insurance principles, for example, the principle of indemnity, the principle of subrogation, insurable interest, and the principle of proximate cause (Ruth Mengiste, 2029).

2.1.5. THE PRINCIPLE OF INDEMNITY:

According to the principle of insurance compensation, in any case, the insured should not make a profit from the loss and should receive compensation to avoid the loss. This means that the amount of compensation paid by the insurer to the property damage party should not exceed the actual loss incurred by the injured party. This happens for two main reasons. The first is to save the insured by returning them to their financial position before the loss. But to

prevent the insured from profiting from the insurance compensation, the second is also to reduce moral hazards. This means that people do not intentionally destroy their assets to collect insurance benefits. And it prevents them from claiming insurance compensation.

According to George E. Rejda and Michael J., life insurance is not inherently indemnified. The principle of indemnity does not apply to life insurance. There is no such thing as profit and loss (since the human cost is not known), which makes it different from other types of insurance (George, 2004). According to the provisions of the Ethiopian Commercial Code, the life insurance of people is not considered a contract for compensation (not a contract of indemnity). As accident and illness insurance is one of the people's insurance sectors, it does not follow the principle of indemnity (Commercial Code of Ethiopia, 1960).

2.1.6. THE PRINCIPLE OF SUBROGATION

This principle of substitution is closely related to the principle of indemnity. Indemnification means substituting the insurer in place of the insured and seeking compensation from a third party for the loss covered by the insurance (George E. Rejda and Michael J. McNamara). According to George E. Rejda and Michael J., the principle of substitution has three basic purposes. First, the principle of substitution prevents the insured from collecting insurance compensation twice for the same loss. Second, this principle of subrogation helps people avoid claiming insurance compensation for negligent and intentional destruction of their property. This means that the insurance company has the right not to compensate (not pay) those who have caused property damage through negligence or intent. 3rd. This principle of substitution helps reduce the amount of compensation by preventing people from paying compensation for negligent and intentional destruction of property. According to Article 690 of the Commercial Code of Ethiopia, even if there is a provision to the contrary, an insurer who has paid the agreed amount cannot replace himself as the beneficiary by claiming third parties who caused the damage (Ethiopian Commercial Law, 1960).

However, this principle does not apply to life insurance. According to George E. Rejada and Michael J., this principle of subrogation does not apply to life insurance contracts. This is because human beings want to be alive and healthy in any form. People do not dare harm themselves to get insurance. However, some say that a person can injure himself to get

compensation, but life insurance is not an indemnity contract. Accordingly, the principle of subrogation applies to property insurance contracts, but it does not apply to life insurance (George, 2004).

2.1.7. INSURABLE INTEREST AGAINST ACCIDENTS AND ILLNESS

According to this principle, if a person suffers a loss, the insured must be in financial hardship to get insurance coverage. For purposes of legally enforceable insurable interest, all insurance contracts must be backed by insurable interest. For example, this is because it is used to prevent gambling, reduce moral hazard, and measure and prevent losses in property insurance. However, this question of an insurable interest does not apply to life insurance. The law provides that whenever a person voluntarily purchases life insurance for his or her life, the insurable interest requirement must be met. In life insurance, the beneficiary is not required to have an insurable interest rate when purchasing life insurance for his life. But if one wants to buy a life insurance policy on another person's life, he must have an insurable interest in that person's life.

2.2. HISTORICAL DEVELOPMENT OF INSURANCE

The concept of insurance dates back thousands of years. If the insurance policy is believed to have been initiated, it is related to the biblical story of Joseph and the famine in Egypt. (Ruth Mengiste, 2019). This history of insurance is said to contain the Hammurabi Code and a collection of Babylonian laws dating back to 1700 BC that show credit insurance. In Andrew Beattie's review, the concept of insurance was started by Babylonian merchants from 4000–3000 BC (Andrew Beattie, 19, 2023). Julia Kagan's Review shows that it was practiced by Hindus around 600 BC. He says insurance was used in ancient Greece around the 4th century. In ancient Greece, merchants traded by boat, so they were not required to repay the loan if the goods were lost at sea. Instead, the interest on the loan was supposed to cover the debt (Julia Kagan, 2023). According to historians, Whit Thompson believes that 1st insurance started in Roman times. (Whit Thompson, 2013). However According to the Encyclopedia, "The first successful insurance company, the Friendly Society for a Perpetual Insurance Office, was founded in England in 1705–1706. (Encyclopedia, 1992). However, according to Asmiya G/gorges expression, the first life insurance company that was

established in England by Assheton was established on October 4, 1699, but this insurance company failed after 46 percent due to premiums being set too low. (Asmiya G/Gorgise, 2017). This shows that insurance histories are not the same for different scholars and researchers.

2.2.1. INSURANCE IN ETHIOPIA

In the history of insurance in Ethiopia, traditional aid societies such as Eder and Equb have been serving as a substitute for insurance in the community for centuries. Although there is not enough information to explain when and how these institutions were started, Eder and Equb are values that have lived with and developed in Ethiopian society for centuries. Eder is a traditional association that replaced insurance in the era when property and life insurance were not created and spread like today. Eder and ekub have supported Ethiopian people as insurance companies. Accordingly, although they are not organized in a modern way but are rather traditional, they are considered to be early Ethiopian insurance companies. (Kedir Ahmed Aman, 2016). These traditional institutions, Eder and ekub, have replaced insurance companies in Ethiopia and have been serving them since the beginning. In addition to providing support for people in their daily activities and at the time of death, these institutions also provide insurance assistance when their property is destroyed.

Eder is like life insurance in nature. Eder provides insurance for bereaved families and support for children whose parents have died. It provides support for burials at the time of death, is known to provide financial support to all members of the group who are unable to earn money for various reasons, and also takes care of the injured families by taking them to the hospital. To avoid isolation in the community, members of society must be present in the service delivery, which makes it different from all modern insurance services. IDIR In addition to financial support, physical support is also psychologically important.

The other one is Ekub, and when there were no banks or insurance, it used to replace these institutions. Thus, the service is considered property insurance. Equib serves to provide members with substantial revolving financial support to improve their lives and livelihoods. Accordingly, insurance is not given a different meaning from the services of these

institutions in the traditional way of thinking. Accordingly, this is the traditional meaning of insurance.

2.2.2. THE MODERN ETHIOPIAN INSURANCE HISTORY

In the modern insurance history of Ethiopia, it is said that Ethiopia started using modern insurance in 1905 after the signing of an agreement between Emperor Menelik II and a representative of the British-owned National Bank of Egypt, which opened a bank in Abyssinia. (Kahase G/Michael 2018). However, according to Tsegereda Zerou, modern insurance came to Ethiopia after the opening of the insurance company La-Balois in 1923 in Addis Ababa. (Tsegereda Zeru, 2016). Some evidence suggests that after 1923, many foreign insurance companies were operating through agent offices in Ethiopia.

After many years, the first domestic insurance company, Imperial Insurance Company, was established in 1951. After many years in business, the first domestic insurance company, Imperial Insurance Company, was established in 1951. The military government came to power in 1966, some years later, after this insurance company was founded. After this, the military government came to power. In 1974, the military government nationalized all insurance companies operating as one by Proclamation No. 68/1975. This single unit is the Ethiopian Insurance Corporation. Ethiopian Insurance Corporation was started in 1976 with a capital of 11 million birr (1.29 million dollars). (Yelma Haylu, 2018). After this company had been operating as the only government insurance company under a protected monopolistic system for nineteen years, the newly arrived director of EPRDF made a fundamental change in 1991, and many insurance companies were opened. Many of today's insurance companies were also founded after this. (Faji Tesfaye, 2017).

Currently, according to the National Bank of Ethiopia, there are 18 insurance companies in Ethiopia under the control of the NBE, which provides insurance services in Ethiopia. such as;- Ethio-Life and general insurance company was established on 23-10-2008, Ethiopian Insurance Corporation was established on 1975, Oromia Insurance company sc was established on 26-01-2009, Africa Insurance company sc was established on 1-12-1994, Awash Insurance company sc was established on 1-10-1994, National Insurance company of Ethiopia sc was established on 23-9-1994, Nyala Insurance company sc was established on 6-

1-1995, Nib Insurance company sc was established on 1-5-2002, Nile Insurance company sc was established on 11-4-1995, The United Insurance company sc was established on 1-4-1997, Global Insurance company sc was established on 11-1-1997, Lion Insurance company sc was established on 1-7-2007, Abay Insurance company sc was established on 26-7-2010, Berhan Insurance company sc was established on 24-5-2011 , Tsehay Insurance company sc was established on 28-3-2018, Lucy Insurance company sc was established on 1-10-2012, Zemen insurance company S.c was established on 17-1-2020, Bunna Insurance company sc was established on 21-5-2013. However, insurance companies in Ethiopia offer life insurance services in addition to property and general insurance. But there is no single company that provides whole-life insurance services. However, some non-life insurance companies are also providing life insurance services. (Tigest Deresse, 2018). 12 of the 18 insurance companies (55.6%) provide integrated insurance services (i.e., they do both life and non-life business), while the remaining eight (44.4%) provide general (non-life) insurance services only. (Tigest Deresse, June 2018).

2.2.3. HISTORY OF LIFE INSURANCE

When we examine the historical origin of life insurance, the first life insurance company, although the concept of life insurance seems to be a feature of modern society, was invented in ancient Greece and Rome between 600 and 100 BC. Looking at the beginning of life insurance, it is said to have started around 600–100 BC in ancient Greece and Rome. This idea was founded by the Roman military general Gaius Marius, and when a soldier among his fellow soldiers died, the survivors would join together to pay for the burial expenses. Although practiced only by soldiers at the time, it became popular in Rome and was able to spread. By giving money to soldiers who died during the war, he would compensate for the financial loss caused by their deaths. It is said that life insurance, which started in this way, was brought to India from England in 1818. The first sale of life insurance entered the US in the 1760s. In particular, in 1759, the Life Insurance Corporation was created to help the poor and distressed widows. After this, it reached its present status by making various updates from time to time.

Currently, life insurance is being updated by overcoming various challenges and making improvements. According to the research of Ruth Mengiste In 1990, the United States

(35.6%) had the largest percentage of the world, followed by Japan (20.5%) and the United Kingdom (7.5%). Subsequently, the insurance service that has been growing from time to time has reached its current level. (Ruth Mengiste, 2019). This development is progressing, and Jennifer Rudden's 2022 study shows that 54% of the population in the United States has life insurance coverage. Even in Africa, South Africa is 16.99%, Namibia is 6.69%, Lesotho is 4.76%, Mauritius is 4.18%, Zimbabwe is 4.09%, and Kenya is 2.83%. This shows that the growth and coverage of life insurance in Ethiopia are still low and growing.

2.3. EMPIRICAL REVIEWS

Currently, when we look at developed countries, they find life insurance to be a basic need. According to the research of Ruth Mengiste In 1990, the United States (35.6%) had the largest percentage of the world's top 10 insurance markets.

Japan (20.5%), the United Kingdom (7.5%), Germany (6.8%), France (5.5%), the Soviet Union (2.6%), Canada (2.3%), Italy (2.2%), South Korea (2.0%), and Oceania (1.8%). Subsequently, the insurance service that has been growing from time to time has reached its current level. (Ruth Mengiste, 2019). This development is progressing, and Jennifer Rudden's 2022 study shows that 54% of the population in the United States has life insurance coverage. Even in Africa, South Africa 16.99%, Namibia 6.69%, Lesotho 4.76%, Mauritius 4.18%, Zimbabwe 4.09%, Kenya 2.83%, Swaziland 2.44%, Togo 1.98%, Seychelles 1.82%, Rwanda 1.74%, Mozambique 1.74%, Malawi 1.58, Senegal 1.51%, Gabon 1.38%, Cape Verde 1.29%, Zambia 1.11%, Ghana 1.1%, Cameroon 1.05%, Congo 1.05%, Benin 0.85%, Burkina Faso 0.78%, Uganda 0.77%, Angola 0.71%, Tanzania 0.68%, Gambia 0.67%, Madagascar 0.67%, Niger 0.65%, Sudan 0.57%, Mali 0.53%, Ethiopia 0.43%, Sierra Leone 0.41%, Eritrea 0.38%, Burundi 0.35%, Nigeria 0.3%, Central African Republic 0.29%, Democratic Republic of Congo 0.29%, Equatorial Guinea 0.21%, Chad 0.2%, Guinea 0.04%, Botswana and Liberia 0%.. (Jennifer Rudden, 2022). The Webb and Back research shows that the growth of life insurance is determined by income, inflation, the growth of banks, religious and cultural events, awareness, etc. (Webb and Back, 2003). According to Oke et al., GDP growth is strongly associated with life insurance, while interest rates and inflation are among the challenges to life insurance growth. (Oke et al. 2010).

According to Zhu's 2017 study, one of the factors influencing the growth of life insurance is income. Life insurance growth is closely related to income and risk exposure. Since income is needed to purchase life insurance premiums, income determines the purchase and demand for life insurance. (Zhu 2017). According to Ayalew, the development of life insurance depends on personal income, the growth of insurance companies, and the payment of premiums. (Ayalew, 2013). As Outreville (1996) stated in his study, the development of life insurance has a significant correlation with the personal income of society. According to him, individuals with a good income are interested in getting life insurance. On the other hand, people with lower incomes prefer to meet their basic needs rather than buy life insurance. (Outreville, 1996).

Habtamu Melsew (2022) says more young people are dependent on their families, the demand for life insurance is increasing, and family heads are buying life insurance for their dependent families. This reduces the amount of savings in the bank. On the other hand, if they do not have dependent families, they prefer to save in the bank rather than buy life insurance. This shows that people's desire to buy life insurance is related to the living conditions of their families. With more youth and dependent children in the family, the demand for life insurance will increase. Most studies place dependency between 15 and 65 years old. However, according to Torsten and Webb's research, they found that this dependent calculation cannot determine the demand for life insurance in all countries. (Thorsten and Webb, 2003).

They found that a higher share with employees could increase the demand for death coverage and reduce the demand for life insurance savings. It places young people under 15 years of age and senior citizens over 65 years of age as dependents. (Dawit Biset, 2022). However, Torsten and Webb's research shows that the issue of dependent families does not affect the growth of life insurance. Dependents are those under 15 and over 18, but sometimes young people in this age range can also be dependent. Also, even if anyone is retired, you can buy life insurance because there are senior citizens who are running a household. (Thorsten and Webb, 2003). A Mohammed Meko (2019) study indicates that education level has a significant relationship with demand for life insurance. According to him, a person with a higher level of education has a greater understanding of life insurance. Also, as the awareness

of risk and death is high, the desire to buy life insurance is high. It also moderates the relationship between life insurance and income to purchase life insurance, as income increases with education. This means that life insurance has a high correlation with education level. (Senait Teklemariam, 2019). Browne and Kim found in their study that there is a positive direct relationship between life insurance growth and educational attainment. (Browne and Kim, 1993).

According to Tigest Dersse's research, there are currently 18 insurance companies in Ethiopia under the control of NBE, providing insurance services in Ethiopia. 10 of the 18 insurers (55.6%) are integrated insurance service provider companies (they do both life and non-life business), while the remaining eight (44.4%) are general (non-life) insurers. (Tigest Dersse, June 2018). The report from the National Bank confirms this to us. This shows that no insurance company provides only one life insurance service in Ethiopia as a country. However, it can be understood from the annual report of the National Bank and the reports of the companies that the number of companies providing life insurance services is 12.

According to National Bank report, the Ethiopian Insurers Association, and the annual reports of each of the insurance companies, 12 insurance companies in Ethiopia are providing life insurance services in addition to property insurance. The insurance companies that provide and do not provide life insurance services can be seen in the following table.

Table 2.1: List of all insurance companies and the services they provide

No	Name of the insurance company	Provided insurance services	all Bira nche	Life Branches
1.	Africa Insurance Company S.C.	Provide both life and non-life.	36	1
2.	Awash Insurance Company S.C.	Provide both life and non-life.	60	1
3.	Ethio-Life and General Insurance S.C.	Provide both life and non-life.	29	3
4.	Lion Insurance Company S.C.	Provide both life and non-life.	42	1
5.	NIB Insurance Company	Provide both life and non-life.	48	1
6.	Nile Insurance Company S.C.	Provide both life and non-life.	58	1
7.	Nyala Insurance Company S.C.	Provide both life and non-life.	44	1
8.	The United Insurance S.C.	Provide both life and non-life.	51	1
9.	Ethiopian Insurance Corporation	Provide both life and non-life.	108	13
10.	Abay Insurance Company	Provide both life and non-life.	32	1
11.	Oromia Insurance Company, S.C.	Provide both life and non-life.	54	1
12.	Zemen Insurance S.C.	Provide both life and non-life.	17	1
13.	National Insurance Company of Ethiopia S.C.	Only provide property (non-life).	45	don't have
14.	Berhan Insurance S.C.	Only provide property (non-life).	27	don't have
15.	Tsehay Insurance S.C.	Only provide property (non-life).	33	don't have
16.	Global Insurance Company S.C.	Only provide property (non-life).	22	don't have
17.	Lucy Insurance S.C.	Only provide property (non-life).	24	don't have
18.	Bunna Insurance S.C.	Only provide property (non-life).	30	don't have
	Total		760	26

Source: Annual Report of Each Insurance Company and Quarterly Report of National Banks in the 3rd Quarter of 2023, Association of Ethiopian Insurers, Insurance Industry Profile June 2020.

This shows that the growth and coverage of the life insurance industry in Ethiopia and Africa are weak. Research shows that most Africans struggle to pay insurance premiums. Demand for life insurance products is low as, in general, most people are not informed about life insurance and its benefits. As a result, many people are often undecided about investing in life insurance and fail to see its fundamental benefits as a tool to manage personal risk. (Dereje, 2021).

The life insurance in Ethiopia shown on real GDP in 2021 was around 0.1%, and the general insurance showed around 0.7% during the same period. This data shows Ethiopia is one of the lowest-income developing countries for life insurance, even in sub-Saharan Africa.

Looking at the growth of the Eastern African insurance industry in terms of gross written premium over the past ten years, Tanzania (0.9%), Zambia (1.4%), Sudan (0.5%), Kenya (3.1%), and Uganda (0.6%) have the most insurance coverage in East African countries (Kahase G/Michael 2018). However, in Ethiopia, the coverage of life insurance is about 0.5% of general insurance and 0.2% of life insurance.

According to Jennifer Rudden, Ethiopian life insurance coverage is about 0.43%. (Jennifer Rudden, 2022). This means that life insurance growth in Ethiopia is very small compared to international life insurance services. Some studies show that life insurance services in Ethiopia are not satisfactory. According to Faje Tesfaye (2017), the life insurance market in Ethiopia is very small and cannot be satisfactory compared to the Ethiopian population size, and Ethiopians are not familiar with life insurance services. (Faje Tesfaye, 2017).

In the Yamrot Yelma (2014) study, she asserted that the life insurance market in Ethiopia is underdeveloped and cannot compete with other world markets, and the current type of life insurance service is inadequate and lacks information on the service. She further added that the current insurance coverage in Ethiopia is mainly focused on general insurance and not on life insurance. (Yamrot Yelma, 2014). Abenezer Shiferaw, for his part, emphasized in a 2017 study that Tigist Derese emphasizes that little attention is paid to the insurance industry in general and to life insurance in particular in Ethiopia. (Abenezer Shiferaw in 2017).

According to Patience Reached (2018), the life insurance market in Ethiopia is very low, as the number of life insurance companies is relatively small. (Patience Reached, 2018). No one company provides full life insurance services in Ethiopia. However, there are more than 18 companies that provide property and general insurance services. Although these insurance companies are general insurance companies, most insurance companies are licensed to write life insurance; those insurance companies are doing life and non-life services. However, companies do not give attention to life insurance services without basic life insurance services; they have many different services in their non-life insurance services.

However, according to the Tegest Derese study, the number of companies doing the life insurance business is increasing, and she says that the demand for life insurance in the community is very low (Tigist Derese, 2018). Based on Faje Tesfaye's study, the life

insurance market in Ethiopia is satisfactory, but the demand from the people is low. This sentence opposes Faje Tesfaye's statement. Ahmed M. (2016) states that life insurance is relatively developed. (Ahmed, M. 2016). Regarding the development of life insurance in Ethiopia, different researchers do not have the same view. Some say that it has grown, and some say that it is still backward. This means that the researchers do not have the same results.

According to Mingizem Birhan, life insurance development was registering an average 8.0% growth in life insurance, but this growth is not evident. (Mingizem Birhan, 2017). However, according to Galib Jemal (2020), insurance in Ethiopia is still growing. The average growth rate for the general insurance business was 28.5% in the same period that the life sector's gross written premium increased on average by 2.2%. (Galib Jemal, 2020) It shows life insurance is growing over time, but still, life insurance is low compared with other insurance services.

The growth of life insurance in Ethiopia is compared to the growth of life insurance in other African countries: South Africa (77.8 percent), Zambia (75.5 percent), Namibia (73.4 percent), sub-Saharan Africa (32.4 percent), and Ethiopia (6 percent). (Dawit Biset This shows that the development of life insurance in Ethiopia is backward and underdeveloped. (Dawit Teshale, 2021).

Currently, in developed countries, they find life insurance to be a basic need. For example, life insurance coverage in the United States is more than 54 percent. According to Asmiya Gebregiorgis, the low-income group is not a major beneficiary of life insurance in Ethiopia, but the major beneficiary of life insurance in Ethiopia is the high-income earner group. (Asmiya Gebregiorgis, 2014). According to Webb and Back's explanation, the demand for life insurance in Ethiopia is based on these three factors. According Webb and Back, Billed public awareness and attitude, expansion of insurance companies, and economic growth of society (growth of income) (Webb and Back, 2003).

According to Teklegiorgis Assefa, the insurance company that invests mainly guarantees their safety and low-interest returns. (Teklegiorgis Assefa, 2004). Teklegiorgis Asefa says that the main purpose and service of life insurance are to distribute compensation to deceased

members, injured persons, and any other life insurance holders as determined by the insurance company. (Teklegiorgis Assefa, 2004).Tegest Derse states that human life depends on earning money. Accordingly, life insurance has economic value for his life. (Tegest Derse 2018). It is used to collect insured income, especially for the family of the deceased, creditors, victimized individuals, etc. (Zakarias Officer 2016).Senait Werku (2018) said that the demand for insurance is linked to income and growth (Senait Werku 2018). And Asmiya Gebregiorgis says the low-income group is not a major life insurance beneficiary in Ethiopia. (Asmiya Gebregiorgis, 2014).

According to Fuji Tesfaye (2017), life insurance demand is significantly influenced by the banking sector's development. Researchers say that growth in banking sector development is positively correlated with growth in life insurance consumption. (Fuje Tesfaye, 2017). She says life insurance is linked to banking services.

According to Tgest Derse, which describes life insurance needs, the demand for life insurance is accredited to a person's needs, and the demand for life insurance is a function of income, capital, and expected income over a person's lifetime, interest rates, and the life insurance policy's costs. (Tgest Derse 2016). But as we show in the Ruth Mengest report, the growth of the country's economy may increase the demand for life insurance and the financial stability of the family during the income period. (Ruth Mengeste, 2019). This shows that life insurance is different. In general, in the case of Ethiopia's economic development and the people's developing understanding of life insurance, the prospects of life insurance are good, based on the researcher's idea above.

Thorsten and Webb (2003) found in their study that the growth of the insurance industry is related to the growth of the banking sector. As a result, the growth of life insurance has a positive correlation with the growth of the banking sector. This greatly contributes to the growth of the life insurance service, with prompt and proper payment of payments, collection of premium payments, and other processes. Banking growth and life insurance growth have a direct relationship. As the banking industry grows, life insurance contributes significantly to its growth. It helps to be fast and efficient.

According to Naresh R., in his research on the challenges and opportunities of the insurance industry, the development of the insurance business sector, the expansion of the service, and the existence of competition among companies are considered opportunities for the development of life insurance. As this study was conducted in India, it highlighted the challenges of insurance companies in India: high premium payments, insurance companies competing in premium payments, lack of trust in public and private companies, low-income levels, infrastructure, inaccessibility, the level of development of the banking sector, the speed of insurance companies' services and efficiency, complexity of policies, and the overall financial system and development are cited as opportunities and challenges for life insurance growth in India in the study. (Naresh R. 2014).

There are various internal and external challenges affecting the development of life insurance in Ethiopia. According to Tilahun Shewangezaw, the growth of life insurance in Ethiopia is slow due to various internal and external challenges. (Tilahun Shewangezaw, 2021). According to Ashenafi Mengistu, any business faces internal and external challenges to its growth. (Ashenafi Mengistu, 2020). When we analyzed the challenges of the life insurance business in Ethiopia, we identified two main challenges: internal and external. We named them internal challenges: financial resources, skilled manpower, strategy and planning, management (administration) systems, and internal industry culture. External challenges are sociodemographics, politics, the economy, the legal environment, the technological environment, and the industrial environment. These challenges can be considered obstacles to the growth of life insurance. According to Asmiya Gebregiorgis, a business should take advantage of any opportunities to accelerate its growth. (Asmiya Gebregiorgis, 2014).

According to Bisrat Gugsa, behind every challenge is another great opportunity. (Bisrat Gugsa, 2018). This means that seizing the opportunities behind each challenge is critical to growth. In this study, opportunities for the development of life insurance businesses in Ethiopia are population growth and high-demand life insurance; community development and civilization; industry development; economic development; education quality and expansion of universities; innovation and technology expansion; expansion of infrastructure; development of ICT and IT infrastructure; amendments of policy and law; foreign bank entry; new product differentiation; and Yang manpower and training and development. These

are considered growth opportunities. When we look at the future, the prospects that life insurance in Ethiopia can achieve if it uses these opportunities—proper use of advanced technology, skilled manpower, reliable financial capacity, a comfortable and interesting work environment, The ability to achieve a goal with a reliable strategy, Assessable and affordable services, Highly accepted by the community, Earn high profits.

In Ethiopia, life insurance is looking forward to the future by using opportunities at every level as a ladder to ensure its growth and accelerate its growth. Challenges are always behind us; challenges are obstacles that keep us from moving forward. Opportunities are also a ladder. If we take advantage of the opportunities that come our way, they are steps that shorten the development process to reach our future destination. The future is always the future. For our hopes to come true, we must leave behind the challenges that hold us back and use the opportunities we face to move forward.

2.4. KNOWLEDGE GAP

Several studies have said a lot about the opportunities and challenges in the development of life insurance. According to Webb and Back, the growth of life insurance is determined by income, inflation, the growth of banks, religion, culture, awareness, etc. (Webb and Back, 2003). Oke et al. (2010), while identifying life insurance challenges, state that interest rates and inflation are: Zhu (2017) stated that income is the main determinant of life insurance. Outreville (1996), similarly to Zhu's study, stated that personal income is a determinant of life insurance. Torsten (2003), states that age affects life insurance.

Browne and Kim (1993), on the other hand, say that education level is the main determinant of life insurance. However, these studies were conducted in different parts of the world. Accordingly, the results of these studies mainly reflect the context of the country in which they were conducted. Also, these studies can describe the life insurance development challenge in general, but they cannot describe the life insurance challenge and opportunity in Ethiopia. This is because when we look at Ethiopia and the country where the studies were done, they have different populations, different cultures, different understandings, different infrastructure, different accessibility, different economic levels, and different experiences.

Based on this, this study set out to investigate the life insurance opportunities and challenges in Ethiopia and identify the life insurance business opportunities and challenges in Ethiopia.

Looking at life insurance in an Ethiopian context, Yamrot Yelma (2014) states that lack of information on the service is the main factor that prevents life insurance from growing in Ethiopia. However, when Yamrot Yelma conducted this study, the Ethiopian information exchange and flow method changed significantly. According to Husien Nurahmed 2021, Ethiopia is joining the digital world. Along with this, it is important to examine whether this information problem is still a challenge for the development of life insurance in Ethiopia. (Husien Nurahmed, 2021).

Teklegiorgis Assefa (2004) says that the existence of low-interest returns has made companies not pay attention to life insurance. Of course, life insurance is a long-term contract, so you may need to keep funds for a long time, but the interest rate paid in Ethiopia is usually very close. From this point of view, the impact of interest rate payments on the growth of life insurance has not been set aside.

Asmiya Gebregiorgis (2014) says that high-income earners are the main buyers of life insurance. However, ENG does not disclose low-income people's affinity for life insurance. She did not explain the impact of income differentials on the growth of life insurance. She only passed it by saying that the top earners were life insurance majors like Bayer.

According to Tegest Derse (2018), banking sector growth has a positive relationship with life insurance growth. Although the contribution of banking to the development of insurance is high, the development of the banking industry in Ethiopia is very different compared to the period when this study was carried out. As the banking industry is growing and modernizing so much, it is important to examine the current trends in life insurance growth.

According to Tgest (2016), a person's need and the demand for life insurance are the factors in the development of life insurance. As things are constantly changing, the population, demand, power level, income level, and so on in Ethiopia are different. Along with this, it is important to ensure that the demand for life insurance can be a challenge in the development of life insurance in Lithuania today.

Dereje (2021) says that the high cost of insurance premiums has kept people from buying life insurance. Asecalew (2019) tells us that the factors influencing the growth of life insurance are public awareness and attitude, the expansion of insurance companies, and the economic growth of society. Although these studies have identified challenges to the development of life insurance, many socio-economic, political, and other internal and external challenges have not been included in their study. Therefore, it is important to explore the challenges that these researchers have not seen in a broader sense.

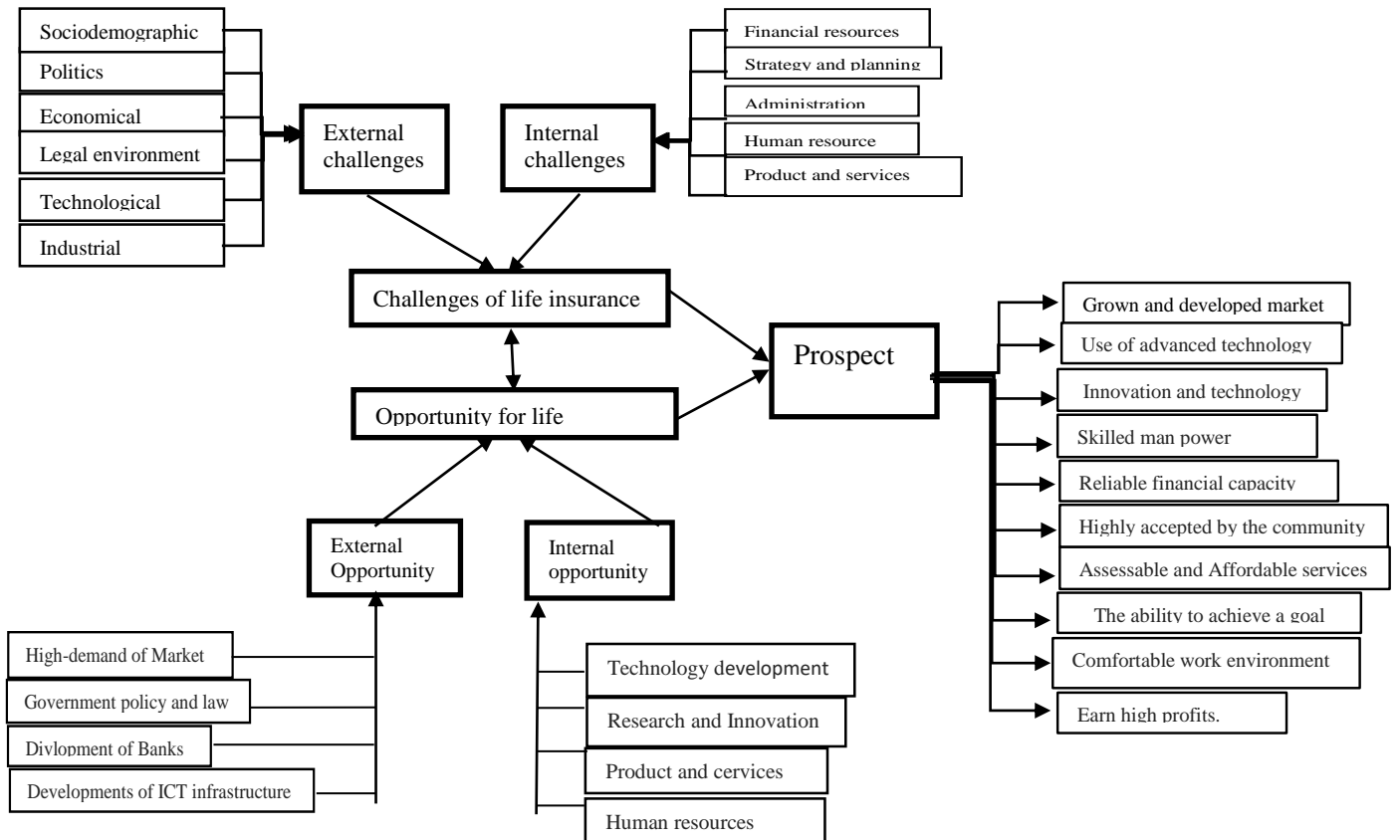
According to the studies mentioned above, the opportunities, challenges, and prospects of life insurance in Ethiopia have not been looked at broadly. The sample used by these researchers in conducting their study is also small. Temesgen Azize uses 3 insurance companies; Faji Tesfaye uses 5 insurance companies; Demis H. Gebreal uses 8 insurance companies; and Kiddist Admassu uses nine insurance companies. As a result, by increasing the size of the coupons and samples, the internal and external challenges in the development of Ethiopian life insurance, namely: internal challenges: financial resources, skilled manpower, strategy and planning, management (administration) systems, and internal industry culture, External challenges: sociodemographics, politics, economy, legal environment, technological environment, and industrial environment.

2.5. CONCEPTUAL FRAMEWORK

According to Kotler (2000), a conceptual framework is a basic structure that consists of different conceptual blocks. (Kotler, 2000). According to Bas Swaen and Tegan George, a conceptual framework is a synthetic graphical representation of the intended research process, study system, research observation, experience, and analytical method. (Bass Swain and Tegan George, 2022).

Accordingly, the conceptual framework of this study was prepared by looking at the results of various studies to investigate the life insurance opportunity and challenge, so the conceptual framework of this study shows this. The challenges, opportunities, and prospects of life insurance in Ethiopia can be found in this diagram. Looking at the research results obtained through the empirical and theoretical reviews, this study has the following conceptual framework:

Figure 2.2. Conceptual Framework



CHAPTER THREE

METHODOLOGY OF THE STUDY

3. INTRODUCTION

This chapter describes the approach and methods used to conduct a study to collect and analyze data. This section explains the scientific process of the research, showing how the research is done. Mainly included in this chapter are the research approach, research design, research method, data collection technique, data sources, data analysis and presentation technique, sampling techniques, and validity and reliability tests of the study. The main purpose of this chapter is to facilitate and shape the research process to conduct research scientifically by designing and adjusting the research process. Generally, this chapter shows us the scientific research methodology that is used to answer the research questions and achieve the objectives.

3.1. RESEARCH APPROACH

This study uses quantitative and qualitative research approaches (a mixed approach). According to the Hair, this mixed-method approach is more comprehensive and helps to address research problems better. (Hair. (2013)). According to Criswell, there are three types of academic research methods: quantitative research approaches, qualitative research approaches, and mixed research approaches. (Criswell, 2008).

A qualitative research method is used to investigate and understand the responses of individuals or groups to a social or human problem. It is more effective for the researcher to use interviews, observations, and close-ended questions in the study. (Cato, 2002). Qualitative research is done by using words instead of numbers and by analyzing and using open-ended questions instead of closed questions to gather relevant data. (Creswell, 2008). Regarding this, the qualitative method is used to interpret the data collected through interviews with top officials such as managers and directors of the insurance company and also secondary data obtained from reviews of journals, articles, both published and unpublished, past research works, annual reports of different insurance companies and the national bank of Ethiopia, books, management plans, and different related documents by using words and sentences.

The quantitative approach is used to present and analyze quantitative (numerical) data in a meaningful way by using statistical methods. This type of research method is based on quantitative data from surveys and provides statistical evidence through a predetermined quantitative analysis tool (Creswell, 2008). According to Charles and Mertler (2002), a researcher should rely on quantitative data when conducting research. This quantitative research method is most effective for studies with large sample sizes. (Creswell, 2009). Based on this, a quantitative research approach is used to analyze the data collected by the questionnaire.

A mixed research method is a research method that combines both quantitative and qualitative research methods. This method makes it preferable as it helps to analyze numerical and non-numerical data. (Creswell, 2008). Based on this, to answer the research question of this study, the researchers selected more effective research approaches. Regarding this, this study uses a mixed research method because this is an important and convenient method to understand and analyze both quantitative and qualitative data.

3.2. RESEARCH DESIGN

The research design has a significant role in answering the research question in addition to describing the general content of the study. This research design outlines the plan and methodology of the study. (Kassu Jilcha Sileyew, 2019).

This study aims to identify the variables that affect the growth of life insurance and to investigate and identify the variables that contribute positively to the growth. The possible result of this study is to identify and analyze which variables are challenges to the growth of life insurance and which variables have an opportunity to contribute to the growth of life insurance. In this study, the researcher is interested in identifying the variables that influence the life insurance business and contribute positively to its growth. Regarding this, a descriptive survey design is important to administer through both face-to-face interviews and paper surveys to collect data from the respondents and analyze the results of the survey in one data set.

According to Snap Surveys, surveys cost relatively little. (Snap Surveys, October 29, 2014). A descriptive survey clearly states that the result is completely reliable. According to Sohil

Sharma, descriptive survey research is used to test hypotheses or identify characteristics. The main purpose of the survey design is to answer the research questions: why, what, how, where, when, etc. (Sohil Sharma, 2019). This type of study is useful for identifying the characteristics of a huge population. A descriptive survey design is most important for this study to answer research questions by using face-to-face interviews and paper surveys. Creswell (2003) defines a descriptive survey as a method of collecting data to test a hypothesis or answer research questions concerning the current status of the subjects under study. Descriptive research expects to present facts concerning the nature and status of a situation, event, or system based on the responses of the respondents to the research. (Creswell, 2003).

According to Cohen and Maroon (1999), a descriptive survey is a design used to gather data at a particular point in time to describe the nature of existing conditions, identify standards against which existing conditions can be compared, or determine the relationship that exists between events. Thus, a descriptive survey study is undertaken to determine and be able to describe the characteristics of the variables based on a situation (Cohen and Maroon, 1999).

In general, a descriptive survey result is completely reliable; the cost of surveys is relatively inexpensive; and another benefit of surveys is that they are useful in describing the characteristics of a large population. Because of this, this study is conducted using a descriptive survey research design. A descriptive survey research design is most appropriate for this study. It is administered through both face-to-face interviews and paper surveys to collect data from the respondents and analyze the results of the survey in one data set to evaluate the opportunities and challenges of life insurance services in Ethiopia.

3.3. TYPES OF DATA AND DATA SOURCES

3.3.1. TYPES OF DATA USES

The study uses both primary and secondary data. Primary data is collected and organized directly from the source by the researcher to solve the research problem. Secondary data is collected in the past by another person for other purposes. However, the data is allowed to be used for other research as a reference. To answer the basic research questions of this study, both primary and secondary data are essential.

3.3.2. PRIMARY DATA SOURCES

Primary data is first-hand data that is collected directly from employees or the data source and organized by the researcher for the specific purpose of addressing the research problem. It is what the researcher first collects from the sample of the population. In this study, the primary data was gathered from both the management bodies and ordinary employees of the twelve life insurance service provider insurance companies that are currently working with the companies in the life department by using a self-designed questionnaire. This primary data type is mainly used to answer the study's basic research questions. Such as investigating the challenges, opportunities, and prospects of life insurance services.

3.3.3. SECONDARY DATA SOURCES

Secondary data that has been collected in the past, which was collected by someone for another purpose or else but made available for others to use as references. The secondary sources of data were collected from a review published and unpublished, past research works, annual reports of insurance companies and the National Bank of Ethiopia, books, management plans, and reviews of different related documents. In addition to primary data, secondary data are used to answer the basic research questions of the study.

3.4. DATA COLLECTION TECHNIQUE

This study uses two types of data collection methods for primary data, such as interviews and questionnaires. These questionnaires are available in Amharic and English. Because the questions should be easy to understand and clear, all the respondents can easily understand them in the chosen language and provide the relevant information. The questionnaire is prepared in the form of a Likert scale. Questionnaires have three main parts, such as the respondent's data collection section, where background information is collected. The second is the main part of the questionnaires that address the objective of the study, which is prepared in the form of a Likert scale that is in the form of N: I'm neutral, SA: strongly agree, A: agree, SYA: slightly agree, DA: disagree, SDA: strongly disagree, and SA: strongly disagree. This part is divided into four subparts that are used to answer the objective of the study. The third part is an open-ended question. In this part, the participants answer the questions that they understand and know in written form.

The second data collection method in this study is the interview. In addition to the questionnaire, the researcher uses interviews. The interview is done with the top officials (managers) of the insurance company. This data collection process is a face-to-face discussion where the researcher directly interacts with the participants. This is a very important and useful form of data collection. It allows the researcher to ask the question that he wants and that needs to be clarified. The researcher has the opportunity to ask additional clarification questions based on their responses. This method can produce good results for the researcher. And it also gives the chance for insurance officials to answer in a broad and detailed manner.

To collect secondary data, the researcher should collect and read various related and important documents. secondary data, which is obtained from different relevant books, published and unpublished materials, journals, proclamations, country rules and regulations, articles of organization, organizational documents like plans and reports, Directives of the National Bank, online libraries, and various research sites, past research works, annual reports of various insurance companies, etc.

3.5. QUESTIONNAIRES TYPE

This research was done by developing seven-point Likert-scale questionnaires. This 7-point Likert scale is said to have been in use since 1932. However, this 7-point Likert scale provides two different response options. A 7-point Likert scale is better than a 5-point Likert scale. (Manisha Khandelwal, November 19, 2021). According to Busayo et al., this 7-point Likert scale is more accurate than the 5-point Likert scale. (Busayo. longe. busayo. longe. Jan 2012). Related to this, Jeff Sauro says a seven-point scale is a good scale; it helps facilitate and acquire sufficient distinction points by providing multiple response options. (Jeff Sauro, August 25, 2010). This 7-point Likert scale is more difficult to use than a 5-point Likert scale because it requires more effort to manage data. However, it has better potential for data analysis by providing multiple response options. (Diefenbach, Weinstein, and O'Reilly, 1993). According to Diefenbach et al. (1993), 5-point Likert scales are not sufficiently accurate to accurately assess people's internal dislikes and likes. However, seven-point Likert scales are relatively better than five-point Likert scales for assessing people's feelings because they include two additional scales. (Diefenbach, Weinstein, & O'Reilly, 1993;

Russell & Bobko, 1992). A 7-point Likert scale is more likely to capture a respondent's true internal feelings than a 5-point Likert scale. (Diefenbach et al. (1993). A 7-point scale generally has the potential to collect better information, which helps researchers produce more effective research. Considering the benefits of the seven-point Likert scale, this study was conducted using seven-point Likert scale questionnaires.

3.6. POPULATION AND SAMPLE SIZE

3.6.1. POPULATION

According to the National Bank 2023 3rd quarter report, there are 18 insurance companies in Ethiopia. Of these 18 insurance companies, 12 provide life insurance services. Among them, there is not a single insurance company that provides only life insurance services. Ethio-Life and General Insurance Company, which was previously established to provide life insurance services, is currently providing integrated life and general insurance services. However, this company is providing life services by opening three full-life service branches. Although we do not have an insurance company that provides only life insurance services, out of 18 insurance companies established to provide property and general insurance services, 12 companies provide integrated life insurance services.

According to Evan, if there is a very small population (50 or less), anyone needs to use the whole population to get the right results. (Evan Morris, 2006). Based on this, the researcher used all the insurance companies as a population because the number of insurance companies that provide life insurance services in Ethiopia is less than 50. 12 insurance companies in Ethiopia provide life insurance. So used the purposeful sampling method, the researcher chose the 12 insurance companies that provided life insurance services. But each of them has at least three main divisions in their work. They are the life insurance department, property insurance, and the general insurance department. These departments also have many employees. Based on this, as this research is done on life insurance, researchers have selected the life insurance departments under all the selected insurance companies.

The researcher is conducting this study using the employees working in the life insurance department of 12 insurance companies that provide life insurance services. Therefore, to achieve the objective of the study, the researcher selected 461 life insurance service workers

working in 12 life insurance service organizations as the data source and total population. The total population of this study uses the 461 employees working in the life division of 12 companies as the total population, and the population size in each company can be seen in the following table.

Table 3.1: A table showing the total population of the study

No	Name of the insurance company	Total Branches and Employees in 2023		Life Insurance Branches and Employees in 2023	
		Branches and office	Employee	Biranche	Employee
1.	Africa Insurance Company S.C.	36	481	1	10
2.	Awash Insurance Company S.C.	60	1058	1	14
3.	Ethio-Life and General Insurance	29	258	3	24
4.	Lion Insurance Company S.C.	42	442	1	9
5.	NIB Insurance Company	48	543	1	11
6.	Nile Insurance Company S.C.	58	583	1	10
7.	Nyala Insurance Company S.C.	44	394	1	8
8.	The United Insurance S.C.	51	575	1	10
9.	Ethiopian Insurance Corporation	108	2318	13	339
10	Abay Insurance Company	32	275	1	7
11	Oromia Insurance Company, S.C.	54	559	1	9
12	Zemen Insurance S.C.	17	196	1	10
	Total	579	7682	26	461

Source: Annual Report of Each Insurance Company and the 3rd Quarter of 2023 Report of National Banks, Association of Ethiopian Insurers, Insurance Industry Profile June 2020.

This data shows that the 12 insurance companies selected for this study have a total of 461 employees. Out of the total 7682 employees in all 579 Biranche branches, 461 employees are permanently assigned to the life insurance department in 26 branches. As the purpose of this study is to examine the opportunities and challenges of the life insurance service in Ethiopia, only the employees of the life insurance department participate in this study. Accordingly, this research is conducted using 461 life insurance employees as a population from the selected 12 insurance companies.

The general population of this study is life insurance employees at twelve insurance companies. The number of life insurance employees in each of these insurance companies is

461. Out of these 461 life insurance employees (population), 421 are working in various positions such as customer service officer, team leader, etc.; 26 are branch managers; and 13 are department and division managers in life insurance departments. Based on this, the researcher took 461 employees as the total population. However, because it is difficult to collect data from all of the total population, the researcher uses samples (total population representatives). Accordingly, this study selected a representative sample of the population using a scientific method.

3.6.2. DETERMINATION OF SAMPLE SIZE

This research selected 12 insurance companies as a group. These companies were selected using a purposeful or judgmental sampling method, and according to Evan Morris, if the population is very small (50 or less), use the whole population to get the right results. (Evan Morris, 2006). Based on this, the researcher selected all 12 life insurance companies to be included in this study. Even if the insurance companies are selected as organizations, they are artificial people and cannot be real participants in the research, so the research is conducted using the employees of the companies. Accordingly, we measure our sample using a statistical formula using the employees of the company.

There are a total of 7682 permanent employees in twelve insurance companies. Out of these 7682 employees, 7221 are general insurance employees, and 461 are life insurance employees. This study is conducted to examine the opportunities and challenges of the life insurance service in Ethiopia and the prospects of life insurance. For this reason, this study was conducted on 461 life insurance employees as the total population of the study. To conduct this study, the researcher used samples because it is difficult to get all the population to participate in the study.

There are many types of sample selection methods when it comes to sample selection. According to Gay & Diehl (1992), for a descriptive study, the sample should be 10% of the population, but 20% may be needed if the population is small. (Gay & Diehl, 1992). However, the sample selection method of this study uses statistical methods to select the necessary and sufficient samples from our total population. Accordingly, to select a sample by using the statistical method, the first thing is to identify the total population. Thus,

measure the total population of the study, it is 461 life insurance employees working for 12 insurance companies.

The second step is to identify the critical value of the normal distribution at the required confidence level. Accordingly, this study has a 95 percent confidence interval. If it has a 95 percent confidence level, the critical value is 1.95. Therefore, the study uses Z (critical value: 1.96). The third step is to determine the sample proportion. According to the conservative approach, to get the maximum sample size, use 0.5 or 50 percent of the sample proportion to get the maximum sample size. Regarding this, researchers can always use a 0.5 sample proportion. The fourth step is to identify the level of error. Accordingly, when we look at the margin of error of a study, it is 5 percent, or 0.05. Accordingly, the margin of error for this study is 5 percent (0.05). Next, it is to identify the sample using the statistical formula:

The formula we use to determine our sample size is

$$\text{This static formula. } n = N * \left[\frac{\left(\frac{Z^2 * P * (1-P)}{e^2} \right)}{\left(N - 1 + \frac{Z^2 * P * (1-P)}{e^2} \right)} \right]$$

- N= is the total population represented or discussed in the study.
- n= is the sample size selected to participate in the study, representing representatives of the total population.
- e = 0.05, or 5%. This represents the sampling error caused by the sample selection in the study. If there is 0.05 or 5% freedom due to the sampling error in the study, it gives us 95% confidence in its reliability. Accordingly, e = 0.05, or a 5% level of precision or sampling error, represents a 95% confidence level.
- Z = critical value of confidence intervals or reliability of the study. 95% confidence in reliability: the critical value of a 95% confidence level is 1.96. So that this study has a 1.96 critical value, it mines Z = 1.96.
- p = sample proportion. To get the maximum sample size, use 0.5 as a conservative approach; it is 0.5 or 50 percent of the sample proportion.
- N = total population of 24.
- n = the sample size (sample).
- e = freedom 0.05 or 5%.
- Z = critical value = 1.96

- p = sample proportion 0.5 or 50 percent

Using this, when we calculate the sample size (n), it becomes:

$$= 461 * \left[\frac{\left(\frac{1.96^2 * 0.5 * (1-0.5)}{0.05^2} \right)}{\left(461 - 1 + \frac{1.96^2 * 0.5 * (1-0.5)}{0.05^2} \right)} \right] = , \quad = 461 * \left[\frac{384.16}{(461-1+(384.16))} \right]$$

$$= 461 * \left[\frac{384.16}{844.16} \right] = 461 * 0.455 \quad 209.76 = \sim 210$$

Using this statistical formula, the samples to participate in this study were selected, representing the total population. Accordingly, this study obtains 210 samples from the total population based on this statistical formula. This sample representative is selected from the total population of 461; 210 are the representative sample of this study. These 210 samples represent 12 insurance company employees.

However, since this study is a mixed research design, it uses both interviews and questionnaires as data collection methods. Accordingly, the researcher selects the participants for the interview using a purposeful (non-probability) sampling method. Senior managers in the life insurance department were selected and interviewed using a purposeful (judgmental) sampling technique. Another ordinary and middle-level employee participated in the questionnaire. Based on this, this study selects 12 participants for interviews out of the total sample of 216 and addresses the remaining 210 through questionnaires. In general, the number of samples involved in the interview and the questionnaire is 216.

3.7. SAMPLING TECHNIQUES

This study follows three types of sample selection methods. The first sampling method is purposeful sampling; the second sampling method is quota sampling; and the third sampling method is simple random sampling (probability sampling). The reason why this research used three sampling methods is because it was conducted on 12 insurance companies using mixed research methods. Purposive (non-probability sampling) was used to include and select 12 life insurance service provider sample companies from a total of 18 companies in Ethiopia. Purposive sample is important for selecting a sample organization.

Secondly, these twelve companies are the researched organizations and cannot be the direct respondents of the research because they are artificial persons. Since there are 12 insurance companies included in the study, the data was collected from all twelve insurance companies. For this reason, it is necessary to distribute the total samples that we obtained using the scientific method to each insurance company. This method of distribution of respondents is done using the quota sampling method.

The third sampling method used is simple random sampling (probability sampling). This method is the one that the researcher uses during data collection, directly after knowing the respondents. The researcher uses simple random sampling (probability sampling) to distribute the questionnaire to each insurance company employee and collect the data in a questionnaire form.

3.7.1. PURPOSIVE OR JUDGMENTAL SAMPLING:

This type of sampling method is particularly useful for small, in-depth professional inquiries and gathering information. Explaining this technique, Tedley Charles says that this type of selection is simple and intuitive and allows obtaining the required sample size relatively quickly, easily, and cheaply (Tedley Charles, 2007). The purposeful sample may help to gather useful data and information that would not have been possible using probability sampling techniques (Lisa, 2008). Regarding this, the researcher used this method in this study for two reasons.

First, researchers were able to select twelve life insurance companies out of the 18 insurance companies in Ethiopia using this purposive sampling technique. Out of the 18 insurance companies in Ethiopia, only twelve provide life insurance services, and since their number is small, the researcher was able to identify those who provide the service and those who do not, using the purposive or judgmental sampling method. Those 12 insurance companies, such as Africa Insurance Company S.C. 10 employees, Awash Insurance Company S.C. 14 employees, Ethio-Life and General Insurance S.C. 24, Lion Insurance Company S.C. 9, and NIB Insurance Company 11, Nile Insurance Company S.C. 10; Nyala Insurance Company S.C. 8, The United Insurance Company S.C. 10, Ethiopian Insurance Corporation 339, Abay

Insurance Company 7, Oromia Insurance Company, S.C. 9, and Zemen Insurance S.C. 10 employees, are the total population of this research.

Second, use this purposeful or judgmental method to identify sample participants for interviews. The research is conducted using a mixed research approach; interviews are needed to answer and clarify qualitative issues. According to Abenezer Shiferaw, the non-probability sampling method relies on data collection from population members who are conveniently available to participate in the study. (Abenezer Shiferaw, 2017). Researchers use purposeful (non-probability) sampling to allow us to easily engage and select the insurance executives and experts to be interviewed. By using this method, researchers select the top executives and managers in the insurance company for interviews. The researcher was able to select a total of 8 district managers and 4 branch managers by selecting two people from each company using this purposeful sampling method to identify and ask the top officials of the organization to be interviewed.

3.7.2. QUOTA SAMPLING METHOD

This research is done on twelve insurance companies, and the data should be collected from all twelve companies. It is necessary to distribute the participants to each of the twelve companies to allow us to collect the data equally from the twelve companies. Quota sampling is useful because it takes into account the size of the population in each company and the size of the selected sample, so it is the most appropriate method to collect balanced data from twelve insurance companies. So quota sampling is necessary to distribute participants. Based on this, the researcher uses quota sampling as a secondary sampling method. Through quota sampling, the total sample selected to participate in the study was distributed to each of the 12 insurance companies. Accordingly, the total number of samples participating in the questionnaire is 210. It is described by the formula: respondents in a single insurance company = (Number of Sengel Insurance Company employees) / (Total 12 Insurance Company employees) * Total selected samples.

The formula on which the quota is made

$$n'1 = \frac{C1 E}{TE} * n$$

n' 1 = samples selected from one insurance company.

C1E = a life insurance employee in one life insurance company

TE = total life insurance employees in the twelve insurance companies

n = total selected samples from twelve insurance companies

It means $n = (n'1 + n'2 + n'3 + n'4 + n'5 + n'6 + n'7 + n'8 + n'9 + n'12)$.

Or $n = \sum_{n=1}^{12} (n'1 + n'2 + \dots n'12)$

Table 3.2: Number of samples in each insurance company

N	Insurance company name	Number of employees (n)	Samples			Interview responders	total
			C1E/TE	n* C1E/TE	Samples		
1.	Africa Insurance Company S.C.	10	0.021692	4.555315	5		6
2.	Awash Insurance Company S.C.	14	0.030369	6.37744	6	1	7
3.	Ethio-Life and General Insurance S.C.	24	0.052061	10.93275	11	1	12
4.	Lion Insurance Company S.C.	9	0.019523	4.099783	4	1	5
5.	NIB Insurance Company	11	0.023861	5.010846	5		5
6.	Nile Insurance Company S.C.	10	0.021692	4.555315	5		5
7.	Nyala Insurance Company S.C.	8	0.017354	3.644252	4	1	5
8.	The United Insurance S.C.	10	0.021692	4.555315	5		5
9.	Ethiopian Insurance Corporation	339	0.735358	154.4252	154	1	155
10.	Abay Insurance Company	7	0.015184	3.18872	3		3
11.	Oromia Insurance Company, S.C.	9	0.019523	4.099783	4		4
12.	Zemen Insurance S.C.	10	0.021692	4.555315	4	1	5
	Total	461	1	210	210	6	216

Based on this table, data is distributed proportionally for each company.

3.7.3. SIMPLE RANDOM SAMPLING

Finally, the researcher uses a simple random sampling (probability sampling) method. This method is used to engage employees in the organization. This sampling method is used to select each respondent (employee) from twelve insurance companies to answer a questionnaire. Simple random sampling is the process of selecting a representative sample group from the population under study, free from bias. This method is especially used to select ordinary employees of an insurance company who will participate by answering a questionnaire. Since there are many employees in the organization, the researcher does not have information about all the employees, so the researcher used simple random sampling to use a balanced selection method.

This method helps us give everyone an equal opportunity to participate in a balanced way. In addition, this type of selection is free from bias and does not bias the selected samples, so the

data collected by probability sampling is more accurate and reliable. This simple random sampling method is the preferred sampling method, especially for large data sets and social research. (Quick Surveys, 2008). Especially since the quantitative part of the data collection is done by questionnaire, this method is the right choice. Based on this, by using the probability sampling method, the researcher collected the questionnaire data from 210 respondents. This method is unbiased and allows us to collect honest and balanced data and conduct honest research. Based on these reasons, the sample selection method used in this study is done in three ways. The purposeful or judgmental sampling method, the quota sampling method, and the simple random sampling (probability) sampling method help these researchers be more reliable and balanced. For these reasons, the researcher used these three methods.

3.8. METHODS OF DATA ANALYSIS

This study was conducted using mixed research methods. As the study is mixed-methods research, the data analysis method used is both qualitative and quantitative. This is because one of the research methods makes it difficult to achieve the research objective and answer the research question.

The data from this study was analyzed using the explanatory sequential method. This method shows the sequence of the data analysis. This method of analysis allows us to have an orderly data analysis. According to the explanatory sequential analysis method, after first collecting and analyzing quantitative data, we move on to the second qualitative data analysis. According to the Explanatory Sequential Method, first, we analyze numerical data statistically, and then we analyze qualitative data. When it comes to the analysis method for quantitative data, use the center of tendency, such as the mean and standard deviation of the data analysis. The TURF analysis method stands for unduplicated reach and frequency analysis for background data analysis of respondents. This method is particularly effective in surveys, and it can provide good results in these surveys. This method is particularly suitable for the type of research carried out in organizations and for studies based on the frequency of responses to understand the background information of respondents and use mean and standard deviation for variable analyses. Accordingly, this study uses the TURF analysis method and the center of tendency to analyze quantitative data.

There are helpful software and methods that we use to conduct quantitative data analysis. It goes through various analytical procedures to present quantitative data in a meaningful way. Accordingly, this study uses different analytical methods to understand different variables. Thus, the data was prepared by using SPSS (Statistical Package for the Social Sciences) systems to analyze nominal, ordinal, frequency, and ratio. We use SPSS software and an Excel system to adjust the data and perform separate analyses. This study mainly works with descriptive statistics analysis, so research is made by using this SPSS software for analyzing descriptive statistics.

Based on this, the mean (the average result of the collected data), median analysis of the middle point (the center) of the collected data, mode (the most common value in raw data), frequency (the number of times a particular frequency appears in the collected data), minimum and maximum (the highest and lowest points in the collected data), percentages (the coverage or content of an item in the collected data), and so on are analyzed by using SPSS (Statistical Package for the Social Sciences) software, Excel (spreadsheets), and Table. The reason we use this method is to analyze the data properly and scientifically to produce meaningful results.

The method we use to analyze qualitative data is thematic analysis. This method is an analytical method that we use to analyze qualitative data, and it is an interactive method that helps us analyze the data that we have collected through interviews and focus groups. Thematic analysis is used to understand the content and find meaning that does not release the content from the respondent's responses. Based on this, this thematic analysis helps us to analyze the data obtained by interviewing the managers at the insurance company scientifically. This thematic analysis method is the preferred method for scientifically analyzing the experiences, views, knowledge, explanations, analysis, and similar ideas obtained from life insurance managers through interviews. Accordingly, this study uses thematic analysis to analyze qualitative data.

Generally, this study was conducted scientifically and reported using SPSS (Statistical Package for the Social Sciences) software for quantitative data analysis. SPSS (Statistical Package for the Social Sciences) software helps us analyze dependent and independent

variables. Qualitative data analysis also uses the thematic analysis method. This study was presented by scientifically analyzing various qualitative data without releasing their content using the thematic analysis method.

3.9. VALIDITY AND RELIABILITY

3.9.1. VALIDITY TEST

According to Creswell (2003), validity refers to the process that is carried out from the data analysis process to the results obtained. According to Maxwell (1992), there are many types of validity. External validity, construct validity, statistical conclusion validity, and internal validity are the main ones. However, valid evidence means the data collected by a researcher to answer the objective or research question of the study has been collected from the correct source using the correct data collection method. (Saunders et al., 2003). This means that it is necessary to do a validity test so that our data sources are related to the issue the researcher is studying and the results we get are related to the problem statement. In addition, validity testing helps us determine whether our data sources are accurate and how accurate our data collection methods and tools are. This means that when we collect data, we ask that the method of data collection achieve the intended purpose and that it is correctly defined. It is necessary to conduct a validity test to ensure that the prepared data collection method can provide sufficient coverage of the issue.

Cooper and Schindler (2006) assert that pre-testing is a suitable strategy for boosting the likelihood of face validity. According to Cooper and Schindler, there are two main types of validity: content validity and face validity. Cooper and Schindler, 2006). If the face validity questionnaire uses confusing words and creates a wrong interpretation (understanding) by the participants or is difficult to understand and the response obtained is not satisfactory (dispersed) and does not affect the results of the study, it is necessary to do a reliability test first. Content validity, like logic, is logical validity. This means that the questions prepared for the participants were used to determine whether or not the research questions (objectives) set in the study were accurately and adequately addressed.

Reliability and validity testing is a process that helps ensure that the data provided by the user is valid. Validity and reliability analysis are prerequisites to ensuring the validity and

reliability of the evidence included in the study. (Kimberlin & Winterstein, 2008). The main reason for the reliability and validity tests in this research is to ensure that the data collected is valid. A test was conducted to verify the validity of the data collected in this study. After the reliability and validity test, the questionnaire is used to correct ambiguous words and make them more clear, to include the issues that the questionnaire did not cover in the study, to correct the words that need to be corrected and make them more descriptive, and to reduce the questions that cannot be used for the study and to reduce the questions that should not be asked. Also, this reliability and validity test is to ensure that our data collection method is correct. Generally, this reliability and validity test is used in the process of collecting data and improving the accuracy of the research by checking the accuracy of the data collection methods.

3.9.2. RELIABILITY TEST

Reliability Consistency is one of the most important factors for a study to be reliable and effective. It refers to checking the consistency to ensure the reliability of the study. It is important to assess the consistency of the participants' answers. If people in the same place are asked the same question about the same subject and their answers are compared, it is assumed that they always match. This is supposed to ensure the consistency of the study. According to Saunders, the questionnaire we use in the study must be reliable (consistent) to be valid. To say that a study is consistent means that if we do it again and again with the same method, it should give the same result. When this happens, we have reliability. (Saunders, 2009).

There are different methods of doing reliability tests. According to Saunders data, one of the most frequently used parameters to measure reliability is Cronbach's alpha. (Saunders et al., 2009). Cronbach's alpha is measured as a number between 0 and 1. According to Mohajan and Haradhan, Cronbach alpha is one way of measuring validity and reliability. Also the generally accepted rule of Cronbach's alpha: the Cronbach's alpha score is acceptable and small if $\alpha = 0.6-0.7$. 0.7 to 0.8 is questionable but sufficient; an alpha (α) score above 0.8 is very good and very acceptable. (Mohajan, Haradan, 2017). Adams 2007. Say that a pre-test is necessary to determine the reliability of a study, so if researchers use 15.17 percent of the questionnaire for the pre-test, it gives sufficient and reliable results. (Adams et al., 2007).

Based on this, it is important to check the reliability of the data to determine the reliability of the research, so the researcher used the Cronbach alpha method to evaluate the reliability of the research instrument. Before distributing the questionnaire to all participants, 15.17% of the questionnaires from the total sample were used for pilot testing to ensure that the questions were clear and reliable. Accordingly, out of the total 210 samples that were to participate in the study, 210 participants were distributed using random sampling for the questionnaire. The remaining six samples were addressed by interview. This study used six (50 percent) insurance companies participating in the study for pre-testing. 15.71% of our total sample (33 participants) came from 50 percent (out of six) of the selected companies in the study. This pre-test sample is sufficient for this study. Accordingly, six insurance companies participated in the reliability and efficiency analysis.

15.71% of the samples were divided among six insurance companies for this reliability test. This pre-test questionnaire was distributed to six insurance companies, with data collected from 33 incidents. Looking at the number of people who participated in this reliability test and the list of the companies, Awash Insurance Company S.C.4, Ethio-Life and General Insurance S.C.4, NIB Insurance Company 3, Nile Insurance Company S.C.3, The United Insurance Company S.C.3, and Ethiopian Insurance Corporation 16, a total of 33 people participated in the reliability test, or Cronbach alpha analysis.

The study used the Cronbach alpha method to evaluate its reliability. Cronbach's alpha is measured as a number between 0 and 1. Before distributing the questionnaire to all participants, questionnaires were used for reliability tests by 15.71% of the total sample. Based on this, among the 210 samples that were going to participate in the study, 33 participants were selected to do the reliability test, and the reliability and consistency analysis was done by distributing and collecting the questionnaires. Cronbach's alpha analysis was done using 33 people, or 15.71% of the total sample, and according to this analysis, Cronbach's alpha score is more than 70%. The results of Cronbach's alpha analysis of the reliability test of this study are shown in the following table.

Table 3.3: Results of Cronbach's alpha analysis

Questions	Cronbach's Alpha results					
	values for each variable	each research objective	for group	for all questions		
Part "I" Challenge						
Internal (institutional) challenge						
a. Financial resource-related Questions	0.844	0.787	0.913	0.916		
b. Strategy and planning related Questions	0.734					
c. Administrative related Questions	0.904					
d. Human resource related Questions	0.968					
e. Products and services related Questions	0.962					
External challenge						
a. Sociodemographic Related Questions	0.833	0.889				
b. Political-related challenge Questions	0.720					
c. Economic-related challenge Questions	0.800					
d. Legal Environment-related Questions	0.742					
e. Technological-related challenge Questions	0.946					
f. Industrial-related challenge Questions	0.926					
Part II: Opportunity						
External opportunity's						
a. Life insurance market and demand-related	0.944	0.939				
b. Administration and policy-related Questions	0.955					
c. Banks development related Questions	0.972					
d. ICT development-related Questions	0.936					
Internal opportunity						
a. Internal Opportunity-related Questions	0.915	0.915	0.952			
Part III: Future Prospects of Life Insurance						
a. Future Prospects-related Questions	0.950	0.950	0.950			

Source Researcher Survey and Analysis (SPSS) analysis results 2023.

As can be seen in this table, the Cronbach's alpha score is measured between 0 and 1. Based on this, the researcher conducted Cronbach's alpha analysis using SPSS.

First, the Cronbach's alpha analysis was performed by pooling the questions under each variable to produce a Cronbach's alpha score for each variable. There are 17 variables in this analysis. These 17 variables comprise questions 2 to 11 in their work. The results obtained from the analysis by combining the questions under each variable to make the Cronbach's alpha score of these variables are shown in the table. Accordingly, the Cronbach's alpha score of each variable ranges from 0.720 to 0.972. This shows that Cronbach's alpha score is good, and especially the scores of most of the variables are in the 80's and 90's, which is acceptable.

Cronbach's alpha score below 0.7 is unacceptable; 0.7 to 0.8 is adequate; and more than 0.8 is very high and good. (Mohajan, Haradhan, 2017). Accordingly, the Cronbach's alpha score of this study is high and good. Secondly, Cronbach's alpha analysis was performed for each research objective. Each research objective contains one to six different variables, and the variables contain several questions in their work. Accordingly, since there are five objectives, five Cronbach's alpha analyses were performed. Cronbach's alpha analysis was done by combining all the questions in their work. Accordingly, Cronbach's alpha scores ranged from 0.787 to 0.950. This result is good, highly acceptable, and high.

Thirdly, Cronbach's alpha is calculated for three groups. Thus, when there are three groups (challenge group, opportunity group, and prospect group), Cronbach's alpha is calculated by three groups. Thus, when there are three groups (challenge group, opportunity group, and prospect group), Cronbach's alpha analysis is done by summarizing all the variables and questions in their work. The first of the three group's deals with the life insurance challenge, and Cronbach's alpha was obtained. The result is 0.913, and the second group is the opportunity group. The Cronbach's alpha score obtained in this group is 0.952. The third group's alpha result is the prospects. The Cronbach's alpha score obtained in this group is 0.950. Accordingly, the Cronbach's alpha score of the group is 0.950. It is between 913 and 0.950 and is a good and high Cronbach's alpha score.

In the fourth step, a general Cronbach's alpha analysis was performed that summarized all the variables. This is the result of Cronbach's alpha, which is made by combining all the questions developed in the study and all the variables. The result of this Cronbach's alpha is important to determine the reliability and consistency of the study. Accordingly, the overall Cronbach's alpha score for this study is 0.916. Cronbach's alpha score for reliability analysis in this study is a high and acceptable result. In general, the reliability analysis of this study was conducted using Cronbach's alpha, so the Cronbach's alpha result is acceptable; below 0.7 is unacceptable; 0.7 to 0.8 is sufficient; and more than 0.8 is considered very high and good. (Mohajan, Haradhan, 2017). Accordingly, the Cronbach's alpha score on all variables is higher than the minimum score and highly acceptable. Based on this, the research was done by distributing the prepared questions to the participants.

3.10. ETHICAL CONSIDERATION

This research must follow scientific law and ethical principles accepted by modern society. Among these are: voluntary participation, the right not to harm participants, the right to anonymity of informants, the right to confidentiality of information, the right not to participate in things that harm others and oneself, being protected from harming the image of the organization, getting permission from the management to collect information, etc. (Bhatta Charjee, 2012). Based on this law, the researcher has followed this principle for doing this research. Therefore, participants' participation in the study is voluntary. The participants have the right to know about the purpose of the study and that the researcher is responsible for it. If they want to avoid exposing themselves, they can do so confidentially without revealing their identity. The participants must be free from any influence when giving the information. This study protects and respects the right to know the results if you wish. Accordingly, this study would like to ensure that the information provided by the participants is confidential and not disclosed to any other party. This study has followed the above ethics of scientific research, and the study should be for educational purposes only. The study should be conducted using real-time responses and various documents. Participants are free to express their opinions, as there is no accountability for their responses. By no means do they transfer their results to other third parties, and it is not covered by any media or public meeting. It protects the confidentiality of participant and organization information. It does not rule out using this study as evidence with no charges. This research should be used for educational purposes only.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4. INTRODUCTION

This chapter contains the data analysis of the study. In this chapter, primary data is collected from 12 insurance companies that provide life insurance services using the staff of the life insurance department. This primary data was analyzed by IBM SPSS Statistics software, Version 26, to make the data meaningful. As described in the methodology, in this study, 210 participants for the questionnaire and 6 participants for the interview a total of 216 respondents were used to collect primary data. Based on this, 210 pamphlets were prepared and distributed. In addition, four of the managers and executives of the insurance company selected for the interview the main branch manager and the head of the life insurance department participated in the interview. The respondents were filled out as free from any influence as possible, and all participants were given a separate questionnaire. The people selected for the interview were interviewed in the office of the manager of the life insurance department in a closed office to give their opinions freely. They did not consent to being audio recorded, so they were included in the study by taking notes. This chapter is where the research findings are obtained by scientifically analyzing these data, the research objective is explored, and the research question is answered.

4.1. DISTRIBUTION AND RESPONSE RATE OF QUESTIONNAIRES

The total number of participants involved in this study was 210 in the questionnaire and 6 in the interview. All 12 life insurance provider companies are included in this study. Accordingly, questionnaires were given to each of them using quota sampling, and we used a total of six life insurance managers for the interview. Accordingly, six individuals were interviewed, and 210 questionnaires were distributed to the respondents and collected.

Table 4.1. Ddistribution rate of Questionnaires

Insurance company name	Participant distribution for respondents				Total
	To Questionnaires		To interview		
	distributed	collected	plan	participated	
Africa Insurance Company S.C.	5	5	-	-	6
Awash Insurance Company S.C.	6	6	1	1	7
Ethio-Life and General Insurance S.C.	11	11	1	1	12
Lion Insurance Company S.C.	4	4	1	1	5
NIB Insurance Company	5	5	-	-	5
Nile Insurance Company S.C.	5	5	-	-	5
Nyala Insurance Company S.C.	4	4	1	1	5
The United Insurance S.C.	5	5	-	-	5
Ethiopian Insurance Corporation	154	154	1	1	155
Abay Insurance Company	3	3	-	-	3
Oromia Insurance Company, S.C.	4	4	-	-	4
Zemen Insurance S.C.	4	4	1	1	5
Total	210	210	6	6	216

Source: distributed and collected by the researcher (researcher survey) 2023.

This table shows the number of respondents distributed for each insurance company among the 216 participants in the study. Out of the planned 216 respondents, 210 respondents participated in the questionnaire with the same content that was prepared and distributed to each of them. From 210 questionnaires distributed, 210, or 100%, were collected (all participants who were given a questionnaire responded 100%). For interviews, data was collected from 100% of the planned participants. Both interviews and questionnaires were used for data analysis. None of the returned questionnaires were unreturned or corrupted. All were included for data analysis.

4.2. THE ANALYSIS OF CUT-POINT SCALES OF THE 7-POINT LIKERT SCALE DATA

This research is done by preparing a seven-point scale questionnaire to examine the opportunities, challenges, and prospects of the life insurance business in Ethiopia. We used the mean and standard deviation to analyze the responses to the Likert-scaled question. Thus, the variables under each research question are analyzed using the mean and standard deviation. It also includes an analysis of the results for each research question. To analyze this, the researcher divided the agreement level of the participants into seven scales by using

the formula $(\text{maximum}-\text{minimum}/n) = (7-1/7 = 0.85)$. By using this formula, calculate the cut points for each scale. According to Khorsheed. (2018), adding this calculated value for each minimum point is equal to the maximum point. Based on this 0.85 for each minimum point, $1+0.85=1.85$, which are: from 1 to 1.85 represents (SDA-strongly disagree), from 1.86 to 2.7 represents (DA-disagree), from 2.71 until 3.56 represents (SYA-slightly disagree), from 3.57 until 4.42 represents (N-I'm neutral), from 4.43 until 5.28 represents (SYA-slightly agree), from 5.29 until 6.14 represents (A-agree), and from 6.15 until 7.00 represents (SA-strongly agree). (Khorsheed, 2018).

Based on Khorsheed (2018), the calculated mean results of the data obtained from the analysis are compared to this standard. According to Bahar Şahin Sarkın (2018), To make the low, mid, and high score points on a seven-point Likert scale, use this formula: the maximum minus the minimum divided by the scale $(7-1/3 = 2)$. To get the largest, add the result for each minimum scale. (D. Bahar Şahin Sarkın 2018). According to the same formula, $7-1/3 = 2$ to determine the minimum, middle, and maximum score. Accordingly, 1-3 is low, 3-5 is medium, and 5-7 is high. (H. Deniz Gülleroğlu 2018). Based on this, this study developed a set of points for each analysis and also developed a low, medium, and high scale.

Mean score cut points:

1. From 1 to 1.85 represents (SDA-strongly disagree).
2. From 1.86 until 2.7 represents (DA-disagree).
3. From 2.71 until 3.56 represents (SYA-slightly disagree).
4. From 3.57 until 4.42, it represents (N, I'm neutral).
5. From 4.43 until 5.28 represents (SYA: slightly agree).
6. From 5.29 until 6.14, represent (A, agree).
7. From 6.15 until 7.00 represents (SA-strongly agree).

Low, medium, and high point scales

1. 1-3 Low,
2. 3-5 Medium
3. 5-7 High

Based on this, using these cut points, this research analysis was done.

4.3. NORMALITY ANALYSIS

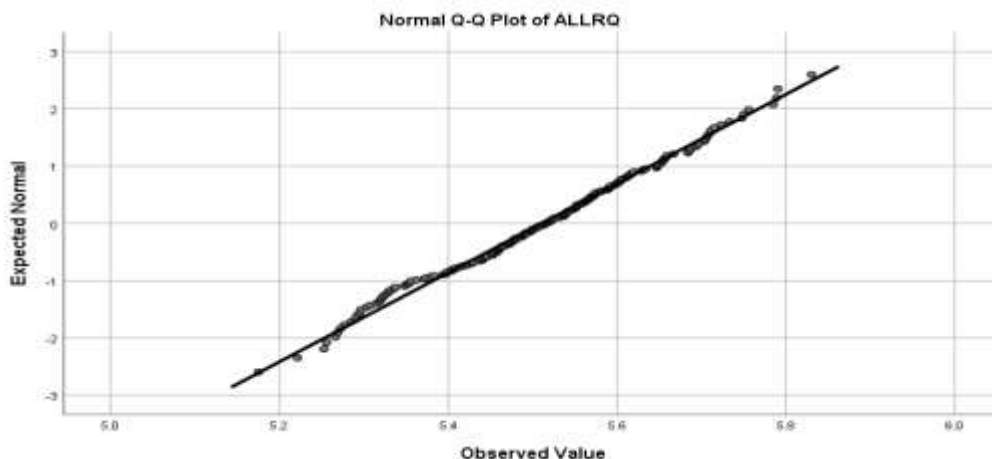
Data analysis for this study was done using the mean and standard deviation. A data normality test is required to use mean and standard deviation analysis. The mean and standard deviation are calculated using the Center of Tendency. So means and standard deviations are dependent on the normality of the data.

The most common graphical tool for evaluating the normality of data is the Q-Q plot. Data sampled from a normal distribution must fall on the dotted line for the data to be normal. The first step to determining if a variable's distribution is normal is to perform a normality test. The normality test is done using SPSS, a statistical program, and application that can measure data normality. Data normality is an expected point during mean and standard deviation analysis. A normality test is used to determine whether sample data is drawn from a normally distributed population (within some understanding). To verify that the data is normal, test it using SPAS. If the data are normally distributed, the data points are close to the diagonal line and the mean. But if the data is far from the mean and line, the data is not normal.

4.3.1. DATA NORMALITY TEST

Based on this, when we analyzed the response distribution data of 210 people that we collected from the participants for this study, the results that we found are as follows:

Figure 4.1: Data normality test.



Source: researcher survey data in 2023.

This research uses the Q-Q plot results to assess data normality using a graphic standard. If the data are normally distributed, the points are closer to the diagonal line. However, if the data points are clearly out of line, the data is not normally distributed. As shown from the normal Q-Q plot above, the closeness of the data to the mean is high and close. This indicates the data is normally distributed. As shown from the Q-Q plot, our data is normal.

4.4. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

General background of respondents Based on the structured questionnaire used to gather background information about the participants, including gender, age group, work experience, educational status, and having life insurance, this general background information on respondents is shown in the table. This data collection is used to identify the composition of participants. In particular, it helps to know their work experience and their tenure in the field. It also helps identify the people who participated in the study.

4.4.1. DISTRIBUTION OF PARTICIPANTS BY GENDER

Table 4.2. Participants' Background Information by Gender

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	82	39.0	39.0	39.0
	Female	128	61.0	61.0	100.0
Total		210	100.0	100.0	

Source: questioner's answers by respondent (researcher survey) 2023.

As shown in the above table data, 61.0% are females and 39.0% are males. This shows that most of the life insurance employees in Ethiopia's life insurance sector are women. In the Ethiopian life insurance sector, the participation of men is low (39%), while the participation of women is high (61%). showed from this data that women are more actively involved in the life insurance service than men. The fact that a large number of women are involved in life insurance shows that women have contributed more than men to the development of the sector. The results of this study are in contrast with the study of Tsegereda Zeru. The participation of women in the insurance sector in Ethiopia is low. (Tsegereda Zeru, 2016). However, based on the data analysis, the participation of women in life insurance services

exceeds that of men, allowing us to conclude that Ethiopian women have greatly contributed to the development of the sector. As women have a lot of responsibility in the family, they have a great contribution to the development of the sector by educating their families.

4.4.2. CLASSIFICATION OF RESPONDENTS BY AGE GROUP

Table 4.3. Classification of participants by age group

	Age	Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-25 years	51	24.3	24.3	24.3
	26-30 years	97	46.2	46.2	70.5
	31-35 years	49	23.3	23.3	93.8
	36-40 years	10	4.8	4.8	98.6
	41-45 years	3	1.4	1.4	100.0
	Total	210	100.0	100.0	

Source: questioner's answers by respondent (researcher survey) 2023.

The table above shows the age group of the study participants. According to the results of the analysis, the 21–25 age group is 24.3%, the 26–30 age group is 46.2%, the 31–35 age group is 23.3%, the 36–40 age group is 4.8%, and the 41–45 age group is 1.4%. This data shows that most of the life insurance workers in the Ethiopian life insurance sector are in the 21–35 age group and young.

This result shows that the life insurance sector is run by young people. This shows that young people have made a great contribution to the development of the sector. According to the Mesfen Haile study, "Life insurance in Ethiopia is a business that is growing, so it should be taken care of, and young people have an important role in this." Mesfen Haile (2019). The result of this study shows that young people's desire to work in life insurance is better. And it also shows that experienced employees have a high turnover rate. Accordingly, young people have a desire to work in the field, and the number of young life insurance workers and beneficiaries will be high in the future.

4.4.3. CLASSIFICATION BY EDUCATIONAL BACKGROUND

Table 4.4: Distribution of Participants by Level of Education

		Education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	2	1.0	1.0	1.0
	Degree	174	82.9	82.9	83.8
	Master and Above	34	16.2	16.2	100.0
	Total	210	100.0	100.0	

Source: questioner's answers by respondent (researcher survey) 2023.

The table above shows the educational level of life insurance employees working in Ethiopia's life insurance sector. The data shows that 82.9 percent of the employees have bachelor's degrees, 16.1 percent have master's degrees, and the remaining 1.0 percent have diplomas. As shown from the data above, most of the life insurance employees are first-degree holders. This shows that life insurance workers are not specialized in the life insurance profession in addition to their university degrees. 16.2 percent of them have master's degrees and are in managerial and similar positions. However, although most employees have a bachelor's degree, it is considered a good level of education in terms of the educational development of the country. This means that most of the employees who work in the life insurance sector are educated, so they have a proper understanding of the nature of life insurance and contribute to the development of life insurance services. This not only contributes to the improvement of the efficiency of life insurance services but also greatly contributes to the development of the sector.

4.4.4. PARTICIPANTS BY WORK EXPERIENCE

Table 4.5: Distribution of participants' work experience

		Work experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-3 years	111	52.9	52.9	52.9
	4-6 years	76	36.2	36.2	89.0
	6-10 years	19	9.0	9.0	98.1
	11-15 years	3	1.4	1.4	99.5
	16-20 years	1	.5	.5	100.0
	Total	210	100.0	100.0	

Source: questioner's answers by respondent (researcher survey) 2023.

According to the data of this study, 52.9% of the employees working in Ethiopian life insurance service provider companies have less than three years of work experience. 36.2 percent have 4-6 years of experience, 9.0 percent have 6–10 years, 1.4 percent have 11–15 years, and 5 percent have 16–20 years of work experience. According to this data, 52.9 percent of the employees working in the life insurance sector in Ethiopia do not have long experience, while 36.2 percent have moderate experience. This shows that the number of employees who have worked for a long time in life insurance is lower. Accordingly, most of the life insurance employees do not have much experience, so it affects the development of the sector. According to Yared, the lack of experienced life insurance workers is one of the challenges facing the industry." Yared Worku (2018). This indicates that life insurance service employee turnover is very high. However, since the employees of the companies are young, they can have a lot of experience in the future, so they have a great contribution to the development of sectors in the future.

4.4.5. REGARDING THE OWNERSHIP OF LIFE INSURANCE

Table 4.6: Participants have life insurance.

		life insurance			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yeas	207	98.6	98.6	98.6
	No	3	1.4	1.4	100.0
	Total	210	100.0	100.0	

Source: questioner’s answers by respondent (researcher survey) 2023.

As shown in the table, 207 (or 98.6%) of the total 210 respondents have life insurance. But three, or 1.4%, do not have life insurance. These three, or 1.4%, employees are confirmed new hires with less than three months of service or new hires. This shows that the permanent employees of the company have life insurance coverage. As shown in this data, almost all the employees of life insurance companies are users of life insurance services. This service itself contributes to the growth of life insurance services and makes the employees work harder. In addition to contributing to the development of the sector, the fact that the company's employees are the owners of life insurance expands the public's awareness. This has a significant impact on employee motivation and the promotion of life insurance products. It also shows that the life insurance industry is growing.

4.5. FINDINGS AND DISCUSSIONS

This is the data analysis section. It is organized into two main sections (closed-ended and open-ended). The closed-ended question has three main sections and holds the largest part of the question. It has 93 questions, and it is a 7-point Likert scale, such as SDA: Strongly Disagree, DA: Disagree, SYDA: Slightly Disagree, N: Neutral, SYA: Slightly Agree, A: Agree, and SA: Strongly Agree. According to Shimels Beyene (2012), understanding the level of agreement and disagreement is important to identify the level of hate and the level of love. (Shimels Beyene, 2012).

4.6. FINDINGS AND DISCUSSIONS OF INTERNAL CHALLENGE

4.7. FINDINGS

This section investigates the internal challenges to the development of life insurance services in the Ethiopian insurance sector. Accordingly, to examine internal challenges, we examine the variables related to internal challenges, such as financial resource challenges, strategy and planning, administrative challenges, human resources challenges, and product and service-related challenges. The results of the investigation are as follows:

4.7.1. FINANCIAL RESOURCE-RELATED CHALLENGE:

Table 4.7: Financial Resource Challenge Analysis Results

Report					
FRRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
4.7841	.78663	.05428	3.33	6.33	210

Source: SPSS data analysis (researcher survey) 2023.

Regarding the financial resource challenge, the results of the analysis of the data obtained from the participants showed that the statistical mean score was 4.78. When it compares the mean value of 4.7841 with the mean score of Standard Min, it gives us a slightly agreeable result. This means that financial resources are a moderate challenge in the development of life insurance. However, although financial problems are a challenge for life insurance services, they are not a major challenge (the impact is small). Financial challenges such as

the company's budget and the amount of money required to provide and expand a new life insurance business. These and other financial issues pose a small challenge to the growth of life insurance services. This means that other challenges have a greater impact than the financial challenge on life insurance companies, and the financial challenge has less impact on the companies.

Looking at the data obtained from the interview, finance is the most powerful in insurance companies and life insurance services. Finance is essential to complete visible and invisible materials and systems, from paying staff salaries to providing office supplies, opening a new office, and so on. Although the insurance sector is a financial institution, it faces financial difficulties as its annual expenditures are limited. Employees ask for more benefits, want to introduce new technologies, or change to new office equipment, but cannot do so because the cost of this exceeds the annual budget. Employees search for better payment and shift to the bank. As a result, companies face high employee turnover. Due to the lack of these things, the quality of the life insurance service is poor, and growth is also slow and not competitive at the international level. Because of this, companies are not able to accept large projects. However, the impact of the financial challenge on the development of the life insurance service is not insignificant. The results of the questionnaire analysis also show that the financial problem has a moderate effect on the development of life insurance services. Based on this questionnaire, the interview data analysis shows that financial challenges have a moderate impact on life insurance development. The results of this study are similar to those of the Kedir (2016) study. He says, "Life insurance services in Ethiopia are very few and not assessable due to the lack of financial resources. (Kedir Ahmed 2016).

4.7.2. STRATEGY AND PLANNING RELATED CHALLENGES

Table 4.8: Strategy and Planning-Related Challenge Analysis Results

Report					
SPRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
4.2170	.42622	.02941	3.14	5.14	210

Source: SPSS data analysis (researcher survey) 2023.

The mean result obtained from this data analysis is 4.21. And our standard deviation is 0.425. This shows that our data is very close and not dispersed. This means that most life insurance employees have the same understanding of strategy and planning. It means that the organization has been able to create a common understanding of the plan and strategy. Looking at the minimum and maximum, the smallest is 3.14, and the largest is 5.14. These distances from the mean are no more than one. This means that most workers have an average understanding of strategy and plan. This helps the organization continue its journey. The fact that most employees have the same understanding of strategy and planning helps them to work together to achieve the company's goals by having a closer knowledge of the company's understanding of strategy and planning rather than traveling from extremes to extremes. When it compares this calculated mean result with the standard mean, it shows us a neutral result. Also, it compared the result of this calculated data (mean) of 4.2170 with the standard mean score, which represents the range of 3:57 to 4:42, which is (N, I am neutral). The result tells us that the participants are neutral. This is because some participants said it has no relationship, and some participants said it has a small challenge.

Also, the result of the interview shows that the Ethiopian insurance companies have a clear and well-known strategy and plan. As strategic plans are an organization's primary document, companies provide training to internal staff, which keeps employees moving forward together. The strategy of the life insurance companies is to be strategic, focusing on using and updating advanced technology. Following this, one of the goals is to make the life insurance service competitive and accessible. Strategic plans are formulated by top-level management and experts. Following this, there are no problems that can arise around strategy. Managers are directed and act according to the strategic plan. This shows that the strategic plan is not a challenge for the growth of life insurance. If there was a problem with strategy and planning, the companies could have gone bankrupt and closed down. Therefore, strategy and planning are the basis for the development of life insurance and cannot be a challenge. These findings are similar to Ruth's 2019 study. She says, "The Ethiopian life insurance sector does not have a good administration system. If the insurance companies create a strong administration system, the company's growth will be rapid." (Ruth Mengiste, 2019).

4.7.3. ADMINISTRATION-RELATED CHALLENGES

Table 4.9: Administration-related challenge analysis result

Report					
ARQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.4298	.22575	.01558	5.00	5.75	210

Source: SPSS data analysis (researcher survey) 2023.

Regarding administrative matters, the analysis of the data obtained from the participants shows in the table that the calculated mean score is 5.4298. The standard deviation, or participants' distance from the mean, shows 0.22575. This indicates that the distance from the mean of our data is not significant. Also, the minimum score is 5.00, and our maximum score is 5.75.

In the data analysis, the calculated mean regarding the administration challenge is 5.4298, and compared with the standard mean score, it gives us the result that administration is a challenge for the development of life insurance (I agree). Looking at the responses of the same participants to the open-ended question regarding this, they assured that the participants stated that there is a problem with fair human resource management, sometimes using promotions and other benefits based on friendship and other relationships. Also, there is a problem of not providing adequate benefits and payments to the employees, and as a result, there is some employee turnover. An employee with good knowledge and skills goes to the bank and gets hired due to an administration problem. This also affects the development of the sector, as it prevents it from producing the best professionals.

The life insurance sector faces a few administrative problems. Training and development do not strictly follow the guidelines and policies. Making new hires instead of internally promoting. This raises complaints among employees. Even though employee benefits are protected according to national laws, administrative issues are a significant challenge to employee turnover. With a high level of turnover, Employees often leave life insurance companies and seek employment at banks. Management acknowledges that administrative issues contribute to employee turnover, and complaints and concerns about development and

training, promotion, and incentives indicate that employees leave their jobs due to administrative issues. This suggests that administrative issues are a challenge to the development of life insurance. This result is consistent with Yordanos' (2018) result. In her research, she said that "the administrative issue is one of the obstacles to the development of the insurance sector in Ethiopia." Ruth (2019) also said that "the administrative and legal aspects are some challenges to the accelerated growth of insurance." Our data is consistent with the previous research and shows that administrative issues are one of the challenges to the development of the life insurance sector.

4.7.4. HUMAN RESOURCE-RELATED CHALLENGES

Table 4.10: Human resource-related challenge analysis result

Report					
HRRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.3571	.27228	.01879	5.00	5.80	210

Source: SPSS data analysis (researcher Survey) 2023.

As seen in this table, the mean result of the data analysis is 5.3571, and the standard deviation of the distance from the mean of the data is 0.27228. The minimum score for each question is 5.00, and the maximum score is 5.80. This shows that the data is very close to the mean, and there is no different understanding among the respondents. According to the analysis of the question of whether human resources are a challenge in the development of life insurance, the calculated mean result obtained was 5.3571. When we look at the average result of this research analysis, we get a rating of 5.29 to 6.14 (A-Agree). This means that one of the challenges in the development of Ethiopia's life insurance sector is human resources. The open-ended question analysis also shows, "The insurance companies are not providing adequate professional training for their employees; as a result, employees do not have sufficient and competitive knowledge and skills." The companies do not assign their employees comfort, thus forcing them to perform their jobs with uncomfortable feelings. Based on this employee not performing effectively, also causes employee turnover. It is difficult to find a professional employee unless he is a junior employee. It is difficult to ensure the growth of life insurance services among employees with good experience and job

dissatisfaction. This shows that the organization has had challenges regarding the problem of human resources.

When looking at the results of the interview regarding human resource management challenges, the responses of the interviewee said human resources would be a challenge for the development of life insurance. According to Interviewee, companies provide on-the-job training to their employees at different times. But because of resource limitations, the training provided is not enough. The training given to employees is very short and inconsistent and does not focus on the content that should be included. Because of this, it affected the building of qualified and competitive professional employees in the organization and also caused employee turnover. Whenever experienced employees leave, the company's employees are replaced by new ones. In addition to the cost of training new employees, they are new to the profession and need at least a year to be considered professionals. They are often considered apprentices in this one year, so their contribution to the company's growth is low. Due to the education policy of the country, it is not possible to get skilled manpower in the life insurance sector. It is not possible to get a graduate-specific degree in the field of life insurance without studying business at the university level. This has an impact on the development of the sector.

In general, the calculated mean result from the analysis of this data is 5.3571 when compared with the mean score, from 5.29 to 6.14, which represents (A) agree. This result tells us that human resource development is one of the challenges facing life insurance companies in Ethiopia. The result of the interview confirmed that a lack of trained and qualified employees and employee turnover are challenges of life in the insurance sector. Based on this, we conclude that human resource development is a challenge for the development of Ethiopian life insurance companies. This research result is the same as Ruth Mengiste's study. According to Ruth Mengiste, finding skilled manpower is a challenge for the insurance sector. (Ruth Mengiste, 2019). Based on this analysis, we come to the same conclusion by confirming that the development of human resources is a possible challenge for life insurance.

4.7.5. PRODUCTS AND SERVICES-RELATED CHALLENGES

Table 4.11: Analysis Results of Products and Services-Related Challenges

Report					
PSRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.1881	.38634	.02666	5.25	7.00	210

Source: SPSS data analysis (researcher Survey) 2023.

As the data analysis shows in the table, the calculated value of the mean is 6.1881, and the standard deviation (data distance from the mean) is 0.38634. Also, the standard error of the mean is 0.02666, and the minimum and maximum values are 5.25 and 7. The standard deviation shows that the analyzed data is close to the mean. The calculated value of the mean result of 6.1881 is compared with the standard mean score; it rests on the level of 6:15 until 7:00 (strongly agree). This shows that products and services are a major challenge for the development of the life insurance sector in Ethiopia.

According to the open-ended response, the prices paid for the products and services provided by the companies are expensive and unaffordable for the poor. The poor society pays for what it eats and drinks, not for life insurance. The services provided by the companies are mostly the same and do not consider the needs of society. In particular, they do not include the needs of the poor community. Even the public does not have enough awareness about life insurance, and the companies have not given enough awareness to the people. The products and services offered by the insurance companies are not based on the culture, lifestyle, economic level of the area where they live, education level, or income level. Therefore, the interest of society in using life insurance services is very small. As a result, products and services are one of the challenges of life insurance service development.

The interview data result shows that there is no fundamental difference between open-ended and questionnaire analysis results. The main customers of life insurance companies are Non-Governmental Organizations (NGOs): and employees of international organizations. Employees of intergovernmental organizations are the highest life insurance customers. Local organizations have very little involvement in life insurance services. The main reasons

local organizations do not purchase life insurance for their employees are a lack of support, training, a legal framework, etc. If there was a legal framework that required companies to purchase life insurance for their employees, participation would be higher. However in non-governmental organizations (NGOs) and international organizations, life insurance is one of the requirements, and international law forces organizations to buy life insurance for their employees. Due to the small number of life insurance customers, there is not a single company in the country that provides only life insurance services, even though there are twelve insurance companies that provide combined services with property insurers. However, due to the lack of growth in life insurance, existing insurance companies provide the service at the window level through a few property insurance branches. In terms of accessibility, life insurance coverage in Ethiopia is 0.02 percent. (Jennifer Rudden, 2022). Which is not enough. And also the services provided by the companies do not consider the culture and income level of the society.

In general, the results of the data analysis result show that products and services are the biggest challenge for the development of the life insurance sector. The results obtained from the interview show that the products offered by life insurance companies do not consider people's living conditions, culture, awareness level, income level, and lifestyle.

4.7.6. SUMMARY DISCUSSION OF THE INTERNAL CHALLENGES

Summarizing the questionnaire, open-ended discussion, and interview analysis results of internal challenges: Out of the five variables included in the internal challenge analysis, one variable has no effect, while the other four variables are challenges for the development of life insurance.

Financial Resources In terms of budget, payments, and service expansions, it has been confirmed that the growth of insurance service providers in Ethiopia has a small (moderate) impact due to financial resource constraints to purchase new important technologies. The results of this study are similar to those of the Kedir (2016) study. He says "Life insurance services in Ethiopia are very few and not assessable due to the lack of financial resources. (Kedir Ahmed 2016). The results of this study were similar to the results of Kedir Ahmed's (2016) study.

Ethiopian insurance companies have a clear and known strategy and plan. Strategy and plans are formulated by top-level management and experts. Which is not a challenge for the growth of life insurance. This is similar to Ruth Mengiste's (2019) study; she says that a strong administration system can lead to rapid growth in the Ethiopian life insurance sector. Therefore, strategy and planning are the basis for the development of life insurance. (Ruth Mengiste's, 2019).

The results of this study show that administration is a challenge to the development of the Ethiopian life insurance sector. The results of this study are similar to Ruth Mengiste's study. Ruth Mengiste says Ethiopian insurance companies do not have a strong regulatory system. Insurance companies can create a strong administrative system, and their growth will also be faster. (Ruth Mengiste, 2019).

Based on this study, human resources are a challenge for the development of life insurance services in Ethiopia, mainly due to the lack of qualified human resources and the termination of employees. Regarding this, Hermela Dubale said that "the weakness of life insurance development in Ethiopia is the lack of sufficient skills among the employees engaged in the sector." (Hermela Dubale, 2020).

The analyzed results of this variable, product, and service delivery, are significant challenges regarding premium pricing, accessibility, and customer-centricity. It has significant challenges for the development of life insurance. This research finding is similar to that of the Faji Tesfaye study. Faji Tesfaye says, "Ethiopian insurance companies do not offer services that are suitable for the community. It makes it difficult to attract people by their service." (Faji Tesfaye, 2017).

In general, in this study, financial resources, administrative issues, human resources, products, and services are the internal challenges for the development of life insurance in Ethiopia. However, the Ethiopian life insurance sector has a good strategy and plans, so it cannot be considered a challenge for its development.

4.8. FINDINGS OF EXTERNAL CHALLENGE

This is the part where the external challenges to the development of life insurance in Ethiopia are analyzed. The variables that are analyzed under this are six, namely, sociodemographic challenges, economic challenges, legal environment challenges, political challenges, technological challenges, and industry challenges. Accordingly, this section analyzes the external challenges to the development of life insurance.

4.8.1. SOCIODEMOGRAPHIC CHALLENGE

Table 4.12: Analysis Results of Sociodemographic Challenge

Report					
SDRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.3323	.27860	.01923	5.67	6.67	210

Source: SPSS data analysis (researcher Survey) 2023.

In the sociodemographic data analysis, the mean score is 6.3323, the standard deviation is 0.2786, and the standard error of the mean is 0.01923, and the minimum and maximum are 5.67 and 6.67. The standard deviation shows that the data is not far from the mean or is clustered around the mean. This shows that the participants' understanding of sociodemography is close and their knowledge of it is similar. Also, with the calculated mean score of 6.3323 compared with the standard mean score, which ranges from 6:15 until 7:00 (strongly agree), these results show that sociodemographic factors have a significant impact on the growth of life insurance.

Regarding the sociodemographic challenge, the results of the open-ended question analysis are similar to the results of the questionnaire data analysis. Culture, living states, education, and development are the challenges of life insurance in Ethiopia. The results of the interview also show the same results of questionnaire data analysis and open-ended responses. According to interviewee responses, gender, culture, age, lifestyle, income, standard of living, and health are big challenges for the current development of the Ethiopian life insurance sector.

According to the interviewee's response, gender affects life insurance development. In Ethiopia, women are often denied economic income, limited to home duties, and subjected to gender pressure, leading to a lack of participation in life insurance services. This issue is particularly prevalent in rural areas, where 80% of the population resides, affecting the development of life insurance services. Culture also has a significant impact on the development of life insurance. You live today; tomorrow is another day. Don't worry about tomorrow, especially around Dredawa and Harar; share only what you have. In the northern part of the country, they believe that if you die, you will be buried. This cultural influence is not easy because it prevents people from buying life insurance policies.

In Ethiopia, 98% of the population is a believer in various religions, leading to respect for religious teachings. Some beliefs suggest that money doesn't return after death, so saving money isn't important. This has led to low demand for life insurance, impacting its growth. People believe in sharing what they have today with the poor and not buying life insurance for after-death services. Also, the interviewee says that lifestyle and awareness are the main and biggest challenges in life insurance. Because 80 percent of the population lives in rural areas, they are not aware of life insurance. Even if a few people live in cities, they trust their neighbors and IDIR more than life insurance companies. Because of this, they do not come to life insurance companies. Based on these interview explanations, sociodemographic factors such as gender, age, culture, religion, lifestyle, and awareness are challenging Ethiopian life insurance development.

4.8.2. POLITICAL CHALLENGE

Table 4.13: Analysis of Results of Political Challenge

Report					
PRCQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
4.3056	.42845	.02957	3.33	5.33	210

Source: SPSS data analysis (researcher Survey) 2023.

As we can see in the table, the calculated mean result of the data analysis is 4.3056, the standard deviation is 0.428, the standard error of the mean is 0.02957, the minimum is 3.33

and the maximum is 5.33. As we can see from this result, the answers of the participants to the political challenge are close to the mean or not far from the mean. When it compares the calculated mean result (4.3056) with the standard mean, it gives us a 3.57–4.42 neutral result. The results of the respondents show they do not know the relationship between politics and the development of life insurance. The open-ended question answers are the same as a questionnaire answer. The impact of politics on the development of life insurance is neutral.

The interview data shows that Ethiopia has gone through political changes at different times. In modern insurance history, the political changes in the Derg government, the EFRDF government, and the Prosperity government have led to some political decisions. Frequent political and policy changes can also pose challenges to insurance companies' strategic planning. Government involvement and intervention, over-regulation, and political instability can affect the competitiveness and efficiency of life insurance development. Corruption by government agencies or regulatory bodies that oversee the insurance sector can undermine the effectiveness of regulations and slow down the development of a transparent and honest insurance industry. However, the Interviewee's responses summarize that the current political activity in Ethiopia does not directly challenge life insurance.

The results of the data lead us to conclude that politics is not a challenge for the development of life insurance. Even though the data analysis shows neutrality, their responses to the open-ended question and the interviews show politics is currently not a challenge to the development of life insurance services.

4.8.3. ECONOMIC CHALLENGE

Table 4.14: Analysis of Results of Economic Challenge

Report					
ERCQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.4214	.16014	.01105	5.88	6.75	210

Source: SPSS data analysis (researcher survey) 2023.

As the table above shows, the calculated results obtained from the data analysis show that the mean is 6.4214, the standard deviation is 0.160, the standard error of the mean is 0.01105,

and the minimum and maximum are 5.88 and 6.75. This 6.4214 calculated mean result, compared with the standard mean score scale, shows that from 6:15 until 7:00, it represents (strongly agree). This means the economy has a significant impact on life insurance growth. The 0.160 standard deviation result also shows that the understanding of participants regarding the economic challenges is very close and similar.

The open-ended question analysis result also shows poverty, low income, and the living standards of the poor community, which is unable to buy life insurance. Open-ended analysis shows that the economy is a significant challenge for life insurance development. The general economy has a significant impact on the development of the service.

The interview results regarding economic challenges also show very similar results to the Poen open-ended and questionnaire analyses. The responses of interviewees are summarized as follows: Ethiopia's per capita income is very low, and the number of citizens living below the poverty line is also very high. Because his income is not enough for his daily food. It is difficult to think that life insurance is beneficial for a person living in this situation. Because life insurance is not more than daily food for that person. Because of the high cost of life insurance, people cannot afford it based on their income and standard of living. However, high-earners do not need life insurance because of the amount of money they have. If the rich fall ill, they can be treated in a good place. If the rich die, their children will grow up without financial problems. Based on this, rich people don't need life insurance. And it shows that high wealth and high poverty are challenges for the development of life insurance. The economy is a big challenge for the growth of the life insurance sector.

Interest rates, inflation, and foreign currency are also big challenges for life insurance. Life insurance companies keep the premiums they collect in the bank for a long time. Saving money for a long time is also difficult because of the low-interest rate. Because of the low-interest rate, the insurance company earns very little interest income. In this case, the investment in the life insurance business is low. As a result, the companies' profits are lower, so the value of life insurance company shares also decreases. This also slows down the growth of life insurance services. Inflation also has considerable effects. The country's economic inflation is very high. People do not prefer to buy life insurance and keep money in

an insurance company instead of investing in other things that make money quickly and save money for children or emergencies. As a result, people have less interest in buying life insurance. This is also a challenge for life insurance. The lack of foreign currency is also one of the challenges to the development of life insurance services. Because of the lack of foreign currency, a deficiency in buying new technology, and modernizing services, it is a significant challenge for the development of life insurance services.

In general, the economy is a big challenge for the life insurance service. The results we found in the data analysis and the open-ended survey and interviews are a significant challenge for life insurance. Such as income, poverty, inflation, interest rate, lack of foreign currency, and so on, are significant challenges in the development of life insurance services.

4.8.4. LEGAL ENVIRONMENT CHALLENGES

Table 4.15: Analysis Results of Legal Environment Challenges

Report					
LREQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
4.2495	.43860	.03027	3.20	4.80	210

Source: SPSS data analysis (researcher survey) 2023.

As shown in the table above, the calculated mean value is 4.2495, the standard deviation is 0.4386, the standard error of the mean is 0.03027, the minimum response of the participants was 4.2, and the maximum was 4.8. The 0.4386 standard deviation shows the relationship between our data is very close, and the respondents' perceptions of the issue are not different. The data is not far from the mean, which is less than one. The 4.2495 calculated mean result is compared with the standard mean scale seated from 3:57 until 4:42, representing (N, I'm neutral). This shows that the legal environment has a low impact or no significant challenge on the growth of life insurance development.

The summarized interview results are not different from the results of the data analysis. Various guidelines and laws in Ethiopia do not pay attention to the life insurance service. For example, when an individual buys a property, he or she needs insurance first. In some cases, collateral is also required to be insured. However, individual guarantors are not required to

take out life insurance. The health insurance law is not inviting people to come to life insurance. Insurance companies are not allowed to have their regulators, but all insurance companies are guided by the National Bank of Ethiopia. The guidelines issued by the National Bank have some challenges for the growth of the insurance companies and the expansion of the life insurance service. However, these are not a strong challenge to the growth of life insurance.

In general, the challenges of the legal environment for the development of life insurance services are not significant. In the data analysis, the participants have a neutral position regarding the challenges of the laws in the development of life insurance. It means the legal environment and life insurance service are not direct relationships. However, the result we got from the interview shows that Ethiopian laws have a small challenge in the development of life insurance. Based on the analysis of this data, the conclusion is that the legal environment is not a strong challenge for the development of life insurance.

4.8.5. TECHNOLOGICAL CHALLENGE

Table 4.16: Analysis of Results of Technological Challenge

Report					
TRCQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.3036	.34035	.02349	5.25	6.75	210

Source: SPSS data analysis (researcher survey) 2023.

The result of the data analysis in the table shows that the calculated mean is 6.3036, the standard deviation is 0.34035, and the standard errors of the mean are 0.02349. The minimum and maximum are 5.25 and 6.75. This result of the standard deviation shows that the collected data is close to the mean, and the employees understood and shared knowledge of the technological challenge and had the same understanding of the issue. When comparing this 6.3030 mean value with the standard mean score, which represents from 6:15 until 7:00 (strongly agree), this shows that technology is a significant challenge in the development of life insurance services for Ethiopian insurance companies.

The interview also gives a similar result to the data analysis: that life insurance companies use a mix of digital and manual processes. Contracts with customers are manual, and services are provided digitally. It takes time to manually search and organize the client's documents, which is deficient. The database systems used by the companies are almost as old as the oldest systems in the world; lack of ICT technology infrastructure as a country; network interruptions; and power problems: ICT technology is expensive and difficult to import; low level of technology usage skills in the community; and inability to use the services through digital applications. Also, the system is imported and does not focus on Ethiopian culture, lifestyle, or language. In general, Ethiopian insurance companies, especially the life insurance service, use technology very poorly. The lack of technology that allows people to buy life insurance from anywhere and the ability to effectively manage customers using technology is a big challenge for life insurance development. In general, we conclude that technology is a major challenge for the development of life insurance services in Ethiopia.

4.8.6. INDUSTRIAL CHALLENGE

Table 4.17: Analysis of Results of Industrial Challenge

Report					
IRCQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.8175	.33534	.02314	5.00	6.67	210

Source: SPSS data analysis (researcher survey) 2023.

The results of the data analysis show that the calculated results of the mean value are 5.8175, the standard deviation is 0.33534, the standard error of the mean is 0.02314, the minimum is 5.00, and the maximum is 6.67. The standard deviation result shows that the collected data is not far from the mean, and participants have a similar and close understanding of the industrial challenge. When comparing the calculated mean value with the standard mean score, the range of 5.29 to 6.14 represents (A-agree). It presents the insurance industry by itself as a challenge for the growth of life insurance services. This result leads to the conclusion that one challenge of life insurance service development is industrial calling.

The interview results are also similar to the data analysis results. There are weaknesses in bringing new services to the market for life insurance companies; insurance companies have similar and common services; weaknesses in providing a competitive service; non-cooperation and coordination of the insurance companies; insurance companies have not paid enough attention to the life insurance services; they don't open new life branches; they don't create awareness in society through advertising and other methods; and also the weak and slow industrial growth in the country are the challenges of life insurance services. Based on this, the industrial challenge is a moderate challenge for the growth of life insurance.

4.8.7. SUMMARY DISCUSSION OF EXTERNAL CHALLENGES

There are six main variables included in the investigation of external challenges in this study. Socio-demographics, the economy, and technology are the most powerful challenges for the development of life insurance; industry and legal environments are moderate challenges; and politics is neutral to any challenge.

Sociodemographics is a significant challenge to the development of life insurance, as factors such as gender, age, culture, religion, lifestyle, and other factors have a significant challenge. The results of this study are similar to those of the Asmiya Gebregiorgis study. She said, "Gender, income status, and culture affected the quality of the life insurance service." (Asmiya Gebregiorgis, 2014). Also, according to Yetnayet Tesfahun, "life insurance policies are prepared in English, which makes them difficult to understand easily." (Yetnayet Tesfahun Kassie, 2017). General demographic factors are a significant challenge to the development of life insurance.

Economic challenges are also significant challenges. Challenges such as income status, poverty, insurance premium payment, inflation, interest rate, and foreign currency have a significant impact on the growth of life insurance services. According to Tigest Deresse, "Life insurance premium payments do not consider the income status of the poor community." (Tigest Deresse, 2018). And Mesfin Haile Kahissay also said that "life insurance premiums are not affordable for low-income communities" (Mesfin Haile Kahissay, 2019). And Kedir (2016) says, "Life insurance in Ethiopia is for the rich and not for the poor." "Life insurance is a luxury for the poor" (Kedir Ahmed Aman, 2016). The

results of this study conclude that the economic challenge is a significant challenge for the development of life insurance.

Politics is neutral to the challenges of life insurance service development. The results of the data analysis from open-ended questions and questionnaires show neutrality, which leads to the conclusion that politics is no challenge for life insurance development. On the other hand, as the interview result shows, polemics are some moderate past challenges, such as displacement, political decisions, political economy, and political ideology. However, this is not a challenge for the current life insurance services in Ethiopia.

Based on the data analysis, legal environment challenges are neutral to the development of life insurance. However, the results of the interview show that the Ethiopian legal environment is a moderate challenge for the development of life insurance. But it has a small impact. According to Yetnayet Tesfahun, "the complexity of life insurance policies has its impact on the life insurance sector." (Yetnayet Tesfahun, 2017). Also, Reshid (2015) says the strictness and lack of freedom in insurers' policies and guidelines affect the insurance sector. (Reshid, 2015). Based on the results of this study, it can be concluded that the legal environment is a moderate challenge for the development of life insurance services.

Technology is one of the major challenges in the development of life insurance services in Ethiopia. Life insurance technology is not up-to-date and competitive. And the usage is poor. However, this result contradicts Zekarias Mekonnen's research. He says, "Life insurance is one of the fastest-growing businesses, both financially and technologically." (Zekarias Mekonnen, 2010). However, these findings are similar to those of the Kedir (2016) study. He says, "Life insurance is backward and underdeveloped in Ethiopia due to the lack of technology." Based on the results of the data analysis and interviews conducted, technology is a significant challenge for the life insurance sector in Ethiopia.

Industrial challenges such as Lack of cooperation between insurance companies and not paying attention to life insurance is one of the significant challenges for life insurance services. The results of this study are similar to the results of Mingizem Birhan's research. He said that 'life insurance companies' low computations and weaknesses are affecting the development of life insurance services. (Mingizem Birhan Mba, 2017). Also, Nahusenay

Ejigu said, "The lack of cooperation among life insurance companies and banks affects the life insurance service and its development." (Nahusenay Ejigu, 2016). The findings of this study also lead to the conclusion that the industrial challenge is a moderate challenge for the life insurance service. In general, socio-demography, economy, and technology are significant challenges to life insurance development; the industrial and legal environment are moderate challenges; and politics is neutral (not affected) to the development of life insurance.

4.9. FINDINGS OF EXTERNAL OPPORTUNITY'S

4.9.1. MARKET AND DEMAND-RELATED OPPORTUNITIES

Table 4.18: Analysis Results of Market and Demand-Related Opportunities

Report					
LIMDQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.2706	.27891	.01925	5.67	6.83	210

Source: SPSS data analysis (researcher survey) 2023.

The result shown in the table above is: the calculated mean value is 6.2206, the standard deviation value is 0.27891, the standard error of the mean is 0.27891, and the minimum and maximum are 5.67 and 6.83. The 6.2706 calculated mean result, compared with the standard mean score, represents 6:15 until 7:00 (strongly agree). The result shows that life insurance services have high market potential (demand) in Ethiopia. The standard deviation result shows the data is close to the mean. This means that the data sources (respondents) have a close understanding of life insurance market demand.

The interview result supports the questionnaire analysis result. Life insurance is a growing business. There are about 120 million people in Ethiopia. (UN's Department of Economic and Social Affairs (DESA) 2022). According to Dwiet (2021), the current life insurance coverage in Ethiopia is 0.02%. Even our neighbor Kenya has 5.5 percent. (Dwiet Teshale, 2021). 120 million people did not get enough coverage for life insurance services. This means that life insurance has a large market potential in Ethiopia. Development and per capita income growth, the expansion of industrial parks, the development of construction,

and the rate of urbanization encourage life insurance market development so that life insurance is an attractive business with high market potential in the future. In general, the data analysis and interview results lead to the conclusion that life insurance has a high market demand (opportunity) in Ethiopia.

4.9.2. ADMINISTRATION AND POLICY-RELATED OPPORTUNITIES

Table 4.19: Analysis of Results of Administration and Policy Opportunities

Report					
APRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.5381	.32771	.02261	5.00	6.50	210

Source: SPSS data analysis (researcher survey) 2023.

As shown in the table above, the calculated mean result is 5.5381, the standard deviation is 0.32771, and the standard error of the mean is 0.02261, and the minimum and maximum are 5.00 and 6.50. Compare the calculated 5.5381 mean results with the standard mean score, which represents 5.29 to 6.14 (agree). This means that administrative and policy amendments are a good opportunity for the future development of life insurance. The standard deviation result also shows that the data is not far from the mean. This data shows life insurance is an attractive business for the future.

The results obtained from interviews are similar to the questionnaire analysis results. The changing of some National Bank administrative procedures, policy reforms, and establishment of an insurance association in the future may also allow the procedure for insurance banking services, and administrative reform is a good opportunity for life insurance development. In general, the results obtained from the questionnaire and interviews in administrative and policy amendments are good opportunities for the development of the life insurance service.

4.9.3. BANK DEVELOPMENT-RELATED OPPORTUNITY

Table 4.20: The Analysis Results of Bank Development Opportunities

Report					
BDRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.9190	.45424	.03135	5.00	7.00	210

Source: SPSS data analysis (researcher survey) 2023.

As shown in the table above, the mean score is 5.919, the standard deviation is 0.45424, the standard error of the mean is 0.03135, and the minimum and maximum are 5.0 and 7.0. When comparing this result with the standard score, it represents 5.29 to 6.14 (agree). This means the development of banks is a good opportunity for the development of life insurance services. Also, as the standard division shows, most of the respondents understand that the development of banks is beneficial for the development of life insurance services, and they have the same understanding. Based on the results, it is concluded that the development of the banking industry is a good opportunity for the development of the life insurance service.

The interview result is not fundamentally different from the results of the data analysis. One of the things that supports the growth of life insurance is the development of banks. Currently, it takes three to five days for a customer to receive a life insurance compensation payout. Because banks and insurance companies are not systemically linked, insurance banking services start, launch insurance and banks systemically, and take services over a short period without losing any effort or wasting time.

Amara Bank, Dashan Bank, and Anbesa Bank require each employee to register for life insurance when applying for a loan from the bank. As the growth of banks increases, the number of their employees increases, the amount of loans they provide increases, and banks inevitably come to this system. Not only the employees but also the loans they give without collateral; they may also force their customers to take out life insurance. Accordingly, the development of banks is a great opportunity for the development of life insurance services. In general, the expansion and development of banks have a great opportunity for the development of life insurance services. Based on this result, it was concluded that the growth and expansion of banks are good opportunities for the development of life insurance services.

4.9.4. ICT DEVELOPMENT-RELATED OPPORTUNITIES

Table 4.21: Analysis Results of ICT Development-Related Opportunities

Report					
ICTRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
6.3429	.42816	.02955	5.50	7.00	210

Source: SPSS data analysis (researcher survey) 2023.

The above table shows that the result of the calculated mean analysis is 6.3429, the standard deviation is 0.42816, and the standard error of the mean is 0.02955. Also, the maximum and minimum are 5.50 and 7.00, respectively. When compared, the 6.3429 mean result with the standard mean score represents from 6:15 until 7:00 (SA: strongly agree). This means that the development of ICT is a great opportunity for the development of life insurance services. The standard deviation also shows that the collected data is close to the mean and not far from it. This shows that most of the participants have a close understanding of ICT and its impact on life insurance service development.

The results of the interview are similar to the results obtained from the data analysis. In the digital world, ICT is one of the fundamental issues in the development of insurance companies. By paying insurance premiums through digital technology, consumers can access the service wherever and at any time, which simplifies the life insurance service and accelerates its growth. Also, the establishment of the Institute of Innovation and Technology, the establishment of the Information and Network Security Agency, the establishment of the Institute of Cyber Security, and the expansion of ICT technologies are good opportunities for the life insurance sector. ICT development is a great opportunity for life insurance service development. Overall, the results of the interview and data analysis conclude that ICT has a good opportunity for the development of life insurance.

4.9.5. DISCUSSION OF EXTERNAL OPPORTUNITIES

External opportunities, such as the life insurance market and demand, administration and policy-related opportunities, bank development, and ICT development-related opportunities, have a significant opportunity for life insurance service development.

Life insurance has a high market potential in Ethiopia. With the development of the population (120 million people), low life insurance coverage (about 0.02%), and the development of industries, the demand for life insurance is still not satisfied. Based on this data analysis, this study has concluded that the life insurance business has a high market opportunity in Ethiopia. These conclusions are similar to the results of Tigest Deresse's study. According to Tigest Deresse, life insurance is a growing business in Ethiopia. This business has great potential to grow if done properly. (Tigest Deresse, 2018). In the same way, Yetnayet Tesfahun says the life insurance business has a good market opportunity. (Tesfahun Kassie, 2017).

Changes and reforms of the national banking system and policies, the changes and reforms of the insurance industry's administrative system, and structural reforms are a great opportunity for the growth of life insurance. Based on this, administration and policy-related changes are a good opportunity for the development of the life insurance business. According to Girma Keflegn, the life insurance business has administrative and structural problems. Also, Zekarias Mekonnen said that Ethiopian insurance companies should solve administrative problems properly to support the development of the sector. (Zekarias Mekonnen, 2010). Administration and policy-related changes are a good opportunity for the development of the life insurance business.

The growth of the banking industry is a great opportunity for the growth of life insurance. By starting insurance banking services, linking banks and insurance in a system, and integrating the insurance and bank systems. Because of these, this study concludes that the development of the bank has a great opportunity for the growth of the life insurance business. Also, ICT development is considered an opportunity for life insurance in terms of digitizing information, providing services quickly, increasing accessibility, simplifying procedures, and speeding up processes. Based on this, this study concludes that ICT development is a great opportunity for life insurance development. According to the Tilahun Shewangezaw study, life insurance is a growing business in Ethiopia, but a lack of ICT development is a challenge for development. (Tilahun Shewangezaw, 2021). In general, this study concluded that market and demand, administration and policy reforms, bank development, and ICT development are good external opportunities for life insurance development.

4.10. FINDINGS AND DISCUSSIONS OF INTERNAL OPPORTUNITY

Table 4.22: The Analysis Results of Internal Opportunity

Report					
IORQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
4.7524	.52093	.03595	3.71	5.71	210

Source: SPSS data analysis (researcher survey) 2023.

The table shows that the mean value is 4.7524, the standard deviation is 0.52092, the standard error of the mean is 0.03595, and the maximum and minimum are 3.71 and 5.71. Compare this 4.7524 mean result with the standard mean score; it represents 4:43 until 5:28 (SYA: slightly agree). This result shows that life insurance has some internal opportunities that can help its growth. The standard deviation Most of the participants' responses are close to the mean. This result indicates that the participant's understanding of the issue is close. Also, the minimum 3.71 and maximum 5.71 results show that the distance between their answers is not far from the mean or close to it. In general, internal opportunities are a moderate opportunity for the development of the life insurance service.

The interview result regarding internal opportunity is not fundamentally different from the data analysis result. on-the-job training to produce qualified professional employees, providing new life insurance services to meet the needs of society by making different improvements Without contradicting the life insurance policy and procedure, introducing and using new and modern technologies, changing manual procedures to digital applications, and establishing simple and efficient procedures for customers are good internal opportunities for the development of the life insurance service. The result of the data analysis is that life insurance has some internal opportunities for its development. According to Misrak Tesfaye, insurance companies need to utilize internal and external opportunities to accelerate growth. (Misrak Tesfaye, 2023). Yeworkweha Assefa also says insurance companies have internal and external opportunities for development. (Yeworkweha Assefa, 2016). The conclusion is that internal opportunities have a moderate chance of life in insurance development.

4.11. FINDINGS AND DISCUSSIONS OF FUTURE PROSPECTS

Table 4.23: Analysis Results of Future Prospects of Life Insurance

Report					
FPRQ					
Mean	Std. Deviation	Std. Error of Mean	Minimum	Maximum	N
5.4519	.52166	.03600	4.09	6.36	210

Source: SPSS data analysis (researcher survey) 2023.

This table shows that the calculated mean result is 5.4519. When compared with the standard mean score, it sits between 5.29 and 6.14, which represents (A) or agree. This result shows that the prospects of the life insurance business are interesting. The 0.52166 standard division result also shows that the participant's understanding of the prospects of life insurance is close. This shows that life insurance is an exciting and promising business for the future. Based on this, this study concluded that the life insurance business has a bright future. The interview results are also not fundamentally different from the results of the data analysis. Fast economic growth, a high population, the expansion of technology, the expansion of industries, the growth of construction, the growth of public awareness, the improvement of internal and external procedures, the expansion of insurance companies, the expansion and growth of banks, the expansion of the market, and the growth of demand for life insurance, improvements in service quality and efficiency, and the increasing use of modern technology indicate that the life insurance service has a bright future. And also, currently, about 120 million people live in Ethiopia. But life insurance coverage is around 0.02 percent. This shows that 99.8 percent of the people in Ethiopia do not have life insurance coverage. This means the life insurance service has more than a 99% expected growth rate in the future. Finally, the data analysis results lead to the conclusion that life insurance is a promising business in Ethiopia. Related to this, Yetnayet Tesfahun says life insurance will be a fast-growing business in the future. (Yetnayet Tesfahun, 2017). Also According to Ketema, life insurance is one of the most promising businesses. (Ketema Seifu, 2020). As Ruth Mengiste says, the current growth of life insurance is slow, but it is an attractive and bright business for the future. (Ruth Mengiste, 2019). In general, the results of this study show the life insurance business in Ethiopia has an attractive prospect of growth. From this, it is concluded that life insurance is a promising business for the future.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

5. INTRODUCTION

This chapter is the last chapter of the study, and it provides the summary, conclusion, and recommendation of the results of this study.

5.1. SUMMARY

This study was conducted to investigate the opportunities and challenges of the development of life insurance in Ethiopia and to answer five basic research questions titled Assessment of the "opportunities, challenges, and prospects of life insurance services" in Ethiopia. It was conducted in the life insurance departments of 12 insurance companies that provide life insurance services.

This study was conducted using a mixed approach, and the research design is a descriptive survey design. It uses both primary and secondary data, and the primary source of data was 210 samples of 461 employees in 12 insurance companies selected using the statistical sampling method. The selected 210 samples were also disbursed to 12 companies using quota sampling according to their proportion. To collect primary data, it used seven-point Likert scale questionnaires, distributed questions to the participants, and collected the data through the probabilistic sampling method. The primary data was analyzed statistically (mean, standard deviation, median, mode, minimum, and maximum) by using SPSS (Statistical Package for the Social Sciences) software.

Regarding the qualitative data, the primary qualitative data was obtained by interviewing six managers of the company's life insurance department. These six managers were selected using the purposive or judgmental sampling method. This qualitative data analysis was done using the thematic analysis method to analyze experiences, views, knowledge, and explanations.

This study analyzes the internal and external challenges, opportunities, and prospects of life insurance services by using questionnaires, interviews, and secondary data. According to the

data analysis of the study, the variables considered internal challenges in this study are financial resources, strategy and planning, administrative, human resources, and products and services. The results of this study showed that financial resources are a moderate challenge to the growth of the sector, mainly due to a lack of budget and insufficient labor wages, which make it difficult to introduce new technologies.

Life insurance companies are affected by the financial challenges for purchasing new technologies. As a result, they could not use the level of technology they should have used. Also In terms of the administrative challenge of life insurance development, an unfair management system and inadequate employee benefits are the main challenges that lead to employee turnover. This study indicates that some administrative practices in companies lead to employee turnover, which is a challenge to the development of the service.

When products and services are marketed, they must be based on the community's culture, income level, or lifestyle. According to this study, the premium pricing, accessibility, and customer-centricity of insurance companies' products and services make it difficult to attract people because of the products and services provided by Ethiopian insurance companies. Overall, this study shows that financial resources, management issues, human resources, products, and services are the internal challenges of life insurance development in Ethiopia.

Regarding external challenges, the study analyzed six key external variables: sociodemographic, economic, technological, insurance industry, legal, and political issues. This study shows that sociodemographic factors such as gender, age, culture, beliefs, and lifestyle have a significant impact on the growth of life insurance.

The major data analysis results of the study indicated that gender, age, culture, beliefs, and lifestyle have different effects on life insurance. As we have seen in the results of the analysis of this study, these sociodemographic factors can have a significant impact on the development of life insurance due to their high acceptance in society.

The economic challenge analyses also indicated that income, poverty, insurance premiums, inflation, interest rates, and foreign exchange have an impact on individual economic growth.

The cumulative effect of these variables creates economic challenges. It shows that these economic factors have a significant impact on the growth of life insurance.

The legal challenges of the insurance business are based on the country's laws and regulations, so the legal environment in Ethiopia is a slight challenge to the development of life insurance services. This is due to the high correlation between insurance and the country's laws, namely the relationship between investment, tax, national banking laws, and excessive regulation. One of the biggest challenges is the use of technology. The company uses digital technology that is backward compared to the technology available on the Global label.

The industrial challenges include a lack of cooperation between companies, unfair profit competition, a lack of competition on service quality, and a lack of focus on life insurance. This has caused the growth of life insurance services to be slow.

When summarizing the external opportunities of life insurance services, it is evident that life insurance has high market potential. As the population grows and life insurance coverage is low, the life insurance market opportunity is growing.

The National Bank, which is the regulator of insurance companies, makes changes in various legal, operational, and administrative procedures from time to time. These reforms of the National Bank have contributed to modernizing, enhancing, and improving life insurance services.

The development of banks supports the growth of life insurance by facilitating and expediting insurance payments and collecting premiums. And the other good opportunity for life insurance is ICT. The development of ICT is a great opportunity for the development of life insurance, as it can digitize information, provide services faster, increase accessibility, simplify procedures, and speed up processes. In general, the existence of a wide market opportunity, the reform of policies and regulations, the development of commercial banks, and the development of ICT technology indicate a great opportunity for the expansion and development of the life insurance service.

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Internal opportunities for life insurance development include on-the-job training regarding building skilled manpower, providing new services that meet the needs of society by promoting creativity and innovation, introducing modern technologies, and implementing simple and efficient procedures for customers. These are internal opportunities for growth in life insurance. To realize the growth of life insurance, it is necessary to utilize both internal and external opportunities.

Looking at the prospects of life insurance in Ethiopia, rapid economic growth, a high population, technological expansion, industrial expansion, construction, public awareness, and improved practices are advantages for the development of the sector. Only 0.02% of life insurance coverage in Ethiopia shows that there is a large population without life insurance coverage. This indicates the future growth prospects of the sector are bright.

5.2. CONCLUSION

The internal challenges to life insurance development in Ethiopia are financial resources challenges such as budget, administrative challenges such as not faire administrative style, overberocracy, weak achievements, human resources challenges such as inadequate training and development, employee turnover, and human resources, and products and services challenges such as lack of introducing new products to the market, low innovation and product differentiation, not being assessed, and low service excellence. These are the major challenges. However, a strategic plan is not a challenge for the growth of life insurance.

The external challenges to the development of life insurance are sociodemographic challenges such as gender, age, culture, religion, lifestyle, and awareness. Economic

challenges such as income, poverty, inflation, interest rate, and lack of foreign currency, technological challenges such as low ICT infrastructure development, network problems, and lack of new technology, and industrial challenges such as the lack of cooperation of insurance companies are major challenges for the development of life insurance services in Ethiopia. The legal environment has a moderate challenge, but politics is not a challenge to the development of life insurance services.

External opportunities for life insurance in Ethiopia, such as high market demand, administrative and policy amendments, the growth and expansion of commercial banks, and ICT development such as adopting new technology and ICT infrastructure development, are good external opportunities for the development of life insurance.

Internal opportunities for life insurance in Ethiopia, such as employee training, introducing new products into the market, focusing on innovation and new ideas, budget improvement and cash flow growth, adopting new technologies, accessibility, and expansions of insurance companies, are good internal opportunities for life insurance development.

Regarding high market demand for life insurance, high business profit, awareness and knowledge of society, economic growth of the country, and high population growth of the country, these factors indicate the bright prospects of life insurance development in Ethiopia.

5.3. RECOMMENDATION

In this section, the researcher looks at the opportunities and challenges encountered during the research and the overall situation of the insurance company and makes recommendations based on the research results.

1. Among the internal challenges seen in this study are financial resources challenges, administrative challenges, human resources challenges, and products and services-related challenges. The researcher's recommendations regarding these challenges are:

The employees in the market today are educated but inexperienced. Therefore, to bring in an independent and trained staff in the insurance sector, by coordinating with the Ministry of Education, universities, and relevant bodies, to provide recommendations to increase the

number of students who graduate from insurance, to produce experts who have sufficient knowledge and skills for the profession, and to include additional training that should be included in the training period, to produce skilled manpower by providing various trainings.

In terms of benefits, employee turnover is a major internal challenge for companies. By overcoming financial challenges, improving the allocation of financial resources and budget, paying attractive payments to employees, and maintaining employee benefits, it is possible to reduce the departure of skilled workers.

Budget allocation is also a challenge found in this study. To solve this budget allocation problem, companies need to conduct a thorough analysis of the budget to identify areas for budget improvement and cost improvement. Operational strategies must be developed to increase operational efficiency, reduce unnecessary costs, and ensure healthy cash flow. If they do this, it can contribute to the company's financial stability and growth.

One of the internal challenges in companies is the problem of good governance and a high level of bureaucracy. To fix this problem, companies are required to assign and supervise managers with sufficient knowledge, skills, and experience. Also, to solve bureaucratic problems, when there are complaints and problems, employees and customers can provide the information they need through the online system without having to go in person and establish a system where they can receive their responses.

2. The external challenges seen in this study are sociodemographic, economic challenges, technological challenges, industrial challenges, and legal environmental challenges. The following are recommendations from the researcher based on the findings to address these challenges:

Gender, age, culture, religion, lifestyle, and awareness are the main sociodemographic challenges. Introducing new products based on people's interests and adopting a community-based marketing strategy will be used to address market potential and target customers.

Lack of awareness is considered an external challenge for life insurance. To solve this lack of awareness problem, promote and create awareness about life insurance services in the community using radio, television programs, newspaper columns, various events, forums, the

national public, religious festivals, and government holidays. Introducing the service in the community and ensuring that the users of the service have sufficient knowledge about the services they use is important to create awareness in the community.

To fix the technological challenge, By contracting with technology providers for insurance services, purchasing technologies and introducing them to the organization, bringing the services to a digital system, and providing efficient and modern services, using a system that allows people to easily find the information and services they need, wherever they are,

The participation of local organizations in life insurance is very small. The main reason why local organizations do not purchase life insurance for their employees is that they do not have a mandatory legal framework in the country. Therefore, to propose, study, and push for a legal framework to compel companies that carry out dangerous business activities to purchase life insurance for their employees,

Pushing the government to enact a law to create a legal framework so that the health coverage services started in the name of government-level health insurance should be transferred to the insurance companies. As soon as the law comes into action, accepting the health insurance works from the government, the service will be provided under the life insurance sector of the insurance companies.

To fix product- and service-related challenges and encourage innovation in products and services to meet market needs. As well as continuous innovation in product design to meet ever-increasing market demand. It is good to introduce new types of policies, such as microinsurance, that cater to certain demographic segments.

3. Concerning the internal opportunities, researchers recommend that:

This study shows that the growing knowledge and experience of the company's employees plays an important role in its development and is a good opportunity. Invest in comprehensive training programs for insurance agents and employees to ensure employees are well-equipped with service knowledge, sales skills, and customer service knowledge. This continuous training has an important role in the development of the service, as it makes the employees more integrated and devoted to the service they provide. It also enables them

to develop a culture of innovation within the organization and to propose and explore new ideas that differentiate the company in the market.

Companies need to modernize risk management by improving internal procedures. They should strengthen internal risk management processes to mitigate potential risks and ensure compliance with regulatory requirements. This builds trust with customers and regulatory bodies, contributing to the long-term sustainability of the business.

4. Regarding external opportunities, the researcher's recommendation.

Life insurance has a huge market opportunity. Insurance companies should take advantage of this market opportunity. To take advantage of this opportunity, make life insurance services accessible, use highly experienced staff, make continuous improvements to products and services, promote and update the service, use technologies, provide simple and efficient services with the help of technology, and provide competitive life insurance services. Satisfy market demand by providing quality, affordable service.

The development of ICT and the development of ICT infrastructure can be considered a good opportunity for the development of the life insurance service. Following this, modernizing the service by introducing a digital system that allows the users of the service to know and track their location, health, risk exposure, premium payment, etc. It is also possible to work together with organizations that provide services related to connecting financial institutions, such as It-Switch so that insurance companies can work together.

The growth and expansion of commercial banks is one of the good opportunities for life insurance services. To take advantage of this opportunity that comes with the expansion and growth of banks, in developed countries, there is a service called insurance banking. This service is a bridge between the insurance company and the bank. It acts as a liaison between the insurance company and the bank to expedite insurance payments, collect premiums, and more. This service is not available in Ethiopia. Starting the service and running it has made a significant contribution to the growth of the insurance sector. If the life insurance service is included in this service, the growth will increase rapidly. It is also possible to increase

service by entering into agreements with existing commercial banks that can replace insurance banking services.

5. This research finding shows life insurance services will be bright in the future. Regarding these recommendations from the researcher,

- A high market opportunity is a bright prospect for the growth of life insurance. According to Jennifer Rudden (2022), the current Ethiopian life insurance coverage is 0.02%. This shows that there is a large market opportunity in the future. It is important to bring this large population as a country into life insurance services. The prospects of life insurance can be realized by making life insurance policies affordable and accessible to the population.

- Skilled manpower will make the growth of life insurance bright. To make this a reality, there is a need to invest in training programs for insurance agents and employees to enhance their knowledge and skills. Well-informed and skilled professionals can effectively communicate the benefits of life insurance and help customers make informed decisions.

5.4. LIMITATIONS OF THE STUDY

The study focuses on 12 life insurance service providers in Ethiopia. It does not address the challenges and opportunities faced by non-life insurance companies. This study is limited to life insurance services. However, since the study is focused on life insurance, it is more effective to focus only on life insurance service providers, as it avoids confusion, data overload, and duplication of information.

The data for this study is limited to life insurance employees. This is because they are the staff who know and understand the problems in depth and are working on-site. Limiting the study to employees working only in the Life Insurance Department is an advantage, as it helps the study get the net data needed to carry out the required investigation. It also ensures that the data collected is standardized and relevant to the achievement of the research objective. It also makes the data collected relevant and helpful in achieving the goal of the study. It also helps reduce data overload, unnecessary data duplication, and unnecessary costs.

Although this research examines external challenges, it is limited to domestic issues. It does not examine transnational challenges. The results of this study represent opportunities and challenges at the national level, but they do not examine international challenges and opportunities outside the country. However, this does not affect the results of the study. Because the insurance companies in Ethiopia do not have branches outside the country and because their services are limited to the country, the challenges and opportunities in the country are more powerful. Therefore, this study was able to focus on domestic challenges and opportunities.

5.5. FUTURE RESEARCH

This research was conducted under the title "Assessment of the Opportunity and Challenges of Life Insurance Services" in the Ethiopian Insurance Sector. This study was conducted through descriptive research. Therefore, the correlation of the variables with life insurance growth was not investigated. Therefore, it is advisable to examine the correlation of these variables and their influence on life insurance development in other studies. Also, this study does not compare the level of performance or challenges between insurance companies. Therefore, it is recommended to do a comparative analysis in other studies.

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I. ANNEXES 1

QUESTIONNAIRE

Questionnaire to be filled by insurance company employee

Addis Ababa University Business and Economics College Accounting Department

The questionnaire is filled out by an employee of the insurance company

First of all, thank you very much for your willingness to complete this questionnaire. This questionnaire is prepared for the preparation of a master's thesis in the Department of Accounting and Finance at Addis Ababa University. This questionnaire is prepared for the "evaluation of opportunities, challenges, and prospects of life insurance services in the Ethiopian insurance sector." The main objective of this research is to find out the opportunities, challenges, and prospects of life insurance services in Ethiopia. This research is for academic purposes only. Therefore, all the information provided is protected with the utmost care and confidentiality, and the study cannot be used for any purpose other than educational purposes. The information you provide for this study is important to the effectiveness of the study, so we would like you to provide us with honest information.

General Guidelines:

- ✓ The information you provide is the basis for the reliability of the study, so please cooperate with us by filling out each section of the survey carefully, honestly, and with due attention.
- ✓ Place a tick in the space provided for short questions.
- ✓ Please do not mark more than one choice for one question.
- ✓ Please skip the question if it isn't appropriate for you.
- ✓ Please help us by writing factual information on questions that require clarification.

//Thank you very much for your cooperation in filling out the survey questions//

I. Background information of the individual participating in the survey

1. Gender A. Male B. Female
2. Age: A. under 20 , B. 21-25, C. 26-30, D. 31-35 E. 36-40
- F. 41-45 G. 46-50 H. Over 51 years

3. Education level:-A. HI School B. Certificate, C. Diploma, D. Degree,
 E. Masters and above
4. Work experience in the organization: A. 0-3 B. 4-6 C. 7-10
 D. 11-15 E. 16-20 F. 21-25 G. More than 26
5. Do you have life insurance? A. Yes B. No

❖ **Agreement & disagreement level distribution option for table (Likert scale question)**

SDA - strongly disagree, DA - disagree, SYDA- slightly disagree, N - I'm neutral, SYA- slightly Agree, A - Agree, and SA-strongly agree.

II. **Questions filed by Insurance Companies Employees by tick**

N		Questions						
Part "I" Challenge								
a. Internal (institutional) challenge								
a. Financial resource-related Questions		SDA	DA	SYDA	N	SYA	A	SA
1)	The company's budget is insufficient for life insurance expansion.							
2)	It does not require a high cost to expand life insurance services.							
3)	There is no resource utilization problem in the organization.							
b. Strategy and planning related Questions		SDA	DA	SYDA	N	SYA	A	SA
4)	There is a clear and realistic strategic plan.							
5)	The language used in life insurance policy terms is not familiar to the customers, so it creates misunderstandings with customers.							
6)	Not enough advertisements and awareness about the product are given to consumers.							
7)	Life insurance premium rates do not change from time to time.							
8)	The company has a customer-oriented system (good customer handling problem).							
9)	Inadequate technology availability and usage experience							
10)	Life insurance policies lack transparency.							
c. Administrative related Questions		SDA	DA	SYDA	N	SYA	A	SA
11)	There is a problem with the fair management of manpower and resources.							
12)	There is no corruption in the organization.							
13)	There is no integrated and reliable information management documentation.							
14)	company pay Inadequate employee wages and benefits							
d. Human resource related Questions		SDA	DA	SYDA	N	SYA	A	SA

15)	The company does not provide adequate training to its employees.							
16)	There is a serious problem of employee turnover in the organization.							
17)	There is a comfortable working environment.							
18)	The employees of the organization have enough knowledge and experience.							
19)	Employees are doing their jobs happily.							
e. Products and services related Questions		SDA	DA	SYDA	N	SYA	A	SA
20)	The company does offer new and unique products and services.							
21)	Premium is expensive and not affordable for low- and middle-income groups.							
22)	The life insurance branches of the insurance company are not accessible.							
23)	Life insurance service quality and speed are lacking in the company.							
b. External challenge								
g. Sociodemographic Related Questions		SDA	DA	SYDA	N	SYA	A	SA
1.	Gender influences life insurance.							
2.	Ethnicity influences life insurance development.							
3.	Religion influences life insurance.							
4.	Education level influences life insurance.							
5.	Language influences life insurance.							
6.	Culture influences life insurance.							
7.	Age influences life insurance.							
8.	Place of residence influences buying life insurance.							
9.	Low urbanization affects life insurance services.							
h. Political Challenge-related Questions		SDA	DA	SYDA	N	SYA	A	SA
10.	There is no political interference in life insurance.							
11.	Domestic instability and conflict have affected the growth of life insurance.							
12.	Political attitudes, views, and perspectives influence the growth of life insurance.							
13.	The political economy ideology followed by the government has influenced the development of life insurance							
14.	Lack of national unity and nationalism has affected the growth of life insurance.							
15.	Displacement and migration are hindrances to the growth of the life insurance business.							
i. Economic challenge-related Questions		SDA	DA	SYDA	N	SYA	A	SA
16.	Low-income people cannot afford life insurance.							

17.	Poverty and backwardness affect the growth of life insurance.							
18.	The high cost of insurance premiums affects life insurance.							
19.	Interest rate fluctuations have affected life insurance growth.							
20.	Inflation affects the growth of life insurance.							
21.	The low profit of the insurance company has an impact on its							
22.	A shortage of foreign exchange has created problems in development.							
23.	Infrastructural problems have become a hindrance to the growth of life insurance.							
j. Legal Environment-Related Questions		SDA	DA	SYDA	N	SYA	A	SA
24.	Ethiopia's investment policy has affected the development of life insurance.							
25.	The strictness of the National Bank's procedures and guidelines is a hindrance to growth.							
26.	The absence of independent insurance administrators and regulators has affected the development.							
27.	The insurance investment guidelines and regulations are a hindrance to its growth.							
28.	The tax payments to the government and the tax law are challenges to the growth of the life insurance business.							
l. Technological challenge-related Questions		SDA	DA	SYDA	N	SYA	A	SA
29.	The lack of an integrated database system has affected the growth of the insurance sector.							
30.	The low advancement of digital technology is detrimental to the insurance sector.							
31.	The non-expansion of IT technology has affected life insurance.							
32.	The problem of IT infrastructure has affected the growth of the							
m. Industrial Challenge-related Questions		SDA	DA	SYDA	N	SYA	A	SA
33.	Lack of adequate market competition is one of the problems for life insurance growth.							
34.	The weakness of competitors has affected the growth of the sector.							
35.	Offering the same product with the same service has an impact on life insurance growth.							
36.	The lack of industrial development in Ethiopia has affected the insurance business.							
37.	The failure of new insurance companies to enter the market has affected the growth of the sector.							
38.	Lack of coordination among insurance companies has affected the growth of the insurance sector.							
Part II: Opportunity								

b. External opportunity								
m. Life Insurance Demand and Market-related Questions		SDA	DA	SYDA	N	SYA	A	SA
1.	Having a large population is promising for the growth of life insurance.							
2.	The growing civilization of society will accelerate the development of life insurance.							
3.	The rapid economic growth of the country is a good opportunity for the development of the sector.							
4.	Construction and expansion of industrial parks are crucial for the growth of the sector.							
5.	The attractiveness of insurance companies' profits is an opportunity for their growth.							
6.	The expansion of international organizations will support the development of life insurance.							
i. Administration and policy-related Questions		SDA	DA	SYDA	N	SYA	A	SA
7.	Various operational guidelines issued by the National Bank contribute to the development of life insurance.							
8.	Establishing a domestic reinsurance company will increase life insurance investment by reducing reinsurance transaction costs and saving foreign exchange for foreign insurance.							
9.	The fact that the insurance business is liberal in Ethiopia is a good hope for the growth of the life insurance business.							
10.	The initiative to form an association of insurance companies will further develop life insurance.							
ii. Banks development related Questions		SDA	DA	SYDA	N	SYA	A	SA
11.	The entry of foreign banks is promising for the growth of life insurance.							
12.	The expansion of the banking industry helps life insurance grow along with it.							
iii. ICT development-related Questions		SDA	DA	SYDA	N	SYA	A	SA
13.	The launch of an alternative Safaricom service is critical to the growth of the sector.							
14.	The advancement of technology and digital payments is contributing to the growth of the life insurance sector.							
n. Internal opportunity								
a. Internal Opportunity-related Questions		SDA	DA	SYDA	N	SYA	A	SA
15.	The company's employees are given adequate training, so their experience increases, which plays a vital role in the development of the sector.							
16.	Focusing on introducing new products into the market is beneficial for the growth of the sector.							

17	Focusing on innovation and new ideas plays a vital role in the growth of life insurance.							
18	The company is a group of young workers, which is important for its development of life insurance.							
19	The company is adopting new technologies and digital processes.							
	Budget improvement and cash flow growth are critical to the company's growth.							
	Technology transfer, expansion, innovation, and experience sharing are essential for accelerating the growth of the insurance sector.							
Part III: Future Prospects of Life Insurance								
a. Future related Questions		SDA	DA	SYDA	N	SYA	A	SA
1.	Insurance will be a highly profitable business in the future							
2.	In the future, life insurance will be a popular and convenient							
3.	In the future, society will have enough awareness and knowledge about life insurance.							
4.	In the future, life insurance services will be accessible everywhere							
5.	The life insurance service provided in Ethiopia will have growing market access in the future.							
6.	In the future, life insurance services will grow rapidly.							
7.	In the future, there will be enough companies that provide life insurance in Ethiopia.							
8.	In the future, life insurance will have reliable financial capacity.							
9.	Life insurance services will be of international standard in the							
10.	In the future, life insurance services will be fast, efficient, and							
11.	In the future, the use of technology in Ethiopia's life insurance services will be modern, updated, and meet international standards.							

III. OPEN-ENDED QUESTION

1. List financial, strategy and planning, administrative, human resource, and product and service-related challenges that affect the growth of a life insurance business.

- A. Financial resource challenges -----

- B. strategy and planning -----

- C. Administrative -----

- D. Human resource -----

- E. Products and services -----

Other internal challenges -----

2. List the social, political, economic, industrial, legal, and technological problems affecting the development of the life insurance business.

A. Sociodemographic challenge , -----

B. Political challenge , -----

C. Economic challenge. -----

D. The legal environment challenges, -----

E. Industrial environment challenges, -----

F. Technological challenge , -----

Other external challenges -----

3. List the internal and external opportunities for life insurance services.

A. External opportunity's -----

B. Internal opportunity's -----

Other opportunities -----

4. What are the prospects of the life insurance business? -----

Thank you very much for taking the time to complete the questionnaire.

//Please use the back page if there is not enough space for the answer//

II. ANNEXES 2

5.5.1. INTERVIEW QUESTION

1. In your opinion, do you believe there are challenges in the development of life insurance in Ethiopia? If there are, how do you reveal them?
2. In your opinion, do you believe there are major internal (institutional) challenges affecting the development of life insurance in Ethiopia? If yes, what are they?
 - A. How do you reveal them—competition on the company's financial capacity, strategy and planning, internal administrative issues, human capital, and other resource management, and introducing new products and services to the market are the challenges in life insurance development?
3. In your opinion, do you believe there are external challenges affecting the life insurance business in Ethiopia? If yes, what are they?
 - A. Do you think social factors (such as gender, language, age, beliefs, culture, and location) have an impact on life insurance products and services? How do you describe it?
 - B. Do you think political issues and the legal environment have influenced the growth of life insurance? How do you describe it?
 - C. Do you think the use of technology poses a challenge to the growth of life insurance? How?
 - D. In your opinion, do you believe that economic issues, i.e., the income status of the individual and the economic status of the country, have an impact on the growth of life insurance? How do you rate it?
 - E. In your opinion, you believe that the activities of the insurance industry—non-cooperation, unfair competition, and so on—are challenges for the development of life insurance.
4. In your view, do you think Ethiopian life insurance services have good opportunities? Whatever the possibilities, if any,
5. What are the current life insurance external opportunities?
 - A. They believe that the current market demand and growth, government policies and guidelines, the country's economic growth, the entry of foreign banks, the growth of

- the banking industry, and the expansion and development of technology have a good opportunity. How do you see these in terms of external opportunities?
6. Do you believe there are internal opportunities in life insurance development? How do you describe it?
 - A. Human resource management and organization, internal industrial culture, product and service quality and delivery, information management, and the development of technology can arise as internal opportunities. How is?
 7. In your view, what are the future prospects of life insurance services in Ethiopia? How do you describe it?
 - A. What do you think the prospects of life insurance are in terms of growth and market conditions, innovation and use of technology, financial viability in terms of economy, profitability, social acceptance, and accessibility?
 8. What do you think should be done in the future to ensure the growth of life insurance services in Ethiopia?

Thank you very much for taking the time to participate in this interview. Thank you very much for taking the time to participate in this interview.

III. ANNEXES- 3-

VALIDITY AND RELIABILITY TESTS

5.5.2. CRONBACH'S ALPHA ANALYSIS RESULT DATA

1. Internal (institutional) challenge

Scale: a.Financial resource related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.844	3

Scale: b.Strategy and planning related Questions2

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.734	7

Scale: c.Administrative related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.904	4

Scale: d.Human resource related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.968	5

Scale: e.Products and services related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.962	4

Scale: I.Internal (institutional) challenge total result

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.787	23

2. External challenge

Scale: a.Sociodemographic related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.833	9

Scale: b.Political related challenge Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.720	6

Scale: c.Economic related challenge Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.800	8

Scale: d.Legal environment related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.742	5

Scale: e.Technological related challenge Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.946	4

Scale: f.Industrial related challenge Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.926	6

Scale: 2 Total External challenge

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.889	38

Scale: Part "I" total group result of life insurers chalanges Challenge

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.913	61

3. External opportunity's

Scale: a.Life insurance market and demand related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.944	6

Scale: b.Administration and policy related Questions

Case Processing Summary

		N	%
Cases	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.955	4

Scale: c.Banks development related Questions

Case Processing Summary

		N	%
--	--	---	---

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.972	2

Scale: d.ICT development related Questions

Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.936	2

Scale: Total External opportunity's Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.939	14

4. Internal opportunity

Scale: a.Internal opportunity related Questions

Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.915	7

Scale: groupTotal Opportunityresult Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.952	21

5. Scale: a.Future Prospects related Questions

Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.950	11

6. Scale: Total all Questions agreget result

Case Processing Summary

Cases	Valid	N	%
	Valid	33	100.0
	Excluded ^a	0	.0
	Total	33	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.916	93

IV. ANNEXES 4

5.5.3. RESULTS OF DATA ANALYSIS

Report 1

FRRQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.7841	.78663	.05428	.619	4.6667	3.33	6.33	210

Report 2

SPRQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.2170	.42622	.02941	.182	4.2857	3.14	5.14	210

Report 3

ARQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.4298	.22575	.01558	.051	5.5000	5.00	5.75	210

Report 4

HRRQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.3571	.27228	.01879	.074	5.4000	5.00	5.80	210

Report 5

PSRQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.1881	.38634	.02666	.149	6.2500	5.25	7.00	210

Report 6

SDRQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.3323	.27860	.01923	.078	6.4444	5.67	6.67	210

Report 7

PRCQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.3056	.42845	.02957	.184	4.3333	3.33	5.33	210

Report 8

ERCQ							
Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.4214	.16014	.01105	.026	6.3750	5.88	6.75	210

Report 9

LREQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.2495	.43860	.03027	.192	4.4000	3.20	4.80	210

Report 10

TRCQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.3036	.34035	.02349	.116	6.5000	5.25	6.75	210

Report 11

IRCQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.8175	.33534	.02314	.112	5.8333	5.00	6.67	210

Report 12

LIMDQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.2706	.27891	.01925	.078	6.3333	5.67	6.83	210

Report 13

APRQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.5381	.32771	.02261	.107	5.5000	5.00	6.50	210

Report 14

BDRQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.9190	.45424	.03135	.206	6.0000	5.00	7.00	210

Report 15

ICTRQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.3429	.42816	.02955	.183	6.5000	5.50	7.00	210

Report 16

IORQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.7524	.52093	.03595	.271	4.7143	3.71	5.71	210

Report 17

FPRQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.4519	.52166	.03600	.272	5.3636	4.09	6.36	210

Report 18

ALLRQ

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.5106	.12856	.00887	.017	5.5156	5.17	5.83	210

Report 19

INTCHAL

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.1952	.21171	.01461	.045	5.1736	4.58	5.78	210

Report 20

EXTCHAL

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.5716	.13917	.00960	.019	5.5836	5.22	5.91	210

Report 21

EXTOPORT

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
6.0177	.17344	.01197	.030	6.0104	5.56	6.67	210

Report 22

INTOPOR

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
4.7524	.52093	.03595	.271	4.7143	3.71	5.71	210

Report 23

FPROS

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.4519	.52166	.03600	.272	5.3636	4.09	6.36	210

Report 24

CHALLENG

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.3834	.14089	.00972	.020	5.3835	4.99	5.71	210

Report 25

OPORTU

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.3850	.28160	.01943	.079	5.3452	4.68	6.05	210

Report 26

FUPROSP

Mean	Std. Deviation	Std. Error of Mean	Variance	Median	Minimum	Maximum	N
5.4519	.52166	.03600	.272	5.3636	4.09	6.36	210