ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

FACTORS AFFECTING CONSUMERS ATTITUDE TOWARDS PURCHASE OF LIFE INSURANCE POLICY IN ADDIS ABABA: CASE OF ETHIO LIFE AND GENERAL INSURANCE SHARE COMPANY

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Addis Ababa

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(A Thesis submitted to Department of Marketing Management for the Partial Fulfillment of the required for the Award of Masters of Arts Degree in Marketing Management)

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DECLARATION

I hereby declare that this study entitled "Factors affecting consumer attitude towards purchase of life insurance: The case of Ethio Life and General Insurance share company is my original work prepared under the guidance of my advisor Temesgen Belayneh (Ph.D). This paper is submitted in partial fulfillment of the requirement for the award of Master of Arts Degree in Marketing Management and it has not been previously submitted to any diploma or degree in any college or university. I would like also to confirm that all the sources of materials used in this study are duly acknowledged.

By: Ruth Mengiste

Signature ________________

Date ________________

Addis Ababa University
School of Graduate Studies
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ACRONYMS

ANOVA ………………………….. Analysis of Variance

SPSS ……………………………… Statistical package of Social Science

ABSTRACT

Life insurance is an important aspect of the social-economic development of the country. Despite its importance the attitude towards purchase of life insurance in Ethiopia is very low compared to other countries .The main intension of this research is to identify and inspect factors related to the demographic aspect and awareness in Ethio Life and General insurance share company Addis Ababa. Based on the literatures reviewed "age", "gender", "religion", "education" and "income " and "awareness " were identified. The study employed explanatory research design. The population of the study comprises of individual customers of Ethio Life and General insurance Share Company. Out of one hundred fifty five questionnaires administered, one hundred forty eight usable questionnaires were obtained constituting 94.2percent for analysis. Both primary and secondary data were used. The study employed structured questionnaires as the main research instrument. Descriptive statistics was used to summarize the respondents' demographic characteristics. T test and one way ANOVA test was applied to test the mean difference of the respondents on the demographic variables and lenear regression analysis was used to analyze the relationship between income and awareness with consumers' attitude towards purchase of life insurance. The outcome of the research demonstrates that from the identified factors income and awareness had significant relationship with the consumers' attitude towards the purchase of the life insurance policy. With these findings, this study provides a recommendation to make high awareness creation to the society by taking in to consideration the variables age , religion , gender and education about what life insurance is , what are the benefit package under each type of the products and if these are considered by the company under study and the insurance industry as a whole the consumers attitude towards purchase of life insurance will be positively improved and insurance consumption in turn will be greater than before.

Key words: life insurance, consumers' attitude, Demographic factors, Awareness.

CHAPTER ONE

INTRODUCTION

1.1.Background of the study

Insurance is an instrument which helps an individual or a company to prevent risk about something what they own. It helps to reduce risk of loss on their property or life. Any risk which is related to property or life could be insured to the extent of the premium against the risk exposed. In some countries like in India insurance is the largest mobilization of saving next to banks or financial organizations.

Insurance is a contract between the insurer and the insured to pay sum amount of money to the insured at time of loss arising, the risk insured against. Insurance has different benefits to the society, to companies, to different types of investors both economic and social. On the beginning it decreases the risk of financial loss both at individual, on a company level and also at a Government level. It encourages investors by taking away the risk of loss on their investment. In international level the insurance market is increasing from time to time including the life insurance and where as there is no as such detail and vast researches related to this issue. While the worldwide insurance market, especially the life insurance market, has grown rapidly and the internationalization of the insurance business is becoming more widespread, these areas have not been greatly researched (Mark J. Rowne and Kihong Kim, 1993). In Ethiopia there are traditional institutions of social welfare like Ekub and Idir where the society is dealing with to address different accidental issues, both in joyful and sorrowful conditions. These institutions of society had been in service in general public of our country from past till now. Modern insurance business is started in Ethiopia during the 20th century and the business is under developed in our country especially the life insurance case, hailuzeleke, 2007 p.64.

Attitude is a mental state involving beliefs and feelings, values and dispositions to act in a certain way. When we come to our issues the present study is factors affecting of consumer’s attitude towards purchase of life insurance policy in Addis Ababa case of Ethio Life and General insurance share company. There could be different factors which affect the consumer’s attitude towards the purchase of life insurance policy. But in this research a study will be done on the factors related to demographics, socio cultural issues and awareness.

The insurance market in Africa is still underdeveloped as most Africans cannot afford insurance premiums yet. With most Africans still just struggling to meet their basic food and other day-to-day needs, insurance is still a long way off for the majority of Africans (KPMG, 2012). Individuals will only start to think about long-term savings once their short-term needs are fulfilled, which means that life insurance is not an affordable option for most people on the continent. Hailu Zeleke (2007) in Ethiopia the public at large is not as such very much aware of the benefit of insurance and how the insurance system works and as a result the demand for insurance products remained low.

The regulatory body of insurance and Bank service in Ethiopia is National Bank of Ethiopia. It has the mandate to regulate, supervise and develop the insurance and Bank industry including the ethical and prudent business practices .

The growth in the industry concerning in the life insurance aspect is less from the countries average economic growth. The Ethiopian economy growth performance over the last decade is with average GDP growth rate of 11 percent, (UNDP Ethiopia, 2012/13). The contribution of life insurance industry to GDP is 0.03percent. Even if the number of insurance companies is increasing through time in our country the utilization of the life insurance products is not increasing as the consumption of non life insurance products.

1.2.Historical development of life insurance in Ethiopia

It is believed that there were various forms of devices in the past that the societies use to protect themselves from sudden unfortunate loss. Hailu (2007: 35) the ancient Roman society had a social or trade association named "collegia" a kind of burial club that was used to pay the funeral expense of its member when death occurred. In Greece there was "general average" in connection with marine expedition to share the loss in proportion to its value at risk; however the concept of general average is the fundamental principle at present in marine insurance. In Tanzania there was "Bujun” funeral association in the neighborhood and religion. In Ethiopia, there is "Idir" Ethiopian traditional funeral association which is a sort of mutual and financial assistance to cover funeral and mourning expenses. Insurance, being one of the service activities is very little known to the majority of the people. However, there have been rational associations in different countries where by people contributed money to help each other whenever a person faces financial problem. This service may have some similarity with insurance by its purpose, which is securing the financial problem. Security has been a universal desire right from the earliest civilizations. This pursuit for security has led to the concept of insurance (Mahajan, 2013).

The first local insurance company was established in 1951, which was called Imperial Insurance Company of Ethiopia Ltd (HailuZeleke, 2007: 44). Prior to 1951 according to Hailu (2007) a number of insurance companies, the majority from Britain, were performing insurance business in Ethiopia through their agent. During that time it was seen that the parent company head office was outside our country and it was doing its insurance business by opening a branch through their agent to act on their behave . This kind of business relationship is also available presently abroad. H/Michael Kumsa (1992:30) pointed out on his review that in 1960 among the twenty agencies representing foreign companies ten of them writing life insurance business, and one had been writing life as well as non life business.

To regulate and control the insurance industry the then Government issued the first insurance proclamation in 1970 which prohibit foreign companies to owned insurance business (Hailu, 2007: 54). It seemed that the issuance operate to control the increasing number of insurance companies. As a result of this proclamation foreign companies were not allowed to operate in the country. Obviously that affected the insurance market and gradually the numbers of insurance companies are getting lower. In 1974 revolution, overthrew the imperial regime and the provincial military administration council, which followed a path of a socialist doctrine, took over power in Ethiopia. By the end of that year Ethiopian Insurance corporation was established by taking over all the asset and liabilities of the nationalized companies. However at the consequence of the transitional government, 1994 investment in insurance is restricted to domestic investors only. Thus private insurance companies reemerged ones again to the industry as result of market economy. Today there are around 17 insurance companies out of which 10 are writing life insurance in addition to general insurance.

1.3.Back ground of a company

Ethio life Insurance sh.co was founded by 117 share holders with a clear vision of introducing and promoting long term insurance to the homes of millions. It obtained its license from the National Bank of Ethiopia and commenced operation in October 2008 to transact long term (Life insurance) business. Ethio life continued to be the only specialized company in the life insurance business in the insurance industry until August 2012. In consideration of the immerse potentials and viability of the general insurance business emanating from the rapid economic growth of the country. Share holders of Ethio life insurance were determined to expand the service of the company by including non life general insurance in to its business profile. Accordingly the company was registered as composite insurer and started providing innovative life and non life insurance product since August 2012. Hence the name Ethio life and general insurance share company emerged.

Vision

The vision of the company is to be "a market leader in delivering innovative insurance products and services to the homes of millions."

Mission

The mission of the company is "to deliver real value in insurance service and stands out its responsiveness to customer needs".

Values

The values of the company is as follows; when conducting our business

"We maintain the highest standards of honesty and integrity."
"We honor social value in as much as we honor value of money."
"We uphold the highest level of excellence in service delivery and customer service."
"We remain highly committed to protect our environment and eco system."

Motto

The Motto of the company is “Securing the future today”.

Currently the company is working to have a network of Branches and satellite offices in the whole country. So far, it has opened sixteen Branches in Addis Ababa. Ten Branches in different regions. According to the data the researcher got from the company, there are 374 customers of life insurance of which 260 are individual customers other than the group policy holders.

1.4.Statement of the problem

There are ten insurance companies in Ethiopia that are doing Life insurance business in addition to general insurance. The starting time of life insurance is the same as the general insurance in our country but the status of them is different and the market situation is much different. Even if there is lower consumption of insurance in general relative to other countries, general insurance has more consumption than life insurance in our country. In Ethiopia the public at large is not as such very much aware of the benefit of insurance and how the insurance system works and as a result the demand for insurance products remained low.(Hailu Zeleke :2007) .

Data from National Bank of Ethiopia shows the status of insurance industry by annual gross written premium generated from non life and life insurance birr 4.69 billion and 277 million respectively as of June 2014. In other country like South Africa’s life insurance industry accounts for 81.6% of all insurance premiums of US$54,871 million in the country (KPMG,2014). But here in Ethiopia life insurance premium accounted to only 5.6% of the total insurance premium.

In this study in order to minimize this knowledge gap of the society about the life insurance and to improve the market share of the life part in the insurance business in the industry as a whole and specifically in Ethiolife and General insurance share company it is better to address the factors affecting the attitude of consumers to purchase life insurance and this stidy will address the selected factors which are more related to demographic issues.

When we consider the utilization of the life insurance in our country it is the reflection of the attitude of the consumers on the purchase of the life insurance policy. In Ethiopia there is very little study which has been done to look at the reasons why life insurance utilization is low. There was a study focused on the life insurance and its economic and social benefit by Dawit Mohammed (2010) . Hailu Zeleke (2007) which is a study related to the problem of insurance industry as a whole. Asmiya Gebregiorgis (2014) there is also a research which was focused on why there is a low development rate of life insurance by considering the factors related to organization side. Previous researches do not deal with the factors affecting consumers' attitude towards purchase of life insurance and this is the gap to be addressed in this research which are related to the demographic issues.

1.5.Research Questions

The research questions which are going to be addressed in this study will be:

Do demographic factors have an effect on the attitude of the consumers in purchasing life insurance policy?

Does awareness has its own impact on consumers' attitude towards purchase of life insurance?

1.6.Objective of the study

1.6.1. The General objective;

The general objective of the study is to measure how the major demographic factors and awareness affecting consumer's attitude towards the purchase of the life insurance policy in Addis Ababa Ethiopia.

1.6.2. The specific objectives

The specific objective of the study is

- To examine whether there is significance difference between age groups towards purchase attitude of life insurance .
- To examine whether there is significance difference between Gender groups towards purchase attitude of life insurance

- To examine whether there is significance difference between religion groups towards purchase attitude of life insurance

- To examine whether there is significance difference between educational status groups towards purchase attitude of life insurance

- To examine whether there is significance difference between income level groups towards purchase attitude of life insurance

- To examine whether awareness has significant relation with consumers' attitude towards purchase of life insurance policy.

1.7.The Research hypothesis

For this research, the following hypotheses are developed to be tested.

- **H1**:Age group has significant difference with consumers' attitude towards life insurance policy purchase.

- **H2**: Gender group has significant difference with consumers' attitude towards life insurance purchase

- **H3**: Religion group has significant difference with consumers' attitude to life insurance policy purchase.

- **H4**: Educational status group has significant difference with consumers' attitude towards life insurance policy purchase.

- **H5**: Income level groups have significant difference with consumers' attitude to life insurance policy purchase.

- H**6:** Awareness has significant relation with consumers' attitude towards purchase of life insurance

1.8.Scope of the study

This paper is delimited to the data that is obtained from Ethiolife and general insurance share company life insurance consumers. In this paper, moreover, consumer's attitude towards life insurance policy is investigated in relation to their demographic factors and awareness effect on their attitude towards purchase of life insurance policy. Due to the limitation of time and other factors this paper excluded effects of other factors affecting attitude like culture, life style, brand image of company, marketing factors, organizational and administrative factors and also macro-economic factors affecting buyers' attitude. The study will also be employed to consumers of life insurance in individual base, not including group insurance for government organizations and non government organization employees, because it is just benefit of the organization and which is not basically insisted by the individual interest. This study also focused only on the users of life products to get what was the factor affecting their attitude to purchase the life insurance products.

1.9.Limitations of the Study

Every study has its own limitation (Berg, 2001). Accordingly, this study is subject to the following limitations that future studies should address to shed more light on the subject of factors affecting consumer attitude towards purchase of life insurance. As the researcher is an employee of government organization, a mother for three and a student all in one, time was a limiting factor to fully commit to the study. All the results are based on data gathered by the respondent who are individual customers of Ethio Life and General Insurance Share Company. Thus it may subject to the potential bias and prejudice of the people involve.

In this research finding and locating consumers/respondents, the lack of cooperation of the respondents and their commitment to complete filling the questionnaires, lack of sufficient time and other factors to include all the factors affecting consumers attitude towards purchase of life insurance and to undertake wide survey in Addis Ababa with respect to buyers' attitude towards life insurance.

1.10. Significance of the study

The project is significant in several aspects: First, the findings of this paper will serve as inputs to marketers of Ethio Life and General Insurance Share Comp and other insurance companies selling life insurance policy on how they formulate and implement relevant marketing strategies towards addressing the interest of their customers by taking in to account factors affecting consumers' attitude towards life insurance policy purchase on demographic issues and awareness of the society. The Second , it is a piece of contribution to the current knowledge in the practice of life insurance marketing in examining the factors which affect consumers attitude in purchase of life insurance which are related to demographic factors and invites for further research to measure other factors which affect attitude in purchase of life insurance policy .

1.11. Definition of Terms

The following are definition of terms that used in this research study and most of the definition is as per "the insurance hand book" published by Bharti (2007) life insurance Company limited.
Life insurance : an agreement or certificate where by one party (the policy owner) pays a stipulated consideration (the premium) to the other party (the insurer) in return for which the insurer agrees to pay a specified amount of money if the person whose life insured dies, or survives to a stated time. (Black and Skipper, 1987) .
Premium: price the consumers pay in exchange to an insurance policy**.**

Premium payment term: It means the number of years for which the premiums of your Insurance Plan have to be paid

Premium rate:
Premium rates help in deciding the amount of money that has to be paid as the premium for the benefits received under the insurance product. It is based on various factors like age, Premium Payment Term, and gender etc.

Coverage:
The amount of protection provided to the Policyholder on the basis of premium amount and the terms of the policy.

Insurer Company: It is the company that collects premiums and provides compensation for financial loss incurred due to an unfortunate event.

Life Insured, is the person whose life is covered by the company. In case of unfortunate death of the Life Insured the death benefits of the policy are received by the nominee or the Policyholder.

Underwriting:
Before the issuance of an Insurance Policy, the Life to be insured is evaluated on different parameters like health status, financial standing, age, occupation etc. to determine whether he can be issued the policy and also decide the amount of money that has to be paid as the Insurance premium. This process is referred to as underwriting in the insurance business.

Death Benefit,

Whenever an unfortunate event happens, there is both emotional as well as financial loss. An insurance company helps to replace the financial/monetary loss through the Death Benefit, which helps to maintain the family's financial stability.

Maturity Benefit:
It is the amount which the insurance company pays to the policy holder on the completion of the Policy Term, if the Life Insured has survived the entire duration of the Policy.

Policy Term:
It means the number of years for which the Insurance Policy and Life Cover is active. It starts with the issue date and ends with the maturity date.

Policy Schedule:
It is the cover page of the policy contract; it shows details of the Policyholder, Life Insured and a brief description of the Policy. It is not a standalone document, but forms an integral part of the policy contract.

Indemnity An insurable principle not normally applicable with insurances of the person. It relates to providing an exact financial compensation, which is not possible with life insurance, for example.

1.12. Organization of the study

The final research report is structured in such a way that it can provide coherent flow of ideas. The report is divided into five chapters. The first chapter is introduction, which comprises background of the study, statements of the problem, objective of the study and other related issues. The second chapter is a review of related theoretical and empirical literatures regarding the subject matter. The third part presented research design and methodology. The fourth part of the report presented the results and discussions of the study, data analysis and interpretation. Finally, based on the result of the study, summary of finding and the recommendation are presented in fifth chapter.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1.Introduction

The main reason of this literature review is to get an insight on the consumer's attitude towards the purchase of life insurance policy and to get what is the attitude of consumers on purchase of life insurance policy based on the variables under this study. The literature includes the theoretical aspect of insurance business both the life and the general insurance, the empherical review of the subject matter, the general view of insurance concepts, its development in Ethiopia and the basic character of general insurance based on scholar's theoretical view. Based on the definitions given by different scholars the life insurance policy is defined, what is the purpose of purchasing life insurance to the consumer , discussion is made about the concepts and benefit of life insurance, purpose of purchasing life insurance to the consumers, review of unique nature of life insurance and at the end there is summarization of the reviewed literature in relation to the case under research which is factors affecting consumers attitude towards purchase of life insurance policy in Addis Ababa Ethiopia **.**

2.2.Theoretical review

2.2.1. What is insurance

According to the book' Principle and practices of life insurance' 2008 published by The Institute of Chartered Accountants of India, New Delhi , Insurance is defined as an agreement between two parties, where one promises the other to cover or make good any financial loss suffered by the insured in consideration for an amount received by way of 'premium'.

Insurance is intended to protect the financial welfare of an individual, company or other entity in the case of unpredicted loss. Some forms of insurance are required by law, while others are optional. It also contributes to a country's economic progress in different ways like it promotes entrepreneurship, It is also a risk transfer mechanism whereby the individual or the business enterprise can shift some of the uncertainties of life on the shoulder of the others and insurance provides all the people to live a cleaner, healthier, comfortable and easy life.Principle and practices of life insurance' October (2008)

The fundamental purpose of insurance, whether of people or of property is protection against possible economic loss, economic loss being simply defined as the unintentional and permanent loss of something which has monetary value. The contract of insurance is referred to as the 'policy'. Loss cannot be determined beforehand, but certainly can be reimbursed by insurance company if and when it occurs. The loss that may be caused must be measurable in financial terms. The loss caused should be the result of an accident or a fortuitous event in nature. Ideally, the loss should not be catastrophic (i.e. affecting a large number of exposure units at the same time). Insurance assumes that out of a large population only a small percentage of people will incur loss at one time. The premium fixed for the risk should be affordable. If the premium is too high, the insurance will not be appealing to prospective customersBlack and Skipper (2008).

2.2.2. The differences between life insurance and general Insurance

A life insurance contract is a long-term contract, while general insurance contract is a one-year renewable contract. It is difficult to determine the economic or the financial value of life, whereas the financial value of any asset to be insured under a general insurance policy can be determined .The risk namely 'death' is certain in life insurance. The only uncertainty is as to when it will take place, whereas in general insurance, the insured event may or may not take place. Life insurance is a product which pays a death benefit to a designated beneficiary upon the death of the person insured. The life insurance contract is not a contract of indemnity. The general insurance contract is a contract of 'indemnity' where the exact value of loss is reimbursed.(Personal accident insurance being an exception).Principle and practices of life insurance' October (2008)

2.2.3. Why people need to be insured

Concerning why peoples need to be insured different scholars mentioned different issues in relation to the decision making under uncertainty and here are some theories related to why consumers need to purchase insurance especially for their health insurance and there are different theories discussed based on scholars. Among the theories that analyze decision-making under uncertainty are expected utility, state-dependent utility, endowment effect, status quo bias, regret and disappointment paradigms, and prospect theory(Case and Deaton 2002).

Based on **expected utility theory**, insurance demand is a choice between an uncertain loss that occurs with a probability when uninsured and a certain loss like paying a premium (Manning and Marquis 1996). Expected utility theory assumes that people are risk averse and make choices between taking a risk that has different implications on wealth and their life also. At the time of insurance choice, consumers are uncertain whether they will be ill or not, and of the related financial consequences. Insurance reduces this uncertainty. Pia Schneider (2004). This certainty allows the insured to reach a higher utility in case of illness than those without insurance. Accordingly, the insurance demand reflects individuals' risk aversion and demand for certainty, implying that the more risk averse individuals are, the more insurance coverage they will buy (Begg et al. 2000). This theory is silent about the level of consumers' income and its impact on the insurance choice. According to Proper C. (1993) the need for private insurance is explained by demographics, income and quality of care.

According to state **dependent utility theory** the relative need to purchase insurance is affected by their state which are health and socio economic status. Because the degree of risk varies with their state or condition and this will influence their insurance policy buying decision. Hence, the anticipated need for medical care given the current state, and the magnitude of the related insurance pay-off in case of sickness will affect individuals' insurance demand (Phelps 1973)

Prospect theory states that people need insurance not for a reason that they avert uncertainty but the prospect gain is the factor to purchase insurance. According to (Marquis and Holmer 1996) first they assess their current health status and what will it be in future, will it become worst or improve and they will consider the deviation and the prospect gain from insurance to decide for insurance purchase.

Cumulative prospective theory combines state-dependent utility and prospect theory: people assign different weights to the probability that an event will occur. Then, they make choices between prospects through the weighted probabilities of losses and gains. However, they tend to overweight small probabilities, whereas high probabilities are underweighted. When this theory applied to insurance people need to purchase insurance is their overweighting of small probabilities of future happenings or events on their life (Case and Deaton 2002).

Regret and disappointment theories are based on the assumption that people have a loss aversion and conservative preferences. Individuals try to avoid regret and disappointment and do not just consider the eventual outcome, as suggested by expected utility theory. They factor in their feelings of regret, in case the decision would have been wrong, and of disappointment, if the outcome does not correspond to what they have expected (Bell 1982, 1986).

2.3.Consumers' Attitude towards purchase of Life Insurance Policy

Attitudes are generally known as judgments and these are results of either direct experience of the social environment or through observations. So attitude can be considered as a hypothetical construct, which represents degree of liking or disliking of an individual towards a particular object. Winning and losing are two opposite sides of a same coin and that coin is attitude. Attitude is composed of beliefs about the consequences of performing the behavior and an evaluation of how the consumer will feel about those consequences. Attitude may be defined as an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment (Best et.al, 2003). Whereas, the context of consumer behavior, attitude is a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object (Kanuk and Schiffman, 2000). As learned predispositions, attitudes have a motivational quality; that is they might push a consumer toward a particular behavior or repel the consumer away from a particular behavior. Various attributes and benefits of the product brands affect the attitudes of the consumers towards these product brands. On this basis it can be argued that what are the benefits, which can be perceived by the consumers from the insurance services for themselves, and also they can enquire about the way to get those benefits from insurance services.

2.4.Concepts of insurance and the product Life Insurance

Insurance, generally, protects people from economic loss. Economic loss may arise from any number of misfortunes and without insurance, either the party causing the loss or the party that suffered the loss would be forced to bear the full economic impact. While there is no way to transfer the pain, inconvenience, or sorrow that may accompany a particular misfortune, insurance acts to distribute the risk of economic loss among as many as possible within a given category. Each member of the protected category, that is each insured, makes a predetermined payment called a premium. The premiums are collected into a fund out of which payment is made for covered economic losses of an insured in the group. In effect, each member contributes a small amount to compensate other members of their group for losses they suffered. In general, no member will know in advance whether they will receive more compensation than the premiums paid or whether they will merely be paying for the losses of others in the group. Despite this feature of insurance, it makes sense to purchase insurance because the typical goal for the insured is to avoid the risk of going it alone.

Life insurance undertakes to protect the insured's family, creditors, or others against financial loss growing out of the death of the insured. The contract embodies an agreement in which the Insurer undertakes to pay a stipulated sum upon the death of the insured, or at some designated Beneficiary .The life insurance agreement to be: *"*a contract by which the insurer, for a certain sum of money or premium proportioned to the age, health, profession, and other circumstances of the person whose life is insured engages that, if such person shall die within the period limited in the policy, the insurer will pay the sum Specified in the policy, according to the terms thereof, to the person in whose favor such policy is granted*"* (John H.Magee and David L.Bickelhaupt, 1964, p: 600).

The above definition entails that like the general insurance, life insurance policy, has a contractual nature, in addition the policy provides methods for payment of the proceeds in installments or in some manner other than a lump sum; the choice is made by the insured, or by the beneficiary, if the insured has not made a choice.

As a social and economic device life insurance is a method by which a group of people may cooperate to recognize the loss resulting from the premature death of members of the group. The insuring organization collects contributions from each member, invests these contributions, guarantees both their safety and a minimum interest return, and distributes benefits to the estates of the members who die (TeklegiorgisAssefa , 2004,p: 134). From the above definition, for many people, the risk management tool that is most appropriate for dealing with the exposure of premature death is life insurance .There are many different types of life insurance, but the standard arrangement is contract specifying that upon the death of the insured. In general, life insurance is categorized in to two major categories according to Black and Skipper (2008) .

Protection policies: these policies are devised to provide a benefit to the designated beneficiary in the event of the occurrence of specified event typically death benefit at a lump sum. Term insurance policy is a common plan of this category

Investment policies: these policies are mainly designed for saving a specific amount of money during the time of the policy to facilitate the growth of capital by regular or single payment. In addition to this benefit it provides the same benefit like protection policies does. Thus it gives protection and investment benefit. Endowment insurance policies can be categorized in to these schemes.

2.5.Types of Life Insurance Policy

From a traditional or historical perspective, life insurance can be classified in to three categories: Term life insurance, Whole life, and Endowment life insurance policy. However, today numerous variations and combinations of these basic types of life insurance are available. The types of the life insurance and definition is as per the definition stated on the book "principle and practice of life insurance "2008 issued by institute of chartered accountants of India, Newdelhi.

A. Term life insurance

When a life insurer sells **a term life insurance** policy, it promises to pay the beneficiary if the insured dies within a specified period. If the insured outlives the period, the insurer makes no payment. According to Mark S. Dorfman (2005, p: 256) Thus, Term life insurance has several basic characteristics. First, it provides protection for a temporary period, such as one, five, and ten or twenty years unless the policy is renewed, the protection expires at the end of the period.

As per the book "principle and practice of life insurance "2008 term life insurance has the following nature .It furnishes protection for a limited number of years and it terminates with no maturity value. The face amount of the policy is payable only if the insured's death occurs during the stipulated term. Nothing is paid in case of survival. It is more comparable to property and liability insurance contracts than to any other life insurance contract. Initial premium rates are low compared to other life products because the period of protection is limited.

Features of term life insurance are

Renewability – prolongation of the policy for another term without reference toinsured's insurability; premiums increase at each interval.

Convertibility – is an option to modify over to a cash value policy [whole life or endowment] without reference to insured's insurability; conversion allowed on attained age method or on original age method.

Most term insurance policies are renewable, which means the policy can be renewed for additional periods without evidence of insurability. The premium is increased at each renewal and is based on the insured's attained age. Therefore, to minimize the adverse selection, many insurers have an age limitation beyond which renewal is not allowed such as age 70 or 80 most of the time and others still to an age of 100.

B. Endowment life insurance policy

It provides not only security to the dependents when the insured dies during the term of the policy but also offer as a saving element to be payable to the insured in case he/she survive until maturity date (end of the period of the policy). It combines a saving plan with financial protection to the dependents.

Features of an endowment insurance policy:

- Endowment plans promise protection from risk in the event of death of the insured during the policy term as well as an assured sum upon the maturity of the policy.
- In this type of policy the maturity of the policy is usually chosen to coincide with the retirement of the person.
- These policies are issued for specific terms chosen by the proposer who can choose the duration of the policy which may be 10, 15, 20 or 30 years. Where the duration is short the premium involved is higher.
- It is to be noted that whether the assured meets a premature death or not the full amount of the policy has to be paid by the insurance company provided the premiums have been paid as stipulated in the policy.

C. Whole life insurance policy

As the name describes it is insurance for the whole of one's life. It provides long term financial protection to the insured dependents regardless of when death occurs.

The nature of whole life insurance

Whole life insurance is intended to provide insurance protection over one's entire lifetime. It provides for the payment of the face amount upon the insured's death regardless of when death occurs. Universal life policies can function as whole life insurance if they have sufficient cash value.

The face amounts payable under whole life policies typically remain at the same level throughout the policy duration, although dividends are often used to increase the total amount paid on death. In most policies, the gross premium also remains at the same level throughout the premium payment period with some exceptions saving component.

D. Annuity life insurance policy

It provides retirement benefit to the insured who wish to supplement their pension income. It is to protect against the probability of outliving ones income that is protection against living too long. It is the opposite of a person who desire life insurance for protection against premature death, i.e. dying too short.

E. Universal life insurance policy

This type of policy is introduced in1979 (Black and Skipper, 1987). It differs from other type of Life insurance in that it offer flexible, potentially low cost coverage on a basis that permits product transparency. It does not require a fixed schedule of premium payments; instead, the premium payment schedule is flexible. Flexibility allows policy owners to skip scheduled premium payments occasionally without causing the policy to lapse. The policy holder, can access his or her cash value by making partial withdrawals.

Uses of Universal Life Insurance

A single universal life policy can serve the needs of a family throughout their life cycle.

A UL policy can be used, as can most other cash value policies

F. Variable life insurance policy

It is a fixed premium policy in which the death benefit and cash values vary as a result of the investment performance of a separate account. It is the other form of cash value life insurance that performs like traditional whole life insurance in some ways: fixed premiums, guaranteed death benefit equal to the original face value, and no partial withdrawal. In contrast, the owner of the policy under a variable policy has a right to choose various financial vehicles to invest premiums, such as mutual funds of stocks, bonds, or money market securities. If the investment performance is favorable, the face amount of life insurance is increased. If the investment performance is poor, the face amount of life insurance is reduced, but it will typically not fall below the original face amount.

2.6.Empirical studies of the factors affecting attitude to life insurance.

Eminence of life includes different factors health, community life, gender equality, political freedom, political stability and security, material well being, family life, and job security. In addition to it, insurance against illness or death is also considered as indicator for quality of life in developing countries. Being an indicator of quality of life, insurance has significance in human life as Gautam V. and Kumar M(2012) cited on the study on attitudes of Indian consumers towards insurance services**.** The literature of attitude and perception of life insurance policyholders have largely focused on factors predicting these attitudes (Skinner and Dubinsky, 1984; Kruse and Ozdemir, 2004). Factors such as consumers' perceived value (Smith, 2006) satisfaction (Kuhlemeyer and Allen, 1999) and purchase decision-making responsibility (Barron and Staten, 1995) have been considered as most important on the literature on attitude and perception of life insurance policyholders. For example, in a survey of 1,462 families, Skinner and Dubinsky found out that employment status of the wife and education of the husband discriminate mostly between which family member(s) is responsible for insurance purchasing decision. Other significant variables include wife‘s educational level, husband‘s employment status, family income, and husband‘s occupation. Kruse and Ozdemir (2004) explore the relationship between individual‘s risk perceptions and their willingness-to-pay for increased safety in a low-probability, high-consequence event. Namasivayam et al., (2006), examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of life insurance. From the analysis, the study concluded that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors.

Sharzad and Mohammadreza Shahriari (2016) on their research with the title “The effect of social and demographic and economic factors on life insurance” the result shows that age and education has no significant relation with the demand of life insurance. Browne & Kim (1993) had found that education is insignificant for life insurance demand.

Curak (2013) analyzed the demographic and social determinants of life insurance consumption in Croatia by using a questionnaire-based survey. The variables used were age, gender, education, occupation, marital status, number of household members. The research results indicate that age, occupation and education have a significant impact on the demand for life insurance in Croatia while gender, marital status and number of family members do not seem to influence the demand for life insurance.

Up on a study made in India by Gautam V and kumar M (2012) on consumer’s attitude towards life insurance service demographic factors were used like age, gender, marital status, level of education, mode of employment & other factors. Up on the result of the study age has significant impact on Indian consumers’ attitude towards insurance services. In the case of gender, male respondents’ attitude mean is higher than female respondents, and gender is found to have significant impact on Indian consumers’ attitude towards insurance services. This result is in accordance of status of females in Indian social set up, as in economic matters, females are not given due importance because of male dominating nature of society in India. Marital status has a statistically significant impact on Indian consumers’ attitude towards insurance services. In case of married and unmarried respondents, no significant difference was found in the study, whereas in case of widowed, mean score of positive attitude was highest among all the categories in marital status variable of demographic profile. Apart from these categories, divorced respondents got least mean score of positive attitude, which can be evident from the society that these types of people face difficult economic conditions in their life. Education status of Indian consumers has significant impact on attitude towards insurance services. This may be because education leads them to secure their life. Working status has a significant impact on attitudes of Indian consumers towards insurance services. Study shows that employed and retired Indians show highest mean score of positive attitude towards insurance services as compared to rest categories of working status variable like unemployed, part time workers, student and others.. Household income came as a significant variable to influence the attitude towards insurance services in the study conducted among Indian people.

As Neha Shrivastava1 &Raminder Pal Singh2, Ph. D cited on their research effect of consumer characteristics on purchase motives and attitude towards life insurance: study in Punjab region Ekeng et al (2012)examined the influence of consumer demographic on impulse buying. Their empirical study on 400 consumers revealed that demographic characteristic significantly influences the behavior. Gender and education plays major role in spontaneous buying decisions. Seock and Bailey (2008) studied role of gender in purchase behaviors and shopping orientation. Gender was found to be significant role in shopping orientation, online information search and purchase experiences..

Chui and Kwok(2008)studied the nation culture effect on life insurance buying. Individualism was found to have significant positive effect on life insurance consumption but power distance, masculinity and femininity have negative effect on life insurance purchase. Headen and Lee (1974) revealed major variables stimulating life insurance demand. Life insurance industry advertisement expenditure, size of sales force, new product of insurance companies will affect the insurer effort for creating demand for life insurance. Variables like disposable household income, number of births and marriage affects house hold saving decision, Apart from it economic condition; financial assets also affect ability to pay for insurance. Truett et al. (1990) explored demographic factors like age, education, income were significant factors which affect demand of life insurance. Results of this study are in line with previous study which considered demographic factors such as dependency ratios, life expectancy and adult literate population have relationship with life insurance purchase.

Dr. Ashfaque Ahmed (2013) in his study “perception of life insurance policies in rural India” reveled that there is low level of awareness and understanding of life insurance products. There are various factors that influence consumer thinking when they are planning to invest in insurance scheme. Most of the customers show their interest in life insurance having higher risk coverage and also for good return with safety. The roles played in perception of life insurance policies in rural market by members of the family varies with knowledge parameters as well as with the typed of products and sometimes with the company name also. While a number of psychological variables are useful in obtaining into consumer’s perception towards buying life insurance policies in rural areas. The insurance company name also plays an important role in purchasing.

Ghorpade and Deshmukh (2012) analyzed the customer perception, purchase behavior and consumer awareness regarding the life insurance industry. In this study Primary data was collected from 500 respondents in Pune city that was analyzed through rank correlation and chi-square test. It was found that only 5.6percent purchased the policy as a risk cover, while the remaining for tax purpose and/or investment purpose.

Min Li (2008) in her work concludes that as person age is increased demand of life insurance decrease and it reduces to near about zero when age of person is 56 in case of term insurance and 58 for other types of traditional products. People at lower age prefer more term insurance as income is low and higher age peoples prefer more variable insurance. As level of education rises demand for life insurance also increases. As Income or number of family member's increases life insurance demand also increases. Households without any life insurance were relatively young, less educated, unemployed, not married, and renters; they expected to die in their 70s, had low income, were not concerned with leaving a donation, and preferred not to take risks. Huihui Wang (2010) stated that increased levels of income, higher education levels, and demographics (such as family structure and the number of dependent children) were important factors in determining life insurance demand in China.

Mahdzan & Victorian (2013) investigated the determinants of life insurance demand among life insurance policyholders of five major life insurance companies in Kuala Lumpur, Malaysia their results reveals that demographic variables and saving motives were significantly related to life insurance demand. Financial literacy, however, was found to be insignificant in determining life insurance demand. They showed that education level is significantly related to life insurance demand, where individuals with higher levels of education have higher life insurance demand.

Syed ShahidMazhar, AnisurRehman, ShahabUd Din (2015) study highlights the influence of demographic variables on insurance sector in India. It is found in the study that there is a significant impact of gender, educational qualification, income and occupation on the reason, like saving, investment, risk and protection tax benefit and children education and marriage to purchase life insurance products.

Concerning awareness there were different studies made in the previous times by different researchers about how this matter affects the consumers purchase decision of life insurance policy. Tom, Ibok, & Awoke (2012) examined factors within insurance institutional framework that affect insurance consumption in AkwaIbom State in Nigeria using primary data collection from 80 insurance consumers judgmentally drawn from 10 insurance companies. They find that low insurance penetration in the state is as a result of poor publicity and awareness campaign due to the very complex nature of the insurance products.

The research made in Saudi Arabyain the year 2011 by Saaty and Ansari about the reason for the consumers to purchase insurance and to others not purchase insurance, what affects the users &the non users and the problem of the Saudi Arabia Insurance company. The result of the research shows that the public at large was not effectively aware of the benefit of the insurance service, the different types of insurance. Peoples also hesitate to purchase insurance because they think it as against Sharia, in that Islamic principles affect the demand for purchase of life insurance products.

2.7.Conceptual frame work of the Research

The following conceptual model has been developed by the researcher based on literature review findings used in this research.

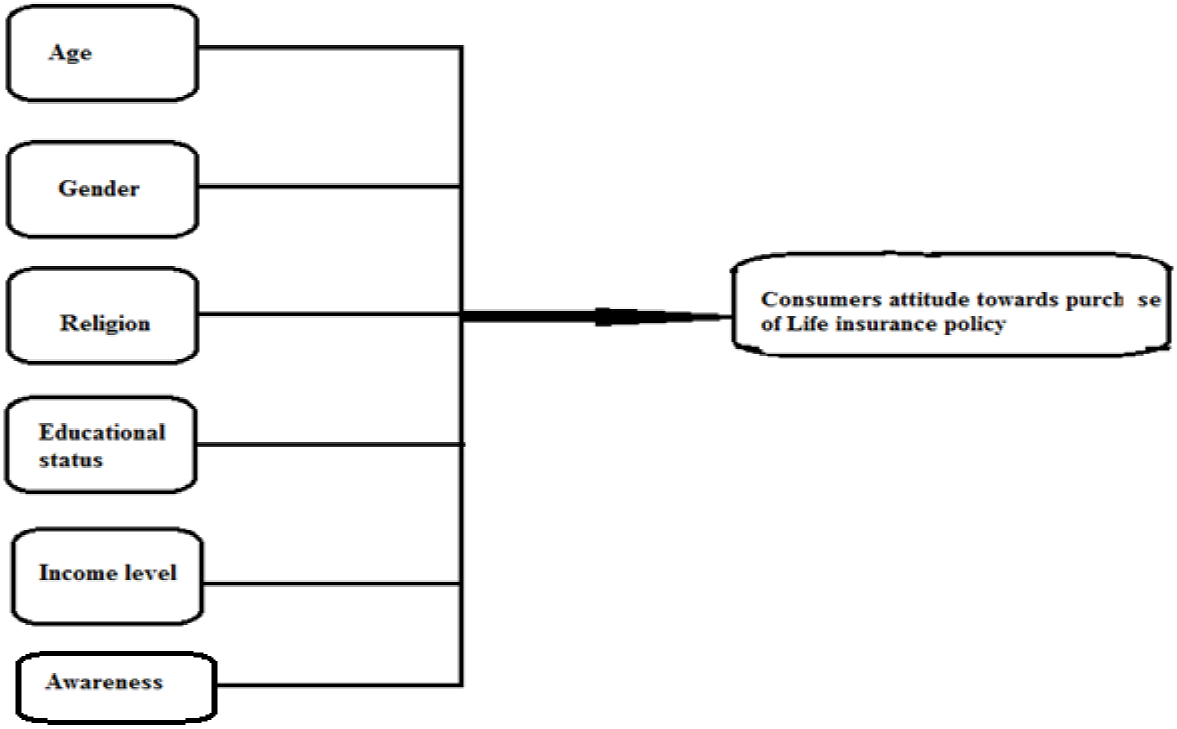

Figure2.1 Conceptual frame work of this study

Source : Modified from Curak (2013)

Different researches have been made in relation to the factors which affect the attitude of the consumer's attitude towards purchase of life insurance and there are different factors which affect attitude of consumers. However this study focused on demographic factors and awareness.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1.Research Approach

On methodological concern of this research it is quantitative research as the study attempts to quantify the result through statistical summary and analysis. "Quantitative research is an approach for testing objective theories by examining the relationship among variables which can be measured and analyzed using statistical procedures Creswell (2003) .To deal with the research question, to test hypotheses and to inspect the cause and effect relationship between the selected demographic variables and awareness with the consumers attitude towards purchase of life insurance the study employed quantitative type of research approach.

3.2.Research Designe

The purpose of this study is to explain the effect of the selected demographic variables and awareness on consumers attitude towards purchase of life insurance policy. When the focus is on cause-effect relationships, the study can be explanatory explaining which causes produce which effects (Yin, 1994).Thus; this study will implement a cross sectional explanatory research design.

3.3.Source of data

The source of data for this research is both primary and secondary. The primary data is collected from the customers of Ethio Life and General insurance share company to examine the factors affecting consumer's attitude towards purchase of life insurance policy based on the selected variables. The secondary data is used to describe the subject matter of the study, about the relation and association of the variables with the consumers' attitude from various literatures, articles and from the company annual bulletin and report of national bank of Ethiopia.

3.4.Population

The target population of the study includes all individual life insurance customers of the company, according to the data I got from the company there are 374 customers of life insurance of which 260 are individual customers other than the group policy holders.

3.5.Sampling Technique and sample size

The researcher has got a list of the individual customers along with their address. From the list the researcher selects respondents from the above mentioned population using systematic random sampling. In order to determine the sample size, the researcher employed a simplified formula developed by Yamane (1967). A 95percent confidence level and 0.05percent precision and P=0.5 are assumed for the equation:

n= N/1+N (e)2

Where n is the sample size and N is the population size and e is precision level

n = 260/1+260(.05)2

n=157

3.6.Method of data collection

For the purpose of this study structured questionnaires developed by the researcher is used to collect data from each member of a sample. Self- administered questionnaires used in order to accurately gather the required data from selected respondents to meet the researcher's informational objectives. Questionnaires are developed in English languge and are translated into Amharic for the respondents who are not comfortable/understand English language. The designed questioners were distributed to the respondents some of them by attaching to their email and the majority by getting them face to face to their office and private business address . The questionnaires are self administered by the respondents so that they completed the questions in their own time without any distraction. This is because primarily it provides relatively simple and straight forward approach for investigation of consumers' attitude and it allows also respondents relative freedom and thirdly it is efficient in providing large amounts of data at relatively low cost .The questions framed using Likert's scale of measurement ranging from strongly disagree with 1 point to strongly agree with 5 point.

3.7.Data collection procedure

On the questionnaires parts which are distributed, the researcher fully described all the needed information on the front page of the questionnaire like anonymity, thank you acknowledgement, objective of the study, benefit of the study etc. to prevent respondents assuming different purpose in their mind and also guarantee its confidentiality of their participation. The researcher also gave them enough time to complete and return the questionnaires.

3.8.Method of data analysis

In this research SPSS tool is used to manipulate quantitative data. In the analysis part first substantial follow up and identification of respondents return and non-return on questionnaires has been made and analyzed to see the actual collected number of respondent. The data gathered through questionnaires is coded and recorded into computer. The data collected from questionnaires is analyzed using Statistical Package for Social Science (SPSS). From all the distributed questioners 148 was properly filled and returned and the rest are not returned. The result is presented using statistical tools such as frequencies and tables for demographic characteristics of the respondents via descriptive statistics and inferential analysis (t-test, and one way anova) to test the mean difference of the demographic variables towards purchase attitude and correlation and regression analysis is used to examine the relationship of awareness and the attitude of the customers towards purchase of life insurance.

Descriptive analysis such as frequencies, percentages, means and standard deviations were used to summarize and present the data. In addition to this, Pearson's correlation coefficient used to show the interdependence and to ascertain whether a statistically significant relationship between the independent and dependent variables. According to Sekaran and Bougie (2010), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

Pearson Correlation Strength of correlation relationship

r = 0.10 to 0.29 or r = -0.1to -0.29 Weak

r = 0.30 to 0.49 or r = -0.30 to -0.49 Moderate

r = 0.50 to 1.00 or r = -0.50 to -1.00 Strong

Source: Sekaran and Bougie (2010)

3.9.Validity and Reliability

3.9.1. Validity:

According to (Field,2009) validity evidence that a study allows correct inferences about the question it was aimed to answer or that a test measures what it set out to measure conceptually. (Saunders et. al., 2003) also defined validity as the extent to which data collection method or methods accurately measure what they were intended to measure. Which means it is to check that the questions evaluate what it is planned to measures. This study will utilize Content validity that is the extent to which the measurement device, which is the questioner, provides adequate coverage of the investigative questions (Saunders et. al., 2009) as per a literature reviewed related to the subject. To this concern the validity is checked by my advisor.

3.9.2. Reliability:

Reliability refers to consistency. For a questionnaire to be valid, it must be reliable (Saunders et. al., 2009). Reliability is a means that a measure or a questionnaire should consistently reflect the construct that it is measuring (Field, 2009). This means the outcome of the measurement instrument yields the same result with a replicated test. There are varieties of methods for calculating internal consistency, of which one of the most frequently used is Cronbach's alpha (Saunders et. al., 2009). Cronbach alpha should result in a number between 0 and 1. In general, a questionnaire or measurement instrument with α value of 0.7 is considered reliable (Field, 2009). The researcher used cronbach's alpha method to evaluate the internal consistency of the research instrument.

Before distributing the questionnaire to all respondents, 30 questionnaires for pilot test to make sure the questions are clear and reliable (Adams, et al., 2007). Hence, a total of 30 questioners were distributed to the few respondents, for the pilot survey which has helped the researcher to ensure that the questionnaire was in fact clear to respondents and reliable. After testing the questionnaire on the few respondents the test value was assessed using Cronbach's coefficient and the output of the test is as follows.

Variable tested	**Cronbach's Alpha**	**Number of item**
Age level	0.717	5
Gender type	0.799	4
Religion	0.800	4
Education	0.769	4
Income	0.796	4
Awareness	0.869	4
Attitude	0.881	4

Table3.1 Overall Reliability test

Source:Survey data (2019)

3.9.3. Ethical research consideration

The data which collected from the consumers of life insurance was intended only to be used for academic purpose and consumption of this study. The data is not provided to anybody that intends to use beyond this study. Questionnaire was distributed to and collected from target customers in a sealed envelope and on face to face. The researcher clarified the question only when requested. Other than this, the researcher did not influence the response of any customer.

CAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter is focused on the presentation, analysis and discussion of data collected for the study. It also shows the findings of the study; provide answers to the research questions in line with the objectives of the research. Discussion has also been made about the extent of relationship between independent variables and dependent variable related to the research hypothesis.

4.1. Results and Findings of the study

As already mentioned in the objective statement of this project, the main objective of this study is to see factors affecting consumer attitude towards purchase of life insurance policy case of Ethiolife insurance and general service Share Company in Addis Ababa by taking a total sample of 157 from individual consumers of the company. However from the total samples under study, only 148 (94.3percent) out of 157 were returned others 7 (.04percent) were not returned and the result is discussed based on the returned data treating as 100percent.

4.2. Demographic characteristics of variables

4.2.1. Gender

Of respondents, 54.1percent of them were male and 45.9percent are female. This indicates that the number of male’s composition is more than females.

4.2.2. Age

In terms of age from the total respondents, 3.4 percent are between18-25, 10.1percent are between 26 and 35, 20.3 percent are between 36 and 41, 41.2 percent are between 42 and50 and 25 percent are respondents above the age of 50. From this composition one can see that most of the individual consumers are at the middle agebetween 42-50.

4.2.3. Educational qualifications

Concerning educational qualifications 79 percent of the respondents have Degree or more than BA degree and 21 percent of them have less than BA degree. This signifies that most of the respondents have at least BA Degree.

Measures	Frequency	Percent	Valid Percent	Cumulative Percent
Gender				
Female	68	45.9	45.9	45.9
Male	80	54.1	54.1	100.0
Total	148	100.0	100.0	
Age				
18-25	5	3.4	3.4	3.4
26-35	15	10.1	10.1	13.5
36-41	30	20.3	20.3	33.8
42-50	61	41.2	41.2	75
above 50	37	25.0	25.0	100
Total	148	100	100	
Educational Qualifications				
12 complete	11	7.4	7.4	7.4
diploma	20	13.5	13.5	20.9
BA degree	97	65.5	65.5	86.5
Masters degree	16	10.8	10.8	97.3
PHD	4	2.7	2.7	100
Total	148	100	100	
Income				
5000-10000	10	6.8	6.8	6.8
1001-15000	18	12.2	12.2	18.9
15001-20000	98	66.2	66.2	85.1
greater than 20000	22	14.9	14.9	100
Total	148	100	100	
Employment Status				
Self employed	42	28.4	28.4	28.4
Employed	106	71.6	71.6	100
Total	148	100	100	
Types of Insurance				
Annuity	16	10.8	10.8	10.8
End	57	38.5	38.5	49.3
Term	69	46.6	46.6	95.9
Whole	6	4.1	4.1	100.0
Total	148	100.0	100.0	
Influential Organ				
Advertisement	6	4.1	4.1	4.1
Referral by friend	59	39.9	39.9	43.9
Agent	80	54.1	54.1	98
No one influence	3	2	2	100
Total	148	100	100	
Religion				
Orthodox	67	45.3	45.3	45.3
Muslim	20	13.5	13.5	58.8
Protestant	38	25.7	25.7	84.5
Catholic	23	15.5	15.5	100
Total	148	100	100	

Table 4.1 Demographic characteristics of variables

Source: Survey data (2019)

4.2.4. Income

From total respondents, 6.8percent of them have monthly income between ETB 5000-10000 , 12.2percent have monthly income from ETB.10,000 – 15,000 , 66.2 percent have monthly income ETB.15,000 – 20,000 and 14.9 percent are who have a monthly salary of 20,000. This shows that most of the respondents i.e. 81.1percent of them are earning a monthly income above 15,000.00.

4.2.5. Employment status

It can be observed from the employment status of the respondent, 28.4 percent are self employed and 71.6percent are employees of different organizations.

4.2.6. Type of insurance

Concerning the type of insurance that the respondents have, 10.8percent is annuity insurance, 38.5percent is endowment insurance, 46.6percent is term insurance & 4.1percent is whole life insurance.

4.2.7. Influential organ

When we come to the one who influence the respondent to have the life insurance, the statistical data reveals that 54.1percent of the respondents are influenced by the agents, 39.9 percent are influenced by referral of friends, 4.1 percent are influenced by advertisement and only 2.1percent are by their own initiation.

4.2.8. Religion

The composition of the respondents concerning their religion is, only 45.3 percent are from orthodox Christian, 25.7 percent from protestant and Muslim and Catholic are 13.5 percent and 15.5 percent consecutively.

4.3. Correlation analysis

Pearson’s correlation coefficient used to show the interdependence and to ascertain whether a statistically significant relationship between the independent and dependent variables. According to Sekaran and Bougie (2010), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. This test is done for all the tested variables the demographic one and the variable Awareness.

Correlations

		AGELEVEL	EDUCATI	INCOM	AWARNES	**ATTITU**	GENDER	RELIG
AGELEVEL	Pearson Correlation	1	-.083	.065	.082	**.056**	.121	-.281**
	Sig. (2-tailed)		.316	.438	.325	**.501**	.147	.001
	N	146	146	146	146	**145**	146	143
EDUCATI	Pearson Correlation	-.083	1	.097	.052	**.020**	-.341**	-.242**
	Sig. (2-tailed)	.316		.239	.528	**.807**	.000	.003
	N	146	148	148	148	**147**	148	145
INCOM	Pearson Correlation	.065	.097	1	.933**	**.807****	-.062	-.001
	Sig. (2-tailed)	.438	.239		.000	**.000**	.456	.990
	N	146	148	148	148	**147**	148	145
AWARNES	Pearson Correlation	.082	.052	.933**	1	**.817****	.011	-.028
	Sig. (2-tailed)	.325	.528	.000		**.000**	.895	.738
	N	146	148	148	148	**147**	148	145
ATTITU	Pearson Correlation	.056	.020	.807**	.817**	**1**	.027	.057
	Sig. (2-tailed)	.501	.807	.000	.000		.748	.499
	N	145	147	147	147	**147**	147	144
GENDER	Pearson Correlation	.121	-.341**	-.062	.011	**.027**	1	.048
	Sig. (2-tailed)	.147	.000	.456	.895	**.748**		.563
	N	146	148	148	148	**147**	148	145
RELIG	Pearson Correlation	-.281**	-.242**	-.001	-.028	**.057**	.048	1
	Sig. (2-tailed)	.001	.003	.990	.738	**.499**	.563	
	N	143	145	145	145	**144**	145	145

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

Table 4.2 Correlations

Source: Survey data (2019)

From the above data it is seen that the variable income and awareness has strong positive correlation with attitude, which is 0.807 and 0.817, with strong significant level respectively. But age, gender, religion and education have no correlation. According to Sekaran (2000), inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable

4.4. Regression analysis

For this study the researched used single linear regression model. The effects and magnitudes of the independent variable examined against the consumers attitude towards purchase of life insurance. However before directly analyzing the data gathered by the questionnaires, the researcher has checked the necessary assumptions that have to be fulfilled in order to undertake regression analysis models. The assumptions are Normality of the distribution, Independent of Residuals, Multicolinearity, Outliers and Hemoscedacity.

4.4.1. Normality Test

It needs that the independent variable in the analysis should be normally distributed. From the different tests using Skewness and Kurtosis Statstics is one to test the normality of the distribution .The skewness statistics for all variables under study are within the acceptable range for normality which is between -2.0 to +2.0 George &mallery.(2010) .beyond that in the central limit theorem Smith. Z &Wells.G(2006) states that the sampling distribution of statistics will approach to normality as the sample size increase and even the sample size of 30 is enough to produce an approximately normal sampling distributions. Since the sample size of this study is larger, based on the central limit theorem it assumed the sampling distribution of statistics will follow a normal distribution, and the use of the statistical test with this variable is appropriate.

	Skeweness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
AGELEVEL	.208	.199	-1.016	.396
GENDER	.284	.199	-1.203	.396
RELIG	.284	.199	-1.203	.396
EDUCATI	-.119	.199	-.313	.396
INCOM	-.819	.199	.226	.396
AWARNES	-.948	.199	.269	.396
ATTITU	-.769	.200	-.142	.397
Valid N (listwise)				

Table 4.3 Test of Skeweness and Kurtosis

Source: Survey data (2019)

4.4.2. Multicollinearity test

Multicollinearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model (Pallant, 2005). Multicollinearity in this study was tested using Variance Inflation Factor (VIF) value and tolerance value. If tolerance value closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not Multicollinearity between independent variable in the regression model (Pallant, 2005). Below Table 4.5 shows there is no Multicollinearity because the value of the Tolerance is around 1 and the VIF value is around one and not more than 10.

Coefficients			
Model		Co linearity Statistics	
		Tolerance	VIF
	AGELEVEL	.870	1.149
	GENDER	.849	1.178
	RELIG	.823	1.216
	EDUCATI	.799	1.251
	INCOM	.125	7.979
	AWARNES	.126	7.914
a. Dependent Variable: ATTITU			

Table4.4 Multicoliniarity Test

Source: Survey data(2019)

4.4.3. Homoscedasticity

Homoscedasticity is the variability in scores for variables of independent should be similar at all values of variable dependent. In order to ensure the fulfillment of this relationship between independent variable and dependent variable, the variance of dependent variable values must be equal at each value of independent variables (Hair, 2010). For a basic analysis it is worth plotting ZRESID (*Y*-axis) against ZPRED (*X*-axis), because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met. Decision rule: If there were certain variant, such as organize shaping dot (waves, fuse and narrow), therefore no homoscedasticity happened. If there were not certain variant, and dots spreads above and below 0 numbers in axis Y, then homoscedasticity did happened (Pallant, 2005). The scatter plots show that there is homoscedasticity. Please see appendix the scatter plot.

4.5. Analysis of the result

This study developed and tested the under listed hypothesis using the results of the inferential analysis and regression analysis. For the hypothesis it tries to the study developed and tested the following hypothesis using the inferential and regression analysis. For all hypotheses the researcher tried to clearly show and conclude by considering alpha; α (p level; β),Stating hypotheses(Null and Alternative), indicating the test statistic (sample value) and the critical value of the statistic and finally decision and conclusion made in relation to the literature review. The research developed the following six hypotheses, and tested here.

- **H1**: Age group has significant difference to consumers' attitude towards life insurance policy purchase.
- **H2**: Gender group has significant difference to consumers' attitude towards life insurance purchase
- **H3**: Religion group has significant difference to consumers' attitude to life insurance policy purchase.
- **H4**: Educational status group has significant difference to consumers' attitude towards life insurance policy purchase.
- **H5**: Income level group has significant difference to consumers' attitude to life insurance policy purchase.
- H**6:** Awareness has significance relation with consumers' attitude towards purchase of life insurance

Independent t test

Independent t test is used to test the mean differences of all the demographic variables in relation to the dependent variable. It is selected for a reason that the variables are categorical in their nature and gender is with two categories. It is considered to verify the hypothetical test that if there is a mean difference for the gender group as the category of this variable is two female and male. The respondents have filled their attitude towards purchase the life insurance and it is tested based on their gender category. The table of t test is as follows.

Group Statistics

	gender type	N	Mean	Std. Deviation	Std. Error Mean
ATTITU	Female	68	3.5257	1.04483	.12670
	Male	79	3.3207	1.01529	.11423

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper

ATTITU	Equal variances assumed	.014	.907	1.205	145	.230	.20506	.17023	-.13139	.54151
	Equal variances not assumed			1.202	140.466	.231	.20506	.17059	-.13220	.54232

Table 4.5 Result of T. Test

Source: Survey data (2019)

From the group statistics we can see that the mean value for females is 3.52 and for males it is 3.32 which is not significant where the significant level is greater than p vale 0.05 which is 0.230. This shows that the difference with in gender type does not affect the consumer's attitude towards purchase of life insurance has no affects

H0: Gender group has no difference with consumers' attitude towards life insurance policy purchase.

Ha: Gender group has no difference with consumers' attitude towards life insurance policy purchase.

From the above table which demonstrates the tested value on the inferential analysis independent t test it shows that the **p** value is greater than 0.05 which is .230 and according to the decision rules the null hypothesis is accepted. This result describes that there is no significant difference in the different geneder category mean score of the respondents of this research .and in turn they were not buying life insurance by taking in to consideration their gender type and this variable does not affect their attitude for the purchase of the life insurance product. some researches discussed that gender is a significant factor on the purchase of life insurance for example Gautam V and kumar M (2012) , Ekeng et al (2012), Seock and Bailey (2008) , ShahidMazhar, AnisurRehman, ShahabUd (2015) concluded on their research that gender is one of the significant factor which affects the consumers attitude towards purchase of life insurance . there are other literatures that they concluded that gender has no relation with the consumers attitude to purchase life insurance , and this result is in consistent with the previous litraturesNamasivayam et al., (2006) , Curak (2013) However, the explanation is that, the fact that gender is found in this study as insignificant factor that affect consumers attitude on purchase of life insurance it does not means this variable is not important but rather, according to the respondents, the other variables seem to be the major factor that affect the consumers attitude.

One way ANOVA test

One way anova test is used to test the significance of the mean differences concerning the variable Age, Religion, Education and Income. both the independent t test and one way Anova test are measuring the mean difference of the variables but one way ANOVA is used to test a variables with a category more than two and that is the reason why selected for the mentioned variables.

Hypothetical test for Age

H0: Age group has no significant difference with consumers' attitude towards life insurance policy purchase.

Ha: Age group has significant difference with consumers' attitude towards life insurance policy purchase.

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.574	4	.394	.364	.834
Within Groups	153.509	142	1.081		
Total	155.083	146			

Table 4.6 Anova test for the variable Age

Source: Survey data(2019)

From the above table which demonstrates the tested value on the inferential analysis ONE WAY Anova test it shows that the **p** value is greater than 0.05 which is .834 and according to the decision rules the null hypothesis is accepted. This result describes that there is no significant difference in the different age category mean score of the respondents of this research .and in turn they were not buying life insurance by taking in to consideration their age category and this variable does not affect their attitude for the purchase of the life insurance product. Some researches discussed that age is a significant factor on the purchase of life insurance. For example Gautam V and kumar M (2012), Truett et al. (1990), Min Li (2008) concluded on their research that age is one of the significant factors which affect the consumer's attitude towards purchase of life insurance. There are other literatures that they concluded that age has no relation with the consumers attitude to purchase life insurance, and this result is in consistent with the previous literatures Namasivayam et al., (2006) ,Sharzad and Mohammadreza (2016). However, the explanation is that, the fact that age is found in this study as insignificant factor that affect consumers attitude on purchase of life insurance it does not means this variable is not important but rather, according to the respondents, the other variables seem to be the major factor that affect the consumers attitude .

Hypothetical test for religion

H0: Religion group has no significant difference with consumers' attitude towards life insurance policy purchase

Ha: Religion group has significant difference with consumers' attitude towards life insurance policy purchase

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.129	3	.710	.664	.576
Within Groups	152.954	143	1.070		
Total	155.083	146			

Table 4.7 ANOVA test of religion

Source: Survey data (2019)

From the above table which demonstrates the tested value on the inferential analysis it shows that the **p** value is greater than 0.05 which is .576 and according to the decision rules the null hypothesis is accepted. This result describes that the respondent's religion group mean difference is not significant and it shows that based on the religion group the attitude of the customers is not different. there is theoretical evidence from previous studies that shows religion affects consumption and attitude of the purchase of life insurance e.g. Tajudin el., (2009), Bech and Webb (2003),.the above research was done in countries with majority of Muslim society and this may be the case that from the total respondent the number of the Muslims is minimum and .

Hypothetical test for education

H0: Educational status group has no significant difference with consumers' attitude towards life insurance policy purchase.

Ha: Educational status group has significant difference with consumers' attitude towards life insurance policy purchase.

ANOVA

ATTITU

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.344	4	.836	.782	.538
Within Groups	151.739	142	1.069		
Total	155.083	146			

Table 4.8 ANOVA test of education

Source: Survey data (2019)

From the above table which demonstrates the tested value on the regression analysis it shows that the **p** value is less than 0.05 which is .538 and according to the decision rules the null hypothesis is rejected. This result describes that there is no significant difference in the different educational status category mean score of the respondents of this research .and in turn they were not buying life insurance by taking in to consideration their educational status group and this variable does not affect their attitude for the purchase of the life insurance product.. some researches discussed that education is a significant factor on the purchase of life insurance for example Skinner and Dubinsky(2004) , Curak (2013) Ekeng et al (2012), Truett et al. (1990) concluded on their research that education is one of the significant factor which affects the consumers attitude towards purchase of life insurance . There are other literatures that they concluded that education has no relation with the consumers attitude to purchase life insurance, and this result is in consistent with the previous

ATTITU

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	42.809	3	14.270	18.175	.000
Within Groups	112.274	143	.785		
Total	155.083	146			

litraturesNamasivayam et al., (2006),Sharzad and Mohammadreza (2016). However, the explanation is that, the fact that education is found in this study as insignificant factor that affect consumers attitude on purchase of life insurance it does not means this variable is not important but rather, according to the respondents, the other variables seem to be the major factor that affect the consumers attitude

Hypothetical test for income

H0: Income group has no significant difference with consumers' attitude towards life insurance policy purchase.

Ha:.Income group has significant difference with consumers' attitude towards life insurance policy purchase

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	42.809	3	14.270	18.175	.000
Within Groups	112.274	143	.785		
Total	155.083	146			

Table 4.9 ANOVA test of income

Source: Survey data (2019)

From the above table which demonstrates the tested value on the inferential analysis it shows that the **p** value is less than 0.05 which is .000 and according to the decision rules the null hypothesis is rejected. This result describes that there is significant difference in the different income category mean score of the respondents of this research .and in turn they were buying life insurance by taking in to consideration their income group and this variable affect their attitude for the purchase of the life insurance product..

POST HOC

Multiple Comparisons

Dependent Variable: ATTITU

Tukey HSD

(I) income level	(J) income level	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
5000-10000	10001-15000	-1.29444*	.34947	.002	-2.2029	-.3860
	15001-20000	-1.69665*	.29429	.000	-2.4617	-.9316
	greater than 20000	-2.42197*	.33794	.000	-3.3004	-1.5435
10001-15000	5000-10000	1.29444*	.34947	.002	.3860	2.2029
	15001-20000	-.40221	.22740	.293	-.9933	.1889
	greater than 20000	-1.12753*	.28161	.001	-1.8596	-.3955
15001-20000	5000-10000	1.69665*	.29429	.000	.9316	2.4617
	10001-15000	.40221	.22740	.293	-.1889	.9933
	greater than 20000	-.72532*	.20924	.004	-1.2692	-.1814
greater than 20000	5000-10000	2.42197*	.33794	.000	1.5435	3.3004
	10001-15000	1.12753*	.28161	.001	.3955	1.8596
	15001-20000	.72532*	.20924	.004	.1814	1.2692

*. The mean difference is significant at the 0.05 level.

Table 4.10 post hock test for income

On the ANOVA table POST HOC test we can see that the variable income different category has significant difference on their attitude towards purchase of life insurance. From the post hoc table we can see that the mean score of income group 5000 – 10000 is significantly different from the mean score of the remaining three groups. The mean score of income group 10001 – 15000 is not significant to the income group 15001 to 20000. - is significantly different from the mean score of the two income group 5000 - 10000 income group and significant to the other two groups. The mean score of the income group greater than 20000 is significantly different from the other three groups.

This supports the research hypothesis and concludes that income is a significant factor and predictor of consumer attitude on purchase of life insurance. KPMG (2012) insurance is still a long way off for the majority of Africans people still just struggling to meet their basic food and other day-to-day needs. The un affordability of life insurance products is affecting the consumers attitude towards purchase of life insurance and this result is in consistent with the previous literatures Headen and Lee, Truett et al. (1990), Min Li (2008), Huihui Wang (2010),ShahidMazhar, AnisurRehman, ShahabUd (2015) which describe on their research that the level of the consumers income affects the purchase intention of the life insurance policy and the attitude towards purchase of life insurance .

4.6. Regression analysis

For the purposes of determining the extent to which the independent variables which are the continuous once are affecting the dependent variable "consumer attitude " towards purchase of life insurance regression analysis was employed after the study met the regression assumptions. The significance level of 0.05 with 95percent confidence interval was used in the foregoing correlation analysis, the association between the independent variables and the dependent variable "consumer attitude" towards purchase of life insurance.

$Y=\alpha + \beta Aw+ \beta Inc+e$

Where; CnsA= Attitude of Consumers towards purchase of life insurance

B= The constant, or Y intercept

Aw = The level of awareness

Inc=The level of Income

e=The error term

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	105.916	2	52.958	155.105	.000[b]
	Residual	49.167	144	.341		
	Total	155.083	146			

a. Dependent Variable: ATTITU

b. Predictors: (Constant), AWARNES, INCOM

Table 4.11 ANOVA Table

Source: Survey Data(2019)

It is needed to check whether there is an overall relationship between the independent variable and the dependent variable in order to determine the fitness of the regression model. This can be done by examining the ANOVA table. In this case, as table 4.9 shows the F statistic of p-value is significant which is 0.000 and less than the level of significance of alpha value 0.05. Thus, the overall model fitness is ascertained and the independent variables taken together have statistically significant relationship with the dependent variable. When observing the coefficient of determination or the ‘ B ’ value ,

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.256	.186		1.376	.171
	INCOM	.377	.145	.341	2.594	.010
	AWARNES	.530	.140	.499	3.788	.000

a. Dependent Variable: ATTITU

Table 4.12 Coefficient table

Source: Survey Data(2019)

From the independent variables Awareness has statistically significant relationship with the dependent variable since their p-value is less than the alpha level which is 0.05. The B coefficient of the two independent variables have (+) sign which means they have positive relationship with the consumer attitude towards purchase of life insurance .Concerning this coefficient it is strong predictor of the consumer attitude towards purchase of life insurance which has a value of 0.377 and .530.

Therefore, according to the above data the study has the following linear model.

CnsAt= .530Aw+.377Inc+.256

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.826[a]	.683	.679	.58432	1.556

a. Predictors: (Constant), AWARNES, INCOM

b. Dependent Variable: ATTITU

Table 4.13 Model summery

Source: Survey Data(2019)

The model summary on the above table shows that the R square statistic tells the proportion of variance in the dependent variable accounted for by the independent variables. In this case the model account 68.3 percent of the variability in the dependent variable is due to the selected significant factors. The other proportion of 31.7 percent is due to other variables.

Descriptive Analysis of the mean results of the independent variables.

There were questions under each independent variable to measure the level of agreement of the respondent's to the variables under study in relation to being a consumer of life insurance. The summery of the mean result of each independent variable is as follows.

INDEPENDENT VARIABLES	N	Mean	S.D
AGE	148	3.42	1.1641
GENDER	148	3.32	1.1641
RELIGION	148	3.43	1.1721
EDUCATION	148	3.31	1.2931
INCOME	148	3.52	1.1624
AWARNESS	148	3.66	1.3372

Table 4.14 Mean result of the independent variables

Source.Servey data (2019)

From the above table we can see that the mean result of the respondents to the questions under each variable ranges from 3.31 to 3.66 with their respective standard deviation of 1.2931 to 1.3372. It can be easily observed that the independent variables income and awareness scored the highest mean from other variables. This describes that the respondents has more agreement with the questions under the variables income and awareness in relation to being a consumer of life insurance. This shows that the two variables are more associated with the consumer's attitude and purchase interest of life insurance product as whole.

CHAPTER FIVE

SUMMERY, CONCLUSION AND RECOMMENDATION

From the analysis of the data collected from the respondents, here is the summery, the conclusion, recommendation and limitation of the study. All the analysis and interpretation of the tastes made on the data are based on the objective of the study which is identifying the relationship of the demographic factors and awareness to the consumer attitude towards purchase of life insurance.

5.1. Summery

The summery of the results of the tests made on the variables to verify the level of significance of the variables with the dependent variable under this study is as follows.

- The descriptive statistics shows that the number of male respondents is larger
- In terms of age there is large proportion of respondents with the age group of middle level.
- When we come to the educational status even majority of the respondent is Ba graduate and few are Masters Degree and above there are others with 12^{th} complete and diploma and it describes that life insurance is utilized regardless of the educational status.
- With respect to income more than sixty percent of the respondent’s monthly income is between fifteen and twenty thousand. Seventy percent of the respondents are employees of different organizations and the rest are self employed.
- The simple regression test for the variable awareness describes that it has strong relation with the attitude of consumers towards purchase of life insurance and on the model summery it shows that the model fittiness is checked through ANOVAs table and it shows that 68.3 percent of the variability in the dependent variable is due to the variable awareness and the rest 31.7percent of the variable is due to other factors.
- From the tested variables result Age , Gender , religion and education has no significant difference in their mean among the categorical groups concerning the attitude towards purchase of life insurance and the null hypothesis is accepted.

- The remaining variable income has significant difference in the mean score among the groups concerning the dependent variable consumer's attitude towards purchase of life insurance and Awareness has also strong significant relation with the dependent variable.
- When we look at the overall mean score of the independent variables concerning the respondents respond to the questions under the umbrella of each variable the two variables income and awareness has greater mean score.

5.2. Conclusion

The basic objective of this research is verifying those identified demographic factors and Awareness are affecting consumers' attitude towards purchase of life insurance. By the overview of the literature review demographic variables and awareness are identified to be tested in this research whether they affect the consumers' attitude towards purchase of life insurance or not. From the results of the different tests made on this study it is concluded that consumers Age , gender , religion and education groups has no significant difference to their attitude towards purchase of life insurance policy. This means that an individual at different age category, gender type, educational status group and religion group and it has no impact on their attitude of purchasing life insurance.

When we come to the variables income and awareness based on the result of the tests all are significant to the dependent variable. The level of the income the person earns and the degree of awareness about the life insurance benefit , types of product and other related issue of the insurance has an impact on the attitude towards the purchase of life insurance . This indicates that insurance companies has to do more by taking in to account the different factors to address the demand of the different consumers , by making strong awareness creation on the society about what is life insurance , its benefit packages with different types to excel the insurance industry as a whole. When we look at the overall mean score of the independent variables concerning the respondents respond to the questions under the umbrella of each variable the two variables income and awareness has greater mean score.

5.3. Recommendation

From the result of this study the researcher recommends that even if the four factors Age , gender ,religion and education were identified as a variable from previous literatures review that they have a relation to the consumers' attitude, demand and consumption of life insurance in this specific study the result shows that they have no relation. Income level and awareness has significant relation with the consumers' attitude towards purchase of life insurance. this means that the different groups on the level of income has significant mean difference between the different categories and different attitude between the categorical groups and the last one but which is the basic one from the variables the degree of awareness of life insurance vary with the attitude of consumers towards purchase of life insurance.

Therefore the insurance company has to create awareness of first the person have to be aware of what is life insurance, the benefits of life insurance, the types of products of life insurance, the amount of premium that he is expected to pay per every period, the variation of the premium amount for each type of product and so on.

In addition to this the specific company where it is part of this research Ethio Life and general insurance share company and the insurance industry as a whole has to do their best on awareness creation at all level of the society by taking in to consideration their age , gender , religion and education about what life insurance is , what are the different products of life insurance , the premium amount to be paid for each type of product which is related to income of the society and needs to be affordable .from the result it seems that the poor awareness of the society make other variables being no relation to the attitude of the consumers.

When insurance companies make the necessary awareness creation then the society will have a positive attitude towards purchase of life insurance policy, the individuals become aware of their demographic status in relation to the use of life insurance and the insurance company's performance will also increase as the Ethio Life and General Insurance share company vision is to be "**a market leader in delivering innovative insurance products and services to the homes of million**s."

Finally this study was examining the demographic factors and awareness in relation to their effect on consumers attitude towards purchase of life insurance and further research can employ factors like culture, lifestyle , brand image , marketing factors and others.

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APPENDIX 1

QUESTIONNAIRE

Addis Ababa University School of Commerce

Graduate Program in Marketing Management

Dear Respondent,

This questionnaire is designed to capture your feeling about your attitude towards purchase of life insurance policy. It is purely designed for academic purpose for the study with a title of "Factors affecting consumer's attitude towards purchase of life insurance policy in Addis Ababa Ethiopia" case of Ethiolife and general insurance share company in partial fulfillment of Master of Arts Degree in Marketing Management in Addis Ababa University School of Commerce. Your response will be utilized confidentially. Your valid response is vital to the analysis. For any suggestion or comment pls. call. on Tel no. 0924307266

PART I: PERSONAL PROFILE

1. **Gender: 1.** Male **2.** Female
2. **Age:1.** 18-25 **2.**26-35 **3.**36-41 **4.**42-50 **5.**above 51
3. **Educational Qualification: 1,** 12th completed **2.**Diploma **3.**BA Degree **4.**Master
4. PhD
5. **How much is your average net monthly income?**

   1, below birr 5,000 **2,** birr 5,001 – 10,000 **3,** birr 10,001 –15,000

   4, birr 15,001-20,0000**5,** Over birr 21,000
6. **What is your Occupation? 1**, self-employed **2,** employed
7. **How long are you as a client of Ethio life and general insurance company**

   1, less than 3 years 2. 3-6. 3.6-9 4.above 9 years
8. **What kind(s) of life insurance policy (ies) do you have?**

9. **who has influenced you to buy life insurances**

1, advertisement **2,** referral by a friend **3**, advice of Agent **4**, no one influence me **5**, other source

10. **What is your religion?1,** Christian Orthodox **2**, Muslim **3**, Protestant **4,** Catholic **5**, Other

II, In your opinion, please indicate your extent of agreement to the following statements in relation to factors affecting consumers attitude towards purchase of life insurance in Ethiopia (**1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree**

	Age	**1**	**2**	**3**	**4**	**5**
10	Your age is your reason to purchase the life insurance policy					
11	The level of age has its own influence on attitude to purchase life insurance					
12	Young people are less interested in purchasing of life insurance					
13	People at medium age are interested to purchase a life insurance					
14	Old people are more interested in purchasing life insurance					
	Gender					
15	Your gender has its own influence to purchase life insurance					
16	For a reason of their gender, peoples are not willing to purchase life insurance					
17	Females have a positive intention to purchase life insurance than males					
18	Males have a positive intention to purchase life insurance than females					
	Religion					
19	Your religion prohibits you from buying life insurance					
20	Life insurance is against the trust in protection of God/Allah					
21	Trust in God/Allah will reduce life risk so that no need to purchase life insurance					
22	Religion is nothing to do with life insurance					
	Educational status					
23	The level of your education helps you to have positive attitude to purchase life ins.					
24	There are peoples who do not purchase life insurance due to level of their education					
25	Educated peoples have a positive intention to purchase life insurance					
26	Educated people will not access their life to risksand they don’t need life Insurance					
	Income Level					
27	The available life insurance products are not affordable to low income people					
28	The attitude towards purchase of life insurance will be positive if affordable products are made available					
29	Most of the time, people with high income are interested to purchase life insurance					
30	People with high income will not need life insurance coverage as they trust in their income.					

	Awareness					
31	Most people do not know about life insurance in general					
32	Most people are unfamiliar with the available life insurance products					
33	Peoples do not have enough information to decide buying life insurance					
34	There is weak awareness creation activities made by insurance companies about life insurance					
	Attitude of consumers					
35	You have a positive perception on purchase of life insurance					
36	You will continue to be a consumer of the life insurance product					
37	You will recommend other peoples to have a life insurance policy					
38	Having life insurance will protect life from unexpected Trouble					

APPENDIX 2

T TEST & ONE WAY ANOVA

T TEST OF GENDER

	gender type	N	Mean	Std. Deviation	Std. Error Mean
ATTITU	female	68	3.5257	1.04483	.12670
	male	79	3.3207	1.01529	.11423

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ATTITU	Equal variances assumed	.014	.907	1.205	145	.230	.20506	.17023	-.13139	.54151
	Equal variances not assumed			1.202	140.466	.231	.20506	.17059	-.13220	.54232

ONE WAY ANOVA

AGE

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.574	4	.394	.364	.834
Within Groups	153.509	142	1.081		
Total	155.083	146			

RELIGION

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.129	3	.710	.664	.576
Within Groups	152.954	143	1.070		
Total	155.083	146			

EDUCATION

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.129	3	.710	.664	.576
Within Groups	152.954	143	1.070		
Total	155.083	146			

INCOME

ANOVA

ATTITU

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	42.809	3	14.270	18.175	.000
Within Groups	112.274	143	.785		
Total	155.083	146			

POST HOC

Multiple Comparisons

Dependent Variable: ATTITU

Tukey HSD

(I) income level	(J) income level	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
5000-10000	10001-15000	-1.29444*	.34947	.002	-2.2029	-.3860
	15001-20000	-1.69665*	.29429	.000	-2.4617	-.9316
	greater than 20000	-2.42197*	.33794	.000	-3.3004	-1.5435
10001-15000	5000-10000	1.29444*	.34947	.002	.3860	2.2029
	15001-20000	-.40221	.22740	.293	-.9933	.1889
	greater than 20000	-1.12753*	.28161	.001	-1.8596	-.3955
15001-20000	5000-10000	1.69665*	.29429	.000	.9316	2.4617
	10001-15000	.40221	.22740	.293	-.1889	.9933
	greater than 20000	-.72532*	.20924	.004	-1.2692	-.1814
greater than 20000	5000-10000	2.42197*	.33794	.000	1.5435	3.3004
	10001-15000	1.12753*	.28161	.001	.3955	1.8596
	15001-20000	.72532*	.20924	.004	.1814	1.2692

*. The mean difference is significant at the 0.05 level.

Reliability Test

SCALE: AGE

Case Processing Summary

		N	%
Cases	Valid	148	100.0
	Excluded[a]	0	.0
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.717	5

SCALE: GENDER

Case Processing Summary

		N	%
Cases	Valid	147	99.3
	Excluded[a]	1	.7
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.799	4

RELIGION

Case Processing Summary

		N	%
Cases	Valid	145	98.0
	Excluded[a]	3	2.0
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.800	4

EDUCATION

Case Processing Summary

		N	%
Cases	Valid	148	100.0
	Excluded[a]	0	.0
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.769	4

INCOME

Case Processing Summary

		N	%
Cases	Valid	148	100.0
	Excluded[a]	0	.0
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.796	4

AWARENESS

Case Processing Summary

		N	%
Cases	Valid	147	99.3
	Excluded[a]	1	.7
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.869	4

ATTITUDE

Case Processing Summary

		N	%
Cases	Valid	147	99.3
	Excluded[a]	1	.7
	Total	148	100.0

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

Reliability Statistics

Cronbach's Alpha	N of Items
.881	4

APPENDIX 3
REGRESSION
Descriptive Statistics

	Mean	Std. Deviation	N
ATTITU	3.4155	1.03064	147
AWARNES	3.5198	.96866	147

Correlations

		ATTITU	AWARNES
Pearson Correlation	ATTITU	1.000	.817
	AWARNES	.817	1.000
Sig. (1-tailed)	ATTITU	.	.000
	AWARNES	.000	.
N	ATTITU	147	147
	AWARNES	147	147

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.817[a]	.668	.666	.59576

a. Predictors: (Constant), AWARNES

b. Dependent Variable: ATTITU

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103.619	1	103.619	291.947	.000[b]
	Residual	51.464	145	.355		
	Total	155.083	146			

a. Dependent Variable: ATTITU

b. Predictors: (Constant), AWARNES

Coefficients[a]

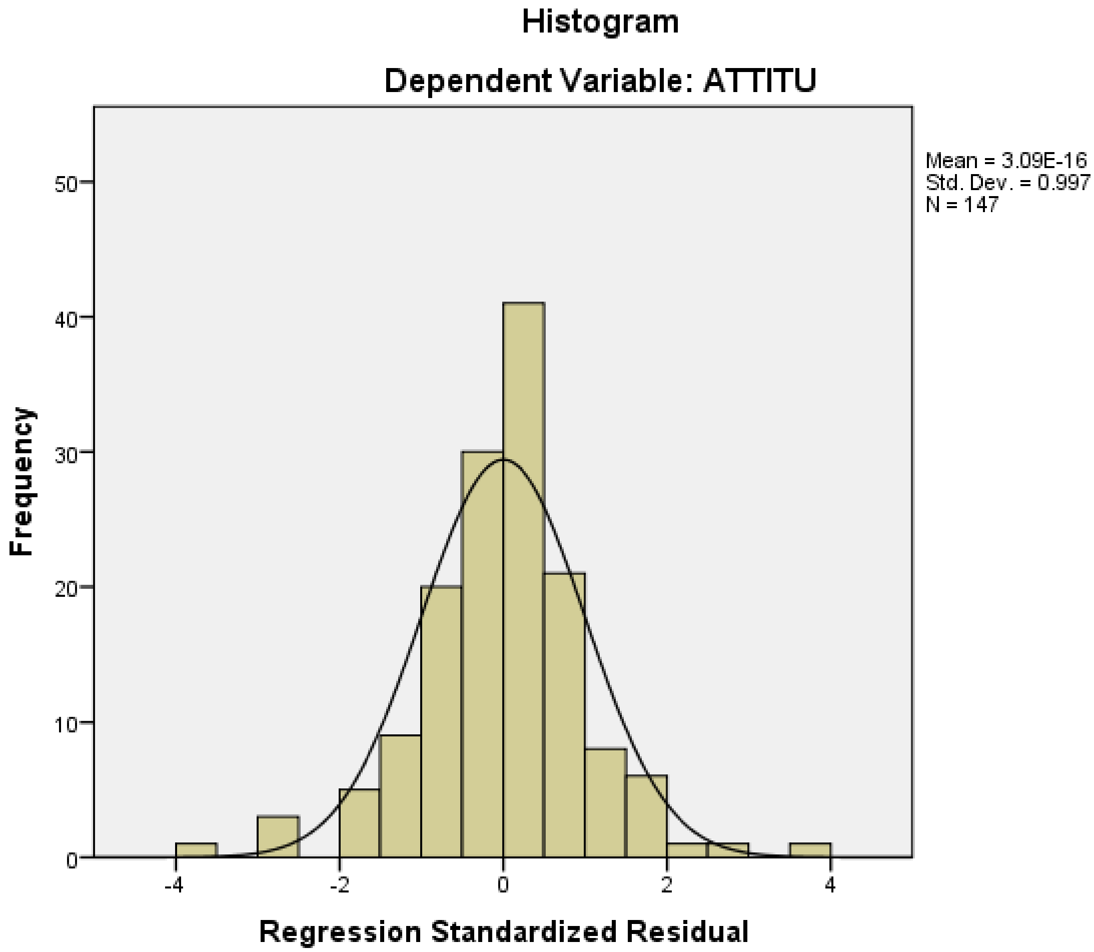
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.354	.186		1.907	.058
	AWARNES	.870	.051	.817	17.086	.000

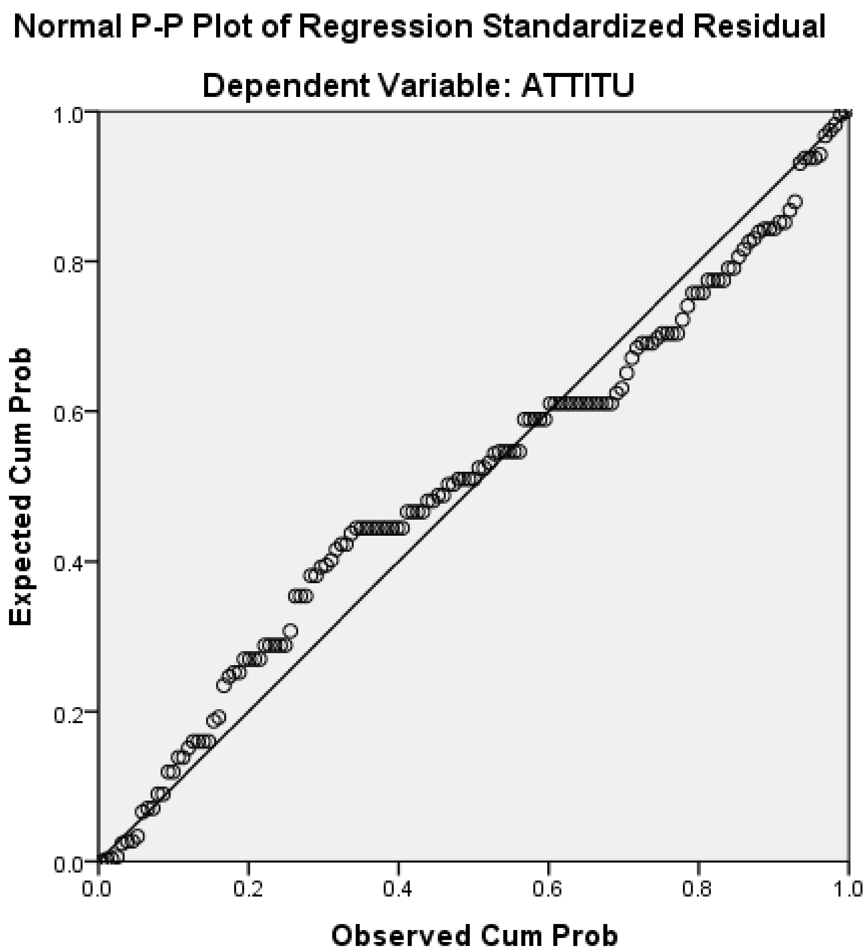
a. Dependent Variable: ATTITU

Residuals Statistics [a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.2240	4.7028	3.4155	.84245	147
Residual	-2.30056	2.12372	.00000	.59371	147
Std. Predicted Value	-2.601	1.528	.000	1.000	147
Std. Residual	-3.862	3.565	.000	.997	147

a. Dependent Variable: ATTITU


Histogram
Dependent Variable: ATTITU
Mean = 3.09E-16
Std. Dev. = 0.997
N = 147
Frequency
0
10
20
30
40
50
-4
-2
0
2
4
Regression Standardized Residual


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

Scatterplot

Dependent Variable: ATTITU