



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**The Role of Intermediaries' Engagement on Insurance Sales  
Volume: the case of Abay Insurance S.C.**

**By Biniyam Ayele**

**December, 2022**

**Addis Ababa, Ethiopia**

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Volume: the case of Abay Insurance S.C.**

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**Submitted in Partial Fulfillment of the Requirements for  
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**December, 2022**

**Addis Ababa, Ethiopia**



# DECLARATION

I, the undersigned, declare that this thesis is my original work, has not been presented for a degree in this or another college or university and that all sources of materials used for this thesis have been fully acknowledged.

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## ABSTRACT

*The main purpose of this study is to explain the role of intermediaries' engagement in increasing the sales volume of Abay Insurance S.C. (AISCO). Basic questions were raised, and the study was limited to the specified organization. The chains of activities discussed in Supply Chain Management theory and process, along with the various roles of intermediaries in the insurance business, were conceptualized and modified to answer the research questions. Leaders at the case organization were interviewed, focus group discussions, and questioning were used to collect primary data, while publications, books, and other archive documents were used to collect secondary data. Both qualitative and quantitative approaches were applied, with probability simple random and non-probability purposive sampling techniques used and the data analyzed and presented using SPSS software. The research findings indicated that there was a balanced representation of both genders in insurance brokerage and agent positions. The leadership position was found to be dominated by males, and the correlation and regression analysis results indicated various degrees of association between intermediaries' engagement scales and AISCO's sales volume. The finding seems to suggest that efforts to minimize the risks associated with the insurance business have a negative effect on the volume of insurance product sales. Based on the findings, conclusions are drawn, and the researcher suggests possible recommendations to the companies so that they devise effective communication, networking, and marketing strategies that will assist them in enhancing potential customers' knowledge and awareness about existing products and services through effective capacity-building strategies to improve their agents' level of knowledge and competence. Moreover, research and scholarly discourses in Ethiopian insurance business recommended emphasizing measuring the engagement of intermediaries and explicating the factors that either promote or impede their contribution in diversifying existing insurance products and services, market share, and sales volume.*

### **Key words:**

**Insurance**

**Intermediary**

**Engagement**

**Sales Volume**

# CHAPTER ONE

## 1. Introduction

This chapter discusses the background of the study, justification/statement of the problem. In doing so, the historical, conceptual and theoretical foundations of Intermediaries Engagement and Sales Performance of Insurance Business in Ethiopia and abroad is discussed. The chapter also presented the general and specific objectives of the study as it pertains to the leading research questions. In addition, the chapter discussed the significance, scope and limitation of the present study. Moreover, the chapter presented the operationalized definitions of the key terminologies that dominantly appear in the study. Finally, the chapter illustrated the overall organization and structure of the study.

### 1.1 Background of the Study

Ethiopia has one of fastest growing economy in the world. Often the prevalence of poverty, rampant corruption, political and social blockages pull back the country from going forward. In order to transform the economy sustainably and address the diverse challenges facing the social, economic and political landscape of the country, various strategies were developed. The policy and strategic intentions (e.g., the 10 Year Economic Development Plan, 2020) acknowledged the important role both public and private sectors play in achieving set economic milestones. The insurance business is also one of the key sectors that needs pertinent attention in policy and strategic priorities (e.g., National Bank of Ethiopia [NBE], 2022; The Licensing and Supervision of Insurance Business Proclamation, No. 86, 1994; The Monetary & Banking Proclamation, No. 83, 1994).

It is argued that the historical development of insurance industry in Ethiopia is traced back to European entrepreneurs. Under the auspices of Emperor Haile Selassie and foreign investors, the first domestic insurance company called Imperial Insurance Company started issuing policies in fire, life and general accident in 1951 (Hailu, 2007). The 1960 witnessed a significant interest in and surge of insurance industry with the major share being owned by foreign investors (Hailu, 2007, pp. 41-47). The shift towards market-oriented economy during the Derg regime contributed to the resurgence of private insurance business in Ethiopia. However, the monopoly of the sector by the government, lack of dynamism and innovation and volatile premium growth rates affected

the development of the insurance sector (Hailu, 2007, p. 84). Arguably, the growth and development of the Insurance business in Ethiopia can be credited to the political, social and economic reforms adopted since 1991. The adoption of market oriented economic policy and strategy and the promulgation of legislative frameworks (e.g., proclamation No. 86/1994) during the EPRDF significantly contributed in transforming the Insurance industry. This contributed in increasing the total number of privately-owned Insurance Companies from 0 to 17, making the number of insurance companies operating in the country 18 in total (NBE, 2022). Similarly, the total number of branches has reached 603 of which 334 branches are located in the capital and the rest being distributed in various regions (Association of Ethiopian Insurers [AEI], 2020). The growing importance of private sectors and the increased competitiveness between the government and private insurance companies ushered a new era in the history of insurance business (Hailu, 2007). This overserved expansion played salient role in increasing access to diverse insurance services, thereby increasing insurance sales volume and competition between government and private insurance companies. Though the number of insurance companies, branches and intermediaries increased, evidences show that the only State-owned company i.e., Ethiopian Insurance Corporation (EIC) possessed about 43.8% of the market share and the private companies share the remaining 56.2% (AEI, 2020). This created unbalanced insurance market distribution, thereby limiting the growth and development of private Insurance industries.

Though the number of private Insurance Companies grew over the last decade, insurance business in Ethiopia is still underdeveloped; as measured by performance in insurance penetration and density. These performance measures are considered to be essential growth indicators for the insurance market. The contribution of the industry to national GDP (Penetration) is approximately 0.4 percent, while the gross premium per capita (Density) is approximately 2.90 US dollars. The current state of affairs reflects the low level of insurance development with stagnant and limited sales volume. Notwithstanding the moves and growth in the insurance industry, Ethiopia has an extremely low penetration rate and density compared to the global average of 7.23 percent and 818 US dollars (NISCO, 2020). In addition, the market structure is characterized as small both for life, retail and other insurance market (Smith, 2010). Apart from this, the insurance market seems to be lagging behind in selling diverse insurance products to customers. This also limited the potential of the companies in fulfilling the needs and interests of actual and potential insurance service buyers, sellers, retailers and others.

In business world, a market consists of all potential buyers, who share a particular need or interest and are willing to engage to satisfy their needs. Accordingly, the insurance market consists a set of actual and potential buyers of an insurance product. The National Bank of Ethiopia defined insurance market as “all active/potential customers, insurers, intermediaries (agents and brokers), regulatory bodies and other stakeholders that interact to accomplish a specific objective (NBE, 2022). The roles played by all entities and the synergy between these diverse actors is essential in enhancing the sales performance of insurances to customers. Among others, the role played by insurance intermediaries (agents and brokers) is significant in advancing the sales performance of insurance companies. It is argued that the insurance industry is more competitive than ever because customers have become increasingly demanding (Siddiqui & Sharma, 2010). Meeting customers’ expectations and ensuring the competitive advantage of insurance companies requires the implementation of alternate strategies that boosts the role of intermediaries in insurance distribution and product sales.

This being the case, research into the effect of intermediary’s engagement on insurance sales performance in Ethiopian insurance industry is relatively newfangled. Previous research on insurance industry focused on investigating the opportunities and challenges for micro insurance (Smith, 2010), insurance companies’ profitability and performance (Sambasivam & Ayele, 2013), the impact of branding on customer loyalty (Hussen, 2015). The domain of intermediary’s effect on the growth of sales volume in Ethiopian insurance market seems too underrepresented. Thus, this study is aimed at examining the effect of intermediary’s engagement on the growth of insurance sales performance in Abay Insurance Shared Company (AISCO). Established in 2010 with an authorized capital of 13 million Birr, Abay Insurance Share Company (AISCO) has played significant role in providing diversified insurance services tailored to meet the ever-changing risk exposure of the public and maximize shareholders value (AISCO, 2021). In so doing, the study attempts to explore the contribution of intermediaries in increasing insurance service distribution, sales volume and market performance at AISCO.

## **1.2 Statement of the Problem**

Since its inception, the insurance business in Ethiopia faced numerous challenges. Among others, absence of nationwide standard market parameter to position and rank insurance companies, impact of added legislations in insurance business performance, absence of dominant national

reinsurance company, and absence of early warning system in the surveillance of margin of solvency influenced the effectiveness and efficiency of insurance companies (Hailu, 2007; Waqo, n.d). In addition, challenges related to acquiring and retaining customers and diversifying businesses with the existing clients contributed to the declined trend in insurance sales volume. It is argued that given the number of populations, the potential of insurance market in Ethiopia is underutilized (Gizaw & Pagidimarri, 2014). Moreover, customers are shifting from the existing insurance service providers at an increasing rate, causing serious damage on sales performance. Though various reasons were cited, principally; lower service quality, deteriorated relationships between customers and insurers, change in customers' purchase decision-making process and the utilization of inefficient marketing strategies seems to play salient role in influencing customer's decision and choices (Gizaw & Pagidimarri, 2014; Dominique-Ferreira, 2018).

Previous empirical evidences suggested a positive relationship between customer's satisfaction, service quality and customer's loyalty (e.g., Gizaw & Pagidimarri, 2014). Customer loyalty seems to be directly influenced by service quality, which in turn affects customer's satisfaction. In order to retain customers in such stiff competitive insurance markets, insurers are expected to reinforce their relationship with the existing and potential customers, design and implement winning marketing strategies. In order to ensure higher market shares and improve insurance sales performance, insurance firms in Ethiopia opted for the deployment of intermediaries i.e., insurance agents and brokers in insurance service distribution.

Several studies also reported the significant role played by intermediaries in improving retail insurance distribution through influencing customer satisfaction, claims management and premium acceptance (Dominique-Ferreira, 2018), customer relationship management and service quality (Siddiqui & Sharma, 2010; Mokhtaran & Komeilian, 2016), long-term relationship orientation (Yu & Chen, 2014), information gathering, processing and transaction costs in insurance markets (Eckardt & R athke-D oppner, 2010), market efficiency (Cummins & Doherty, 2006), and providing insurance buyers an alternative methods of protecting their business assets (Insurance Information Institute, 2008). In the recently published regulatory and supervisory framework for insurance intermediation, OECD (2020) stated that intermediaries play key roles in analyzing the needs of insurance consumers, advising on appropriate solutions and policies that fit these needs. Besides, they offer 'after-sales' services such as client service, claims and settlements (p. 7). Therefore, the engagement of intermediaries is critical in ensuring the efficient functioning

of insurance markets by matching insurance products and services with consumer needs and reducing information asymmetries (OECD, 2020).

Nonetheless, research into the effect of intermediary's engagement on insurance sales performance seem to be limited in Ethiopian insurance industry. Research into insurance practices seem to stress more on investigating insurance performance and profitability, customer satisfaction and loyalty and trade competition among insurers (Demarso & Abba, 2020). The roles, importance and effect of intermediaries on insurance sales volume, insurance penetration and density in Ethiopian insurance market seems to be under investigated.

This limited our understanding on the key role intermediaries are playing in transforming the insurance market structure, enhancing customers and insurers relationships, building customers' trust and loyalty. Therefore, the findings of this study contribute in filling these gaps through providing empirical evidences on the effect of intermediary's engagement in boosting insurance sales performance from Ethiopian perspectives. In addition, the findings from the planned study will enable insurance companies to evaluate the effectiveness and efficiency of the marketing strategies adopted and the course of action they are taking to maximize their sales, maintain existing customers and attract new ones.

### **1.3 Research Questions**

This study attempts to provide plausible answer to the following research questions:

1. What are the roles of insurance intermediaries in insurance distribution process?
2. How does intermediary's engagement affect insurance sales volume?

### **1.4 Research Objectives**

The main objective of this study was to examine the effect of intermediaries' engagement on insurance sales volume of AISCO. In addition, the study was intended to examine the role of intermediaries (both insurance agents and brokers) in increasing sales volume throughout the selling and supply chain management process.

## **Specific Objectives**

In milieu of the general objectives, the study attempted to achieve the following specific objectives:

- To distinguish the key roles played by and effectiveness of insurance intermediaries in deepening insurance distribution process.
- To examine the relationship between intermediaries' engagement and insurance sales volume.

## **1.5 Significance of the Study**

The significance of this study can be seen from three dimensions: contribution to the field of insurance business and marketing, contribution to quality service delivery and contribution to insurance policy making. The assessment of the effect of intermediaries on insurance distribution and sales performance will enable insurance companies to determine the extent the marketing strategies used are achieving set goals and expectations. In addition, it assists insurance companies to obtain relevant data on the number of customers who are satisfied with the services rendered by the intermediaries and attributed their loyalty to the key roles played by insurance agents and brokers. Moreover, this study will spotlight the importance of agents and brokers through clearly indicating the trends in insurance sales volume that are positively attributed to the marketing strategies implemented by the intermediaries. Most of all, this study provided empirical insights in the area of insurance distribution from the perspectives of Ethiopian insurance industries. In so doing, it would serve as a source of reference to potential researchers who are interested to peruse in the field.

## **1.6 Scope of the Study**

This study is delimited geographically and conceptually. Since there is no universally agreed definition of insurance distribution, the conceptions of the OECD (2020) are adopted in this study. The OECD regulatory and supervisory framework defines 'insurance distribution' as "the activities of advising on, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance" (p. 11). This conception helps to determine the roles of intermediaries based on the key activities they perform. Apart from this, a number of theoretical frameworks have been postulated to explain the role of insurance intermediaries in the insurance industry.

Moreover, as reports from the NBE indicate, the insurance business is booming in Ethiopia; the number of government, private, and international insurance service providers showed tremendous growth over the last decade (NBE, 2022). Nevertheless, insurance businesses and insurance markets are heavily concentrated in Addis Ababa. Therefore, since ensuring the involvement of all companies in the study is difficult, to make it manageable, this study will only focus on randomly selected intermediaries working in or with AISCO branches located in Addis Ababa.

## 1.7 Definition of Terms

The following words, terms and phrases that seems to denominate several concepts appeared in this study repeatedly. Therefore, providing operational definitions for these words, terms and phrases is essential to facilitate clarity and harmonize understanding.

- ✚ **Insurance:** is an undertaking by which an insurer indemnifies another person against damage, destruction, loss, or liability in respect of a specific risk or peril to which the object of the insurance may be exposed. In exchange for a consideration called premium, or to pay a sum of money or other thing of value depending on the occurrence of a specific event.
- ✚ **Insurance Intermediaries:** are individuals or entities that represent and act on behalf of parties to insurance transactions in various roles. An insurance intermediary is a natural or legal person who works as a professional in the insurance industry.
- ✚ **Engagement:** is the degree to which insurance intermediaries invest their cognitive, emotional, and behavioral energies toward positive organizational outcomes (e.g., sales volume). Intermediaries are engaged mainly in selling insurance products, providing information and advice and arranging contracts for potential policy holders, and assisting policy holders with claim applications.
- ✚ **Sales Agent:** refers to a person who on behalf of an insurer and for commission: a) deals directly with the public in soliciting insurance; b) and acts or assists in any manner in connection with the negotiation, continuance or renewal of insurance.
- ✚ **Insurance Broker:** refers to a person who on behalf of the insuring public and in exchange for commission: a) deals directly in arranging insurance; b) acts or assists in any manner in connection with the negotiation, continuance or renewal of insurance cover; and c) provides consulting services with respect to insurance or insurance claims.

- ✚ **Insurance Density:** is the ratio of total insurance premiums to the total population of a country and is used as an indicator for the development of insurance within that country.
- ✚ **Insurance Penetration:** is the ratio of total insurance premiums to gross domestic product (GDP) in a given year and it is used as an indicator of a country's insurance sector progress.
- ✚ **Gross Written Premium:** refers to the total premium written by an insurer before deductions for reinsurance and ceding. Additional and/or return premiums are included. Written does not mean paid; rather, it refers to the gross policy premium due as of the policy's issue date, regardless of the payment plan.

## 1.8 Organization of the Study

This study was organized in five chapters. The first chapter deals with the background of the study, statement of the problem, objectives of the study, significance of the study, scope and delimitation of the study. The second chapter deals with the review of related literature; while the third chapter covers the research methodology. Data interpretation, analysis and discussion was presented in the fourth chapter and the fifth chapter finally presents the summery, conclusion and recommendation of this study.

# CHAPTER TWO

## 2. Review of Related Literature

This chapter discusses the conceptual, theoretical and empirical foundations of insurance business and roles of intermediaries. The chapter outlines and details the concepts, theories and empirical insights on the role of intermediaries in distribution channels of insurance business. In addition, the chapter presents the effect of intermediary's engagement on insurance sales volume, customer retention and quality of insurance services.

### 2.1 The concepts of insurance intermediaries, sales volume and sales performance

#### 2.1.1 The concept of insurance

The concept of insurance has been coined from two perspectives: the individual and the insurer. From individual perspective, the term insurance is defined as a risk transfer mechanism or an economic device whereby a person, called the insured/assured transfers a risk of a possible financial loss resulting from unforeseeable events affecting property, life or body to a person called the insurer for consideration. From the insurer perspective, insurance is defined as a mechanism through which a risk is distributed among the group of persons who are exposed to the same type of risk, i.e., persons who bear the risk of suffering a financial loss as a result of events affecting property, life or body.

In general, insurance can be seen as a cooperative economic device to spread the loss caused by a particular risk over a number of persons who are exposed to it and who agree to insure themselves against that risk (Yohannes, 2021). It is the essential means by which the “disaster to an individual is shared by many, the disaster to a community shared by other communities; great catastrophes are thereby lessened, and, it may be, repaired (World Federation of Insurance Intermediaries [WFii], 2018).” Insurance is a financial product that legally binds the insurance company to pay losses of the policyholder when a specific event occurs. The insurer accepts the risk that the event will occur in exchange for a fee, the premium. The insurer, in turn, may pass on some of that risk to other insurers or reinsurers.

### 2.1.2 The concept of intermediaries

In insurance business, intermediaries were considered essential in improving insurance sales performance. The notion of intermediary has its root in the economics literature, referring to those economic agents who coordinate and arbitrate transactions in between a group of suppliers and customers (Wu, 2004). Traditionally, insurance intermediaries have been categorized as either insurance agents or insurance brokers. On the other hand, Wu (2004) categorized intermediaries in two broad categories: transactional intermediaries and informational intermediaries. The distinction between the two relates to the manner in which they function in the marketplace. In either case, the intermediary must devise proper mechanisms (e.g., a long-term contract, a partnership agreement, auctions, etc.) to facilitate operation (pp. 70-71).

Nevertheless, insurance intermediary is defined as entities that link the insurance companies to the market (Thadeus, 2020). They peddle, assess risk and process claims on behalf of the insured/insurance company. They facilitate the placement and purchase of insurance, and provide services to insurance companies and consumers that complement the insurance placement process (World Federation of Insurance Intermediaries [WFii], 2018). The OECD (2020) maintained that though the classification of intermediaries is not universal, intermediaries can be generally classified based on their custom, contractual ties with insurers, and their role towards the insureds. Accordingly, insurance intermediaries are generally divided into two categories: insurance agents and insurance brokers (Insurance Authority, 2021).

#### *I) Insurance Agents*

Insurance agents are representatives of specific insurance companies, selling the products of these companies to potential policy holders. They are under a contractual obligation to conduct insurance distribution business exclusively for one or more insurance undertakings. They are also characterized by the fact that they represent one or more insurers, without having an employment relationship with the insurer. They can be individuals, sole proprietors, partnerships or companies (Insurance Authority, 2021). In addition, agents can inform and advise customers about available product options of a single insurer or of multiple insurers for non-competing insurance lines (OECD, 2020). The NBE (2007) directive defines an insurance agent as:

*“a person licensed by the Bank as an insurance agent who, acting on behalf of one or more insurers, engages in: (a) soliciting or procuring insurance business; (b) work preparatory to the conclusion of, or in concluding of insurance; and (c) activities relating to the*

*continuance, renewal or revival of contracts of insurance or in assisting in the administration and performance of such contracts” (Licensing and Supervision of Insurance Business, Directive No. SIB/30/2007).*

The above definition explicitly stated the role and mandate of insurance agents in the distribution of insurance products and services to customers. The insurer-agent relationship can take a number of different forms: independent, exclusive, insurer-employed and self-employed (Insurance Information Institute [iii], 2004; WFii, 2018).

## ***II) Insurance Brokers***

Insurance brokers are representatives of policy holders. They look for suitable products in the market and negotiate policy terms and conditions with insurance companies to meet the policy holders’ needs. Insurance brokers do not act on behalf of insurance companies (Insurance Authority, 2021). Similarly, the OECD (2020) stated that brokers act as market-makers, helping insurance consumers select the most appropriate product from a range of competing offers covering any insurer willing to underwrite the specific risk in the market. Brokers assist clients in the choice of their insurance by presenting them with alternatives in terms of insurers and products (WFii, 2018). Similarly, NBE (2013) defined an insurance broker under the licensing of insurance brokers directive as:

*Insurance Broker or broker shall mean a person licensed as an insurance broker by the bank who, acting for and on behalf of policyholders or proposers for insurance: a) places insurance business with insurers; b) carries out work preparatory to the conclusion of contracts of insurance and reinsurance; and c) where appropriate, assists in the administration and performance of such contracts” (Licensing and Supervision of Insurance Business, Directive No. SIB/31/2013).*

Therefore, insurance brokers typically work for the policyholder in the insurance process and act independently in relation to insurers. In so doing, insurance brokers represent the client in the process of determining a suitable insurance company.

## ***III) Direct writers***

According to OECD (2020), insurance undertakings can also choose to act as insurance intermediaries and distribute insurance directly through its own marketing and sales employees. There are instances where the insurance company sell insurance products directly within the scope of the directive and on a similar regulatory basis to insurance agents and brokers. Underwriting is considered as the fundamental insurance function where the insurer identifies and evaluates the subject matter of the insurance which has been requested by the client. It also focuses on

identifying the type of the risks that are to be covered, assessing the frequency and severity and examining the circumstance of risk exposures.

The above definitions clearly delineated the conceptions hold and the legal provisions regarding intermediaries. The synthesis of existing legal provisions and practical circumstances suggested that the essence of both insurance agents and brokers are reflected in the conception of insurance intermediaries. In Ethiopia, too, insurance intermediaries are considered to represent both insurance agents and brokers. The legal provisions (e.g., Insurance Proclamation, 1994) stipulated that the distribution of insurance services and products is influenced by the significant roles played by insurance agents, brokers and underwriters. Accordingly, the insurance business proclamations and directives promulgated set out the roles, responsibilities and mandates of intermediaries in distributing insurance products to customers (Yinebeb, 2018).

## **2.2 The importance of insurance businesses**

The importance of insurance in modern economies is unquestioned and has been recognized for centuries. Insurance “is practically a necessity to business activity and enterprise (WFii, 2018).” Insurance also serves a broad public interest far beyond its role in business affairs and its protection of a large part of the country’s wealth. Supporting this, Muller (1981) extensively discussed the economic and social importance of insurance business in all market economies. The World Federation of Insurance Intermediaries (2018) enlisted the following importance of insurance business:

- Insurance is an essential element in the operation of *sophisticated national economies* throughout the world today. Without insurance coverage, the private commercial sector would be unable to function.
- Insurance enables businesses to *operate in a cost-effective manner* by providing risk transfer mechanisms whereby risks associated with business activities are assumed by third parties. It allows businesses to take on credit that otherwise would be unavailable from banks and other credit-providers fearful of losing their capital without such protection, and it provides protection against the business risks of expanding into unfamiliar territory – new locations, products or services – which is critical for encouraging risk taking and creating and ensuring economic growth.

- Beyond the commercial world, *insurance is vital to individuals*. Lack of insurance coverage would leave individuals and families without protection from the uncertainties of everyday life. Life, health, property and other insurance coverage are essential to the financial stability, well-being and peace of mind of the average person.
- Insurance makes *possible ventures* that would otherwise be prohibitively expensive if one party had to absorb all the risk.

An insurance intermediary acts as an agent between an insurance company and the public. In this capacity their basic role is to represent their insurance company and solicit the sale of insurance products. In doing so, they normally introduce about the services of the insurance company they represent and the insurance products it offers. That is, they act as sales forces for the insurance company they work for. Insurance companies might use their own branches, online services and sales agents in order to sale their products. Opening of branches require significant amount of investment for office arrangement, logistics and allocation of human resources. The recruitment of agents will enable insurance companies to broaden their accessibility in the market without incurring costs for a full-fledged branch. Thus, insurance intermediaries serve as distribution channel for insurance companies.

The other important role of insurance agents play is during the underwriting process. They assist subscribers of insurance policy in filling up the application form (proposal) for the purchase of insurance policy. They also play similar role during renewal of insurance policy. During the occurrence of an insured peril, an insurance agent or broker is supposed to help the insured starting from notifying the accident to the insurer throughout the settlement of the claim (Yinebeb; 2018). Wu (2004) argued that the services rendered by intermediaries benefit the customers (e.g., assistance in search and evaluation, needs assessment and product matching, risk reduction, and product distribution/delivery) and those that benefit the suppliers (e.g., creating and disseminating product information). Therefore, insurance business plays fundamental role in ensuring the provision of diverse protection services to individuals, organizations and societies. It contributes to increased risk-taking behaviors which ultimately leads to the creation of multiple business avenues and economic growth.

## **2.3 Insurance business in Ethiopia**

The 1905 can be considered a landmark in the history of insurance service in Ethiopia. The commencement of modern banking service in Ethiopia played salient role in attracting foreign company insurance agents to engage in providing transact fire and marine insurance services. Since then, the number of foreign insurance service providing agents or branches showed increment. For instance, between 1954 and 1960 the number of insurance companies increased from 9 to 33 (Sambasivam & Ayele, 2013). This being the case, the establishment of Imperial Insurance Company in 1951 laid the foundation for the birth of local insurance service providing companies in Ethiopia.

It is argued that the 1974 witnessed a significant shift in Ethiopian insurance industry. Owing to the then shift in the country's political and economic policies, the existing private insurance service providing companies were nationalized and state-owned insurance company called Ethiopian Insurance Corporation (EIC) emerged as a power house in the provision of insurance services in the country. This period was characterized by the monopoly of insurance service provisions by the state-owned single insurance company. However, the 1994 can be considered as a turning point in the increased involvement of private insurance service providing companies in Ethiopia. The enactment of the 1994 Insurance Business proclamation and the subsequent NBE directives provided legal ground for the involvement of the private sector in insurance businesses. This contributed in increasing the total number of privately-owned Insurance Companies from 0 to 17, making the number of insurance companies operating in the country 18 in total (NBE, 2022). Similarly, the total number of branches has reached 603 of which 334 branches are located in the capital and the rest being distributed in various regions (Association of Ethiopian Insurers [AEI], 2020).

The growing importance of private sectors and the increased competitiveness between the government and private insurance companies ushered a new era in the history of insurance business (Hailu, 2007). This over served expansion played salient role in increasing access to diverse insurance services, thereby increasing insurance sales volume and competition between government and private insurance companies. In addition, the growth of insurance service providing companies contributed to the expansion and diversification of insurance services and products to wider geographical setting and diverse customers.

Though the engagement of private insurance companies showed dramatic increment, the Ethiopia's insurance market is still underdeveloped. Available reports from NBE and AEI revealed that the insurance market is characterized by low penetration rate, which is, 0.43%, as compared to other Sub Sahara African (SSA) countries. Besides, the insurance industry suffered from lack of public awareness, price war, unethical competition, and overdependence on traditional products, weak distribution channels, low customer satisfaction and shortage of skilled man power (EIC Annual Report, 2016/17). Moreover, the reports delineated that the insurance industry is characterized by limited product innovation, product pricing, promotion, distribution channel management and effective service delivery. It appears that insurance business in Ethiopia is largely dominated by the roles played by the sole state-owned insurance company. For instance, the EIC played significant role in shaping insurance product development, knowledge and technology transfer, expansions of outlets and establishment of local reinsurance company in the country for over three decades. This made the financial position of the company strong and significantly contributed to the company's dominant market share (Molla, 2019).

## **2.4 The major theories of insurance distributions**

Various theories (e.g., Economic Theory, Bargaining Theory, and Intermediation Theory of the Firm, Game Theory, Supply Chain Intermediary and Supply Chain Coordination) were propounded to explain the role of insurance intermediaries in insurance business (See Borch, 1964; Muller, 1981; Agrawal & Seshadri, 2000; Wu, 2004; Cummins & Neil, 2006). For the present study, Intermediation Theory of the Firm, Bargaining Theory and Supply Chain Management Theory were reviewed to shade light on the role of insurance intermediaries in enhancing insurance distribution and insurance sales performance.

### **2.4.1 Intermediation theory of the firm**

Spulber (1996; 1999) proposed intermediation theory of the firm to explain market microstructure and the fundamental role of intermediaries in insurance business. Spulber views intermediary as the fundamental building block of economic activities. He argued that the very existence of firms is established on the needs for intermediated exchange between a group of suppliers and customers. Wu (2004) and Hart (2011) reviewed Spulbers's theory in light of insurance distribution. Central to the theory is the notion that a firm is created when the gains from intermediated exchange exceed the gains from direct exchange (between the supplier and the customer). Besides, the theory

suggested that with intermediated exchange, firms select prices, clear markets, allocate resources, and coordinate transactions. In addition, the theory suggested that markets reach equilibrium through strategic pricing and contracting by intermediaries. Accordingly, firms are intermediaries which establish and operate markets. The theory of the firm offers powerful explanation for why intermediaries exist, their advantage over direct exchange, and their roles in price setting, transaction costs, and the nature of competition (Wu, 2004; Hart, 2011). The theory posits, intermediaries serve the critical functions of reducing transaction costs, pooling and diversifying risk, lowering costs of matching and searching, and alleviating adverse selection.

#### **2.4.2 Supply chain intermediation theory**

It seems that the theory of supply chain management (SCM) extensively used in the efforts made to examine the role of insurance intermediaries in promoting insurance distributions. The discussions of SCM from a theoretical standpoint emerged in 1990. The discourse stressed on clarifying how SCM differed from more traditional approaches of managing the flow of materials and the associated flow of information (Cooper & Ellram, 1993). The essence of SCM theory revolves around the existence of various actors who collaborate to better satisfy consumers' demand at lower costs (Lambert & Cooper, 2000). Accordingly, the application of SCM expanded from manufacturing and its suppliers, to product development, marketing, operations, distribution, finance, and customer service. Various studies showed the importance of SCM (see Towers & Ashford, 2001; Burges, Sing & Koroglu, 2006; Ismail & Sharifi, 2006; Caddy & Helou 2007; Ganapathy, 2022) in explaining the roles of intermediaries in improving insurance sales performance, customer satisfaction and quality of service delivery. Hereunder, discussions into the concept, process and importance of SCM in elaborating insurance service distribution and intermediary's role in the chain process is presented.

##### **2.4.2.1 The concept of supply chain management (SCM)**

According to Lambert, García-Dastugue and Croxton (2005), SCM has been used as a synonym for: logistics; operations management; purchasing; and a combination of the above three terms. Van der Vorst (2004) defined SCM as “a sequence of decision making and execution processes and material, information and money flows that aim to meet final customer requirements (p.105)”. For Van der Vorst, SCM focuses on the management of relationships. From this standpoint, He coined the concept of SCM as “the integrated planning, co-ordination and control of all business processes and activities in the supply chain to deliver superior consumer value at less cost to the

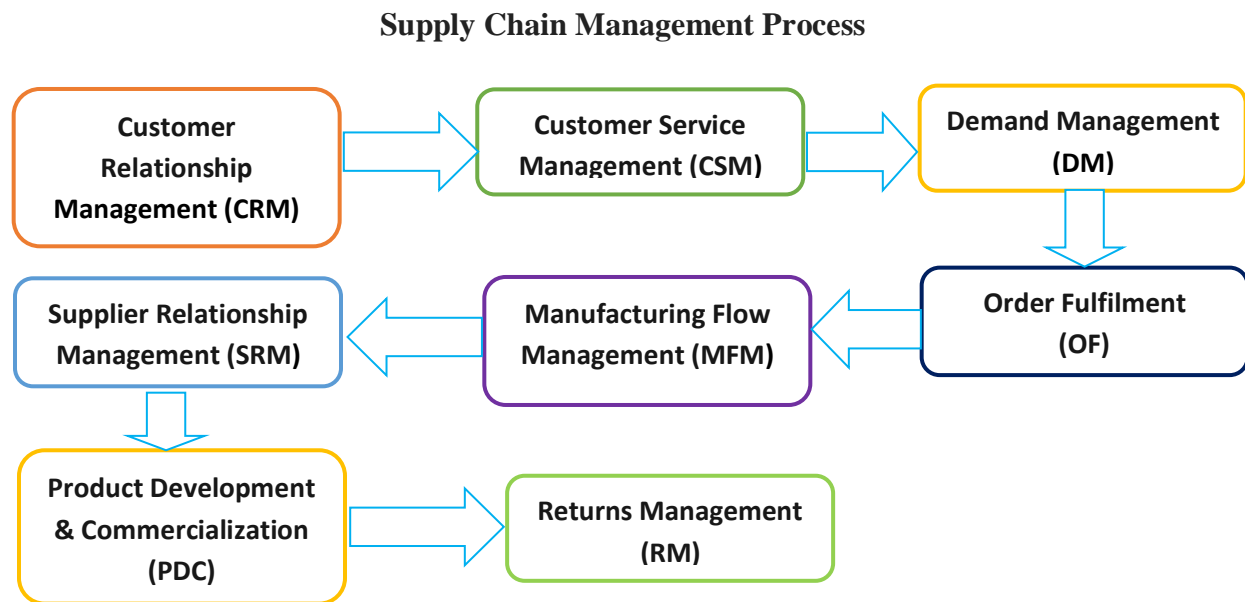
supply chain as a whole whilst satisfying requirements of other stakeholders in the supply chain (p.110)”. Similarly, Lambert and Cooper (2002) defined SCM as the linking of important business processes from the end user to original suppliers that provide products, services, and information that give value to customers and other stakeholders. From these definitions, it can be inferred that SCM stresses on the quality-of-service delivery, customer value and satisfaction.

Focusing on supply chain intermediation, Wu (2004) defined SCM as “the coordination and arbitration functions provided by the intermediary. From this perspective, the author categorized intermediaries into two: *transactional and informational intermediaries*. While the former one improves the efficiency of a certain supply chain transactions through facilitating the transactions between a group of manufacturers and retailers, the latter alleviate inefficiencies due to information asymmetry (pp. 70-71). In addition, the author also distinguished differences in function. For instance, a transactional intermediary may serve functions such as reducing uncertainty by setting and stabilizing prices, reducing the costs associated with searching and matching, providing immediacy by holding inventory or reserving capacity, and aggregating supply or demand to achieve economy of scale. On the other hand, informational intermediary serves functions such as avoiding adverse selection by administrating coordination mechanisms, creating a trusted institution thereby reducing the needs for direct negotiation, thus the transaction overhead, and synthesizing dispersed information to reduce information asymmetry (pp. 71-72). Accordingly, the transactional and information intermediaries are strategic instruments who can be used to improve a certain aspect of supply chain efficiency.

#### **2.4.2.2 Supply Chain Management Process**

A business process is defined as a structured measured set of activities designed to produce a specified output for a particular customer or market (Davenport, 1993). An example of such process includes order fulfilment, demand management or product development. Within a given business, a product or service has to reach to the end user in a very acceptable ways and speed for ultimate consumption or usage. In such scenario firms engage in multiple activities carried on by individuals and organization within and between business firms. This chain of activities creates a process to deliver something valuable to be used as final product/service to consume or to process it further for other augmented product or service. Existing literature on SCM adopted a cyclic view of the supply chain process. Such perspectives clearly define the processes involved and the owners of each process including their roles and responsibilities (e.g., Van der Vorst, 2004).

Accordingly, the processes in a supply chain are divided into a series of cycles, each performed at the interface between two successive stages of a supply chain. This means that each cycle is decoupled from other cycles via an inventory so it can function independently, optimize its own processes and is not hindered by problems in other cycles. The following figure 1 shows the supply chain cycle theorized in this study.



**Figure 1. Supply Chain Management Process (Adapted from Lambert et al, 2001)**

Lambert, García-Dastugue and Croxton (2005) discussed eight supply management processes. Throughout the chain, there are well-identified eight processes:

- i) **Customer Relationship Management (CRM):** refers to a framework for developing and maintaining customer connections. This process entails product and services are tailored to satisfy the needs of customers through specifying service level agreements with key customers (Croxton, Garcia-Dastugue, Lambert & Rogers, 2000; Van der Vorst, 2004). Once after the relationship is maintained, the firm has to supply relevant information to the customer
- ii) **Customer Service Management (CSM):** refers to the firm’s face to the customers. It provides a single source of customer information, and the availability and delivery of products or services exchanged for further agreements (Bolumole, Knemeyer, & Lambert, 2003). Moving through the process, firm’s get to know the customer, the requirements and specification of items needed.

- iii) **Demand Management (DM):** refers to the process of aligning the firm's capability with the customers' demand (Crum & Palmatier, 2003). In so doing, the firm balances the customer's requirements with its supply capabilities. It involves forecasting and synchronizing demand with the production, procurement and distribution of the product.
- iv) **Order Fulfilment:** refers to the process of integrating the production, channel distribution and marketing plan of the firm for the effective fulfilment of the customer order (Croxtton, et al., 2001). It also entails delivering products and meeting customer need dates (Van der Vorst, 2004).
- v) **Manufacturing Flow Management:** this process includes all activities necessary to obtain, implement and manage manufacturing flexibility and channeling products through the plants in the supply chain (Goldsby & García-Dastugue, 2003). In a given business, suppliers play a key role in all dimensions. The establishment of a well-maintained and managed supplier relationship is essential to deliver products or services as required by customers.
- vi) **Supplier Relationship Management:** refers to the process of establishing a framework for the development and maintenance of supplier relationships. This process includes all the activities necessary for managing the product flow through the manufacturing facilities and for obtaining, implementing and managing flexibility (Croxtton et al., 2001).
- vii) **Product Development and Commercialization:** refers to the process of developing new products with the suppliers and customer's engagement. Customers and suppliers must be integrated into the product development process in order to reduce time to market.
- viii) **Returns Management:** refers to the process of sustaining the viability of a given business (Mollenkopf, Russo & Frankel, 2007). It also entailed the process of aligning processes to realize an efficient return of re-usable items (Van der Vorst, 2004).

Towers and Burns (2008) discussed that each link in a supply chain represents a relationship between an individual customer and an individual supplier. The aim of this relationship is to service the immediate customer delivery requirements and then to replicate the process throughout the supply chain, to the benefit of the needs of the end consumer. Therefore, each link in the chain is reliant on all the other links, and the servicing of the end consumer is a collective and

interdependent process, though not necessarily a conscious one (Cohen & Roussel, 2004). Besides, combining information captured in the supply chain with analysis of customer demand can augment the accuracy of production planning and demand forecasting, enhancing performance in the whole chain (Selen & Soliman, 2002).

The careful synthesis of the process indicates that out of the eight supply management processes discussed, five of them are related with customers, namely, customer relationship management (CRM), customer service management (CSM), demand management (DM), order fulfillment and product development. When we examine the existing relationships between SCM and insurance intermediaries, each line of chain offers an insight into the role of insurance intermediaries in insurance sales and distribution. For instance, the tasks of CRM are undertaken by insurers and intermediaries. Besides, sales and claims management are generally performed by intermediaries (downstream) and insurers (upstream). This creates an avenue for intermediaries to establish and maintain relationships with insurance consumers. A relationship involves the exchange of information to the joint benefit of the buyer and supplier (Chen, 2003). Regarding this, Twing-Kwong (2013) argued that consumer's satisfaction with insurance intermediaries leads to a higher level of cognitive and affective trust. This enhances the intention of the consumers to maintain their relationship with intermediaries and the insurer. On the other hand, the supply chain of CSM reflects the essential role intermediaries' play in portraying the firm's image to customers. This again influences the strength of relationship between customers and intermediaries (Liljander et al., 2009; Robson & Sekhon, 2011; Brophy, 2013). Apart from this, intermediaries play salient role in balancing customers' requirements with the insurance service supply chain capabilities. It is argued that the DM chain depends on the relationship between customers and intermediaries. When problems occur in the DM, customers remain clients of the intermediaries whether or not they choose to remain or change the insurers. In addition, intermediaries play salient role in the order fulfillment chain. The success of order fulfillment relies on how the retail distribution undertaken by intermediaries meets customer requests. Moreover, intermediaries play an essential role in the chain of product development process. The development of new products depends on the relationship developed between customers and intermediaries (Yu & Tseng, 2016).

Nevertheless, the application of SCM in the insurance business often faces some challenges. For instance, the complexities associated with the supply chain process affects the management of financial services in the insurance sector (Van Rossum, 2002). In addition, it is

argued that the alignment between the supply chain strategy and the characteristics of products or services delivered in the insurance sector needs to be maintained (Richards & Jones, 2008; Perry and Towers, 2013; Pozza, Goetz & Sahut, 2018). Apart from this, the supply chain of the insurance sector relies greatly on outsourcing (e.g., intermediaries or retail insurance distribution (Rugman et al., 2009; Robson & Sekhon, 2011; Brophy, 2013). And outsourcing carries a greater quality risk than internal production, i.e., a vertically integrated chain (Gray et al., 2007). Similarly, intermediaries are the main retail distribution channel in insurance industry and play crucial role in fostering customer's buying decision process (Miotto & Parente, 2015; Dominique-Ferreira, 2016).

## **2.5 The roles of insurance intermediaries in increasing sales volume and performance**

Intermediaries play a very important role in the insurance sector. Insurance intermediaries facilitate the placement and purchase of insurance, and provide services to insurance companies and consumers that complement the insurance placement process (Dominique-Ferreira, 2019). Their recommendation has a significant impact on the buying process, satisfaction and loyalty of customers. Insurance intermediaries provide a useful link between insurers and the insured in commercial insurance markets. Their services range from information provision to risk screening to providing after-sale service (Goel, 2006). According to Eckardt and Rathke-Doppner (2010) the profound information asymmetries between consumers and insurance companies have resulted in the evolution of institutions that mediate between consumers and insurance companies. Insurance intermediaries such as exclusive agents and insurance brokers hold an important position as matchmakers between the supply and demand sides on insurance markets. Most insurance products are sold or bought through insurance intermediaries; i.e., insurance agents or brokers (Yinebeb, 2018).

This being the case, insurance agents and brokers differ in the role they play. For instance, brokers usually work with multiple companies to place coverage for their clients. In addition, they obtain quotes from various insurers and guide clients in determining the adequate policy from a range of products. Therefore, a broker's role may change during an insurance transaction and over the course of an on-going relationship with a client. Many brokers sometimes act as an "agent" of the insurer and other times as a "broker" of the client when assisting a client with insuring its risk exposures through an insurance contract with a traditional carrier (WFii, 2018). Though the roles played by intermediaries vary depending on the mandates stipulated in legal statute and their

functions (acting as agents, brokers and underwriters), the following key roles seems to dominate literature discussions. The roles discussed were summarized from Insurance Information Institute (2004), WFi (2018) and OECD (2020).

- i) ***Innovative marketing***: the engagement of insurance intermediaries in insurance business brings innovative marketing practices to the insurance marketplace. This deepens and broadens insurance markets by increasing consumers' awareness of the protections offered by insurance, their awareness of the multitude of insurance options, and their understanding as to how to purchase the insurance they need.
- ii) ***Dissemination of information to consumers***: intermediaries provide customers with the necessary information required to make educated purchases/ informed decisions. Intermediaries can explain what a consumer needs, and what the options are in terms of insurers, policies and prices. Faced with a knowledgeable client base that has multiple choices, insurers will offer policies that fit their customers' needs at competitive prices.
- iii) ***Dissemination of information to the marketplace***: intermediaries gather and evaluate information regarding placements, premiums and claims experience. When such knowledge is combined with an intermediary's understanding of the needs of its clients, the intermediary is well-positioned to encourage and assist in the development of new and innovative insurance products and to create markets where none have existed. In addition, dissemination of knowledge and expansion of markets within a country and internationally can help to attract more direct investment for the insurance sector and related industries.
- iv) ***Sound competition***: increased consumer knowledge ultimately helps increase the demand for insurance and improve insurance take-up rates. Increased utilization of insurance allows producers of goods and services to make the most of their risk management budgets and take advantage of a more competitive financial climate, boosting economic growth.
- v) ***Spread insurers' risks***: insurance companies need to make sure the risks they cover are insurable – and spread these risks appropriately – so they are not susceptible to catastrophic losses. Intermediaries help insurers in the difficult task of spreading the risks in their portfolio. They can do this through the role they play in working with multiple insurers and a variety of clients covering a broader geographical landscape. In addition, they help carriers spread the risks in their portfolios according to industry, geography, volume, line of insurance and other factors. This helps insurers from becoming over-exposed in a particular region or a particular type of risk, thus freeing precious resources for use elsewhere.

- vi) **Reducing costs:** intermediaries play salient role in reducing costs for insurers through finding alternative ways that promote reduction in prices both for the insurer and the insured. Because insurance is an essential expense for all businesses, a reduction in prices can have a large impact on improving the overall competitive position of the particular market. By reducing insurance costs across markets, intermediaries make an important contribution to improving the economic conditions in a country and benefits the consumer by leading to product competition, price competition, and improved services.

To play their role effectively, intermediaries are expected to know the financial strength of insurance companies, their history with different kinds of business and their claims handling experience. Intermediaries are also required to make an assessment whether or not a particular insurer is solvent, whether it provides good customer service, and how good is the insurer's claims-paying record. In addition, they are required to possess knowledge of and access to the insurance marketplace. This enables them to select among insurance products or risk management systems that are best suited to customers' needs and desires. Besides, it allows them to search the market for coverage appropriate to their clients and place insurance risks on their behalf. This gives insurance buyers alternative methods of protecting their business assets. The ability of insurance buyers to insure their businesses and business ventures depends in large measure on intermediaries' ability to find the appropriate coverage with the best terms and conditions at competitive fees. Apart from understanding the insurance market, intermediaries are expected to possess effective communication skills and competencies. Essentially, intermediaries represent the insurance consumer in transactions with the insurance provider or underwriter. The decisions of insurance buyers to insure their businesses largely depend on the intermediaries having sound, experienced and disclosed relationships with insurers and customers.

## **2.6 Empirical reviews on the role of intermediaries' engagement in insurance business**

Various empirical findings indicate the effect of intermediaries on insurance sales performance. For instance, earlier studies by Agrawal and Seshadri (2000) demonstrated the important role intermediaries play in reducing the financial risk faced by retailers in the supply chains. In their study, they showed that a risk neutral distributor can offer a menu of mutually beneficial contracts to the retailers. In so doing, the authors argued that a menu can be designed to induce every risk averse retailer to select a unique contract from it, maximize the distributor's expected profit, and raise the order quantity of the retailers to the expected value maximizing quantity. Thus,

inefficiency created due to risk aversion on part of the retailers can be avoided. Their study demonstrated that an important role of an intermediary in distribution channels is to reduce the risk faced by retailers.

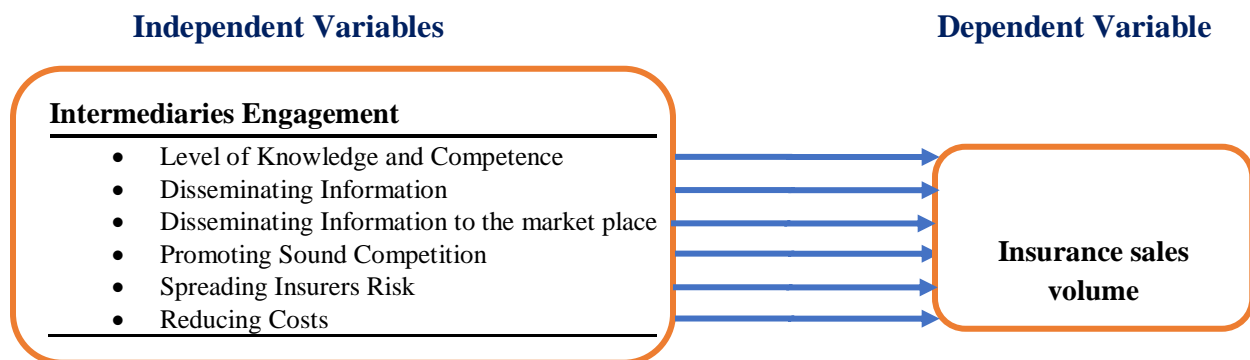
Apart from this, studies reported the importance of intermediaries in improving the quality of services provided to customers. For instance, Eckardt and R athke (2010) investigated the quality of insurance services in Germany. Using 927 insurance intermediaries in Germany, the study investigated the impact of different distribution channels and other factors on the service quality of intermediaries. Their findings suggested that insurance intermediaries offer a variety of services that are difficult to evaluate for consumers who are incompletely informed. In their study, the authors noted differences among exclusive agents and independent intermediaries in ensuring the provision of quality services. They also found conflicting evidences that indicated the quality of intermediaries' service largely was determined by the information collection and processing operations of individual intermediaries (Eckardt & R athke, 2010).

Looking into the influence of intermediaries in customer satisfaction as well as customer referrals during the buying decision-making process, Dominique-Ferreira (2018) examined the key role played by intermediaries in the retail insurance distribution in Portuguese insurance retail market. The study revealed that customers' buying decision-making process and claims administration rely significantly on intermediaries, resulting in high churn rates in the insurance sector. In addition, the finding showed the level of intermediaries' influence on customer's happiness, claims management, and the purchase process in the retail insurance distribution channels. Based on this finding, the author concluded that intermediaries had a strong influence on insurance client's satisfaction. The study recommended insurers to strengthen their partnerships with intermediaries.

Recent discourses discussed the development of digital insurance in shaping the roles played by insurance intermediaries in increasing insurance sales volume (European Insurance Observatory, 2021). It is argued that all around the globe sales of insurance business continued to be dominated by intermediaries. For instance, the 2020 global insurance sales (premium) from direct insurer's Salesforce and tied agents accounts 38% only, while the remaining 62% sourced from intermediaries: brokers, independent agents, bank assurance and through online distribution (European Insurance Observatory, 2021).

## 2.7 Conceptual framework

The conceptual framework for the study was adopted from the theory of supply chain management. The chain of activities enlisted enables to understand the key processes used to deliver the insurance services to customers. In doing so, it provides a robust explanation as to how goods and services reach end users and the roles played by key insurance distributors. Based on this framework, the following list of variables were identified. The following figure 2 shows the list both independent and dependent variables.



**Figure 2. Independent and dependent variables (Adapted from Lambert et al. 2001)**

Accordingly, the chains of activities discussed in Supply Chain Management Theory along with the various roles of intermediaries in insurance business considered as independent variables while insurance sales volume and sales from intermediaries were taken as dependent variable. (Insurance Information Institute (2004), WFii (2018) and OECD (2020)).

# CHAPTER THREE

## 3. Research Methodology

This chapter discusses the broad philosophical assumptions, which guided the overall work of the study; the research approach and design used to address the research question posed. In addition, the chapter discusses the specific methods, techniques and procedures used to select study areas and samples, data collection tools and instrumentation, data analysis and interpretation.

### 3.1 Research approach

This study adopted *mixed research approach*. In this approach, the researcher collects both qualitative and quantitative data, integrates the two approaches while analyzing and interpreting the data using specific designs relevant to adhered philosophical assumption and theoretical framework. The central premise behind this research approach is that all methods have their pitfalls and employing a combination of qualitative and quantitative approach minimizes the effect of such limitations and enables the researcher to have a complete picture and clear understanding of the research issue being investigated (Creswell, 2014; Creswell, 2012; Gay et.al., 2012; Fraenkel & Wallen, 2009).

Recent trends show the increased adoption of mixed research approach to examine research problems in business, social and humanities (Creswell, 2014; Creswell, 2012; Fraenkel & Wallen, 2009). Besides, a good research design combines appropriate elements and techniques from across traditions and epistemological perspectives (Guest, MacQueen & Namey, 2014). This seems to emanate from the fact that methodological triangulation and seeking convergence across qualitative and quantitative data is considered to be a common feature of all good research (Creswell, 2014; Creswell, 2012) and enhances construct validity (Patton, 1990).

### 3.2 Research design

A research design denotes a strategy or procedure of inquiry associated with selected research approach (Creswell, 2014). This study employed a *convergent parallel/concurrent research design*. The purpose of a convergent (or parallel or concurrent) mixed methods design is to simultaneously collect both quantitative and qualitative data, merge the data, and use the results to understand a research problem. In addition, convergent parallel design consists of taking qualitative and quantitative data collection and analysis and comparing or relating the two and then

interpreting them. Areas of convergence or divergence between the qualitative and quantitative results should be discussed. A basic rationale for this design is that one data collection form supplies strengths to offset the weaknesses of the other form, and that a more complete understanding of a research problem results from collecting both quantitative and qualitative data (Creswell, 2009; 2012; 2014; Gay et.al., 2012; Fraenkel & Wallen, 2009).

In this study, descriptive survey designs were employed. This design was selected since descriptive surveys are aimed at finding out "what is" about a program, a process and an activity (Borg & Gall, 1989). In addition, descriptive surveys offer the research with the opportunity to portrait, describe and interpret the trend or characteristics of particulars of individuals, groups and events. Adopting this research design helped in uncovering and explaining the variables that were playing salient role in influencing the role of intermediaries and insurance sales volume.

### 3.3 Sampling Design

In any research endeavors, defining the unit of analysis, target population and study participants or samples is essential. This allows the researcher to identify the level at which data is collected, the nature of informants and the techniques used to select respondents (Creswell, 2014; Creswell, 2012; Gay et.al, 2012; Fraenkel & Wallen, 2009).

#### 3.3.1 Population of the Study

In Ethiopia, there are one public and 17 private insurance companies (NBE, 2022). The insurance services rendered by the 18 companies are distributed in all regional states and city administrations. Though 640 branches exist, 337 insurance service providing branches are located in the capital Addis Ababa. In this study, AISCO were considered as *a case company*.

##### 3.3.1.1 Target population

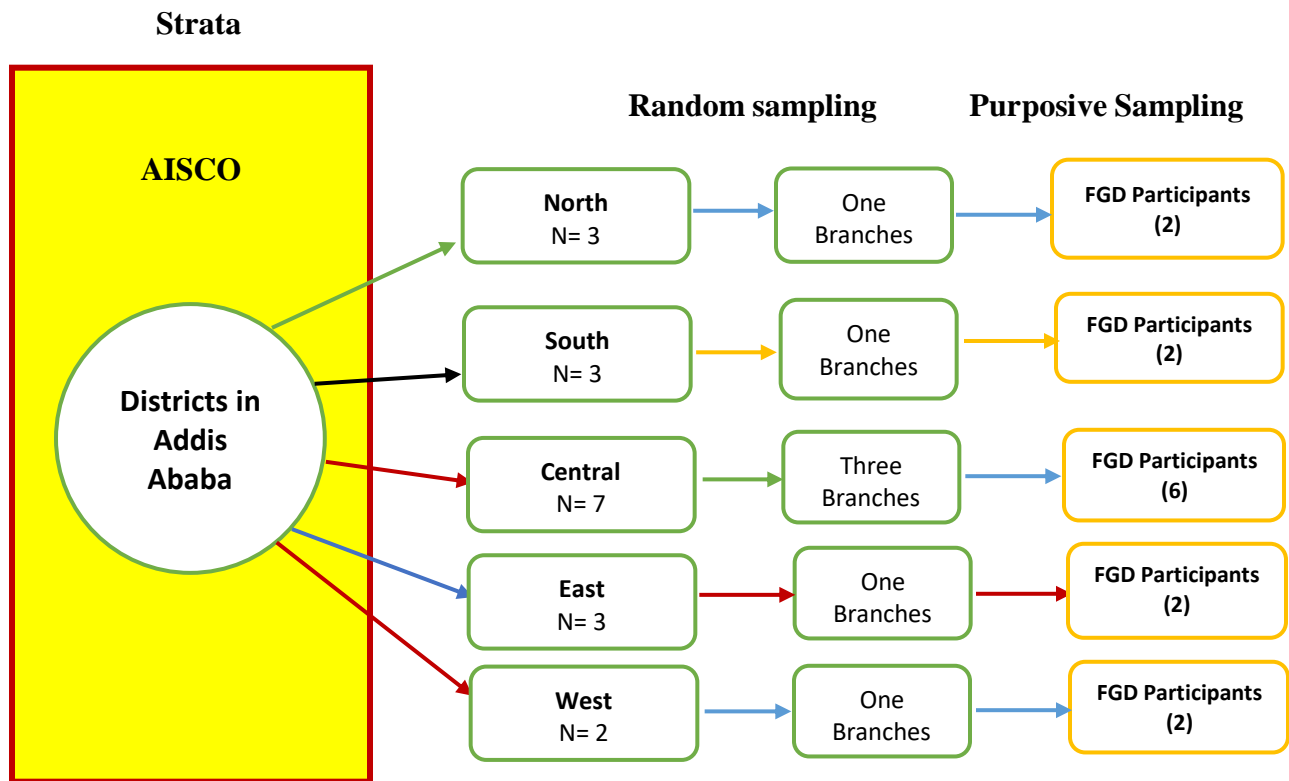
The *target population* from which the study participants and samples were drawn encompasses all insurance intermediaries (brokers, agents), corporate and branch managers, sales executives and underwriters working with/in AISCO head office and 18 branches in Addis Ababa city.

#### 3.3.2 Sampling techniques

In order to obtain samples for the study, simple random, stratified and purposive sampling techniques were used. Simple random sampling technique were used to select *one insurance*

company from the existing public and private insurance companies. The use of simple random sampling provided equal chance for all insurance companies to be included in the study and exclusion from the study only happened because of chance factor (Creswell, 2012; Gay et al., 2012; Fraenkel & Wallen, 2009). Accordingly, from the 18-insurance service providing companies in Ethiopia, Abay Insurance Share Company (AISCO) was selected randomly.

The study was geographically delimited to AISCO branches that are located in Addis Ababa City Administration. Existing data from AISCO showed that the number of branches operating in various sub cities varies. In addition, each offices vary in insurance distribution and insurance sales volume. Besides, the role played by insurance intermediaries (brokers, agents), corporate and branch managers and sales executives in attracting and retaining customers also varies. The existence of such difference creates variance in sample characteristics.



**Figure 3. Stratified sampling procedure (Adapted from Creswell, 2012, p. 145)**

To ensure representation, therefore, forming strata based on district was found to be pivotal to select samples from each sub group proportionally (Creswell, 2012; Fraenkel & Wallen, 2009). Stratified sampling is used when the population depicts disparity on sample characteristics and when using simple random sampling is feared for affecting the representation of participants in

certain category than the one needed for comprehensive statistical analysis (Creswell, 2012). The following figure 3 illustrates the process of selecting sample branches and insurance intermediaries (brokers, agents) for the study.

Accordingly, from each district sample branches were randomly selected (N=7). In addition, census was used to include all active intermediaries (N=50) working as insurance agents and brokers. Intermediaries at AISCO are allowed to work as insurance agents and brokers in all branches without any restrictions. Therefore, given their small number, the inclusion of all intermediaries to take part in filling the survey questionnaire was necessary. On the other hand, study participants for the qualitative interviews and focused group discussions (FGDs) were selected through purposive sampling technique. Purposive sampling is one of the most popular sampling techniques in qualitative study and the most appropriate sampling technique in a study that utilizes convergent/concurrent research design (Creswell, 2012; Fraenkel & Wallen, 2009). This sampling technique is used when the researcher’s prior knowledge convinces him/her that the samples possess the necessary information that would help explain the phenomenon under investigation (Fraenkel & Wallen, 2009). The following Table 1 presents the characteristics of participants who took part in qualitative interviews and FGD.

**Table 3.1: Sampling Distribution**

<b>Purposefully selected Samples</b>	<b>N</b>	<b>Source of Data</b>
Corporate Managers	2	Interviews
Branch Mangers/Sales Executives	7	FGD
Underwriters/claim handlers	7	FGD
Senior Marketing Manager	1	Interview
<b>Total</b>	<b>17</b>	

### **3.3.3 Data source and types**

In order to obtain data for the quantitative and qualitative aspect of the study, both primary and secondary data sources were used. The sources were screened based on their relevance in addressing the research questions posed. Corporate managers, branch managers, underwriters, senior marketing managers and intermediaries are potential primary data sources. Besides, relevant publications, manuals, regulatory directives, sales performance reports and other documents were used as a secondary data source.

### **3.3.4 Data gathering tools**

The following instruments were used to gather both primary and secondary data for the study.

#### **i) Survey questionnaire**

A questionnaire is a written collection of survey questions to be answered by a selected group of research participants (Gay et.al., 2012, p. 186). Survey research, a research design selected to address the research questions posed, requires the collection of standardized and quantifiable data from a sample or population of interest in the form of a questionnaire. Using a questionnaire is considered advantageous in research areas that emphasized on insurance distribution and sales volume. Compared to observation, a questionnaire is less expensive and gives more opportunity for respondents to reflect on and evaluate on intermediaries' roles in attracting and retaining customers and improving insurance sales performance. In addition, a questionnaire enables the collection of sensitive information, which may only be known to individual agents and brokers in regard to existing insurance distribution systems, structures and process. It also enables the researcher to obtain objective data. A survey questionnaire with five points of Likert scale was devised and adapted in light of the research questions and conceptual framework. After identifying and adapting an appropriate survey questionnaire, a pilot test was conducted in one branch of AISCO. Conducting pilot test enables the researcher to check the internal consistency of the responses and to assess the content and construct validity of the questionnaire from Ethiopian insurance industry perspectives. Besides, pilot testing provides the researcher with the opportunity to identify deficiencies in the questionnaire, to identify irrelevant items and to obtain salient suggestion to improve ill constructed items in the questionnaire (Gay et.al., 2012, p. 186). To this end, subject experts; intermediaries were selected for the pilot test procedures.

#### **ii) Semi-structured interviews and focus group discussion (FGD)**

An interview is an oral, in person question-and-answer session between a researcher and an individual respondent (Gay et.al., 2012, p. 186). Interviews permit researchers to obtain important data related to perceptions, feelings and thoughts that may otherwise be hidden while collecting information using a questionnaire or observation alone. In addition, it allows researchers to obtain information about past events or the way things used to be before (Gay et.al., 2012, p. 386). Two forms of interviews are distinguished in research: structured and unstructured. In structured or formal interview, researchers formally engage in asking predetermined set of specific questions.

On the other hand, in unstructured or informal interview, the researcher uses a set of questions as a guide in order to allow participants to engage in the discussion related to the what, why, when, who and how a certain phenomenon unfolded (Gay et.al.; 2012). Unstructured interviews provide the researcher with the opportunity to find out participants past experiences and more complex or personal information. (Gay et.al., 2012, p. 386-387). In this research, in-depth semi-structured interview was employed to collect data from purposefully selected corporate managers, branch managers, underwriters, senior marketing managers. The items in the interview were designed in such a way that it assists the exploration of conceptions, perceptions and provisions related to the role of intermediaries in enhancing the quality of insurance services, insurance distributions and sales performance. In addition, it was designed in a way that it enables the researcher to examine the existing policy, structure and processes aimed at improving the quality of insurance services, customer's satisfaction and loyalty. The guiding interview questions were designed based on the overarching research questions and purpose of the research while allowing participants to engage and refine ideas and positions.

### **iii) Document reviews**

Document analysis also called “archival analysis” is one of the technique of data collection used by researchers. The data obtained from document review would enable the researcher to gain important insights, potential trends and developments about the phenomenon being measured (Gay et.al., 2012, p. 388). Accordingly, valuable documents such as national and institutional insurance policies, strategic documents, legislative frameworks and guidelines were reviewed to assess policy intentions, strategic provisions and legal basis devised to improve the quality insurance services and the role of intermediaries in attracting and retaining customers. In addition, insurance sales performance reports for the past 12 years were examined to assess insurance sales performance trends.

### **3.3.5 Data analysis**

Convergent/parallel design analysis technique guided the analysis process of the data collected. This form of analysis entails the analysis and interpretation of both quantitative and qualitative simultaneously giving equal weights to both forms of data (Creswell, 2012; 2012). To analyze the voluminous qualitative data, applied thematic analysis approach were used. This form of analysis used to analyze the qualitative text data obtained from interview transcriptions and document

analysis. The utilization of this analysis technique offers the researcher the opportunity to use a combination of quantitative and interpretive techniques essential to address the research questions posed (Guest, et.al. 2014). Besides, it offers the researcher with the opportunity to systematically analyze the voluminous qualitative data and link it to broader conceptual or theoretical models (Braun & Clarke, 2012; Guest et al., 2014). This process of analysis involved reading and reading the text data, looking for key words, trends, themes or core ideas in the data (Guest et al., 2014). In addition, it involved generating or constructing themes based on the meaning created or patterned response observed in the data set (Braun & Clarke, 2012). Though various alternative steps are provided to conduct thematic analysis inductively (Braun & Clarke, 2012; Guest et.al, 2014), the *six steps of qualitative data analysis* suggested by Creswell (2014) were selected to facilitate the analysis process. The following figure 4 shows the steps followed in analyzing the qualitative data.

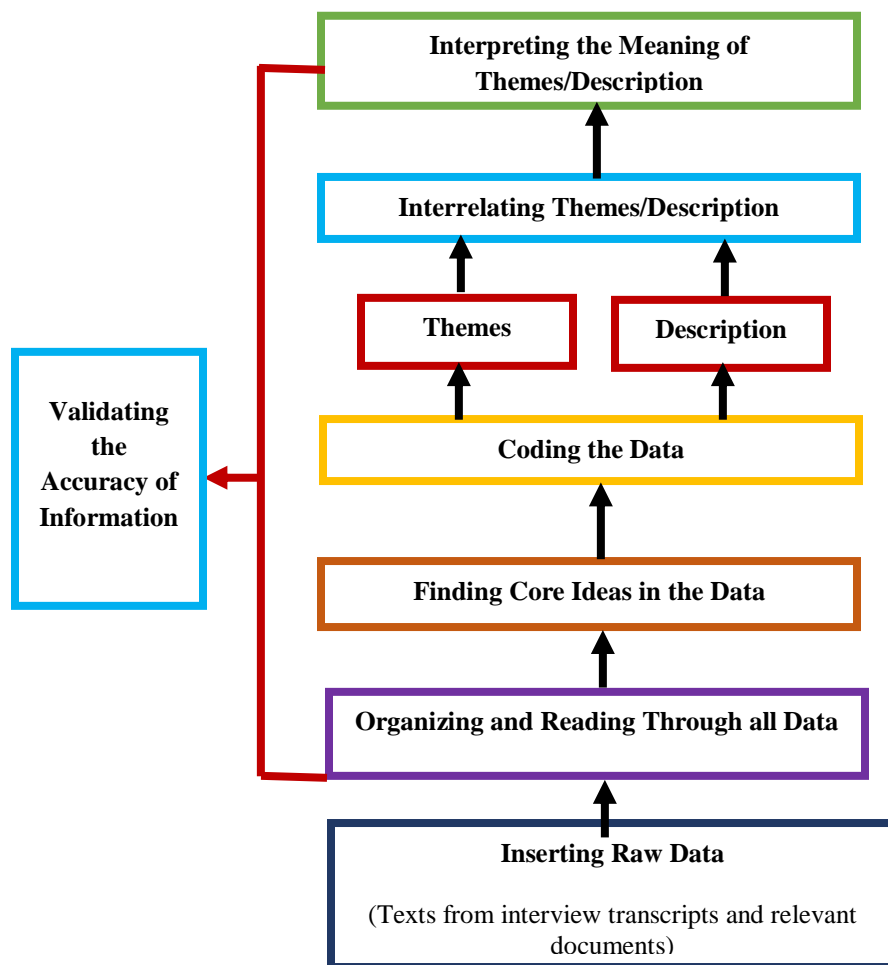


Figure 4. Steps in qualitative data analysis (Adapted from Creswell, 2014, p. 197).

As for the quantitative data which was collected through survey questionnaire and insurance sales performance data, *descriptive statistics* (Frequency, Percentage, Mean, and Standard Deviation) and *inferential statistics* (Correlation and Regression Analysis) were computed. This helped in analyzing the mean response trend among respondents and existing relationships between various comparison variables. Besides, it assisted in determining the effect of intermediary’s engagement on insurance sales performance. While conducting the analysis, contradictory, unexpected results and extreme cases were identified for further exploration and explanations.

### 3.3.6 Validity and Reliability

In order to make sure the quality of the research design, content validity of the study checked and was verified by the advisor of this research, who looked into the appropriateness of questions and the scales of measurement. Discussions were also conducted with other researchers in order to check the appropriateness of questions. Moreover, pilot test was conducted prior to the actual data collection that help to get valuable reflections.

Cronbac’s Alpha\* coefficient is one of the most commonly used indicator of internal consistency and was used to test reliability and internal consistency of the measure. To make sure the reliability of a given study, the coefficient should be above 0.7 (Creswell & Creswell, 2017). Accordingly, as indicated below on the table the Cronbach’s Alpha Coefficient of this study ensures that all measures are free from error and provided a consistent result.

**Table 3.2 Cronbach’s Alpha Coefficient**

<b>Scales</b>	<b><i>N of Items</i></b>	<b><i>α</i></b>
Level of Knowledge and Competence	11	.75
Disseminating Information to Customers	6	.73
Disseminating Information to the Market Place	6	.84
Promoting Sound Competition	5	.69
Spreading Insurers Risk	5	.71
Reducing Costs	5	.77
<b>Total items</b>	<b>38</b>	<b>.89</b>

\* Cronbach’s  $\alpha$  is significantly reliable if  $\alpha > .70$

### **3.3.7 Ethical considerations**

The researcher attempted to conduct the study as it was intended and fully adopting and implementing ethical research procedures. This was achieved through establishing trust with the respondents through ensuring respondents that their participation in the study is confidential. In addition, the researcher went far to explain the importance of the study to insurance industry in Ethiopia. Moreover, the researcher carefully coded responses obtained through interviews and questionnaires to protect the anonymity of respondents. Apart from this, the researcher acknowledged all reference materials used in the study through utilizing proper citation procedures.

## Chapter Four

### 4. Data Presentation, Analysis and Interpretation

This chapter presents the quantitative and qualitative data analysis and interpretation. The analysis results of survey questionnaire, interviews & FGD and document analysis are presented. The presentation is organized in a manner that reflects the specific research design used for the study. Accordingly, the quantitative data were simultaneously analyzed and interpreted along with the qualitative sources.

#### 4.1 Quantitative data analysis

In this section, the results of the descriptive and inferential analysis of the survey questionnaire are presented. The presentation includes the frequency distribution of respondents' demographic characteristics, the means and standard deviations of the survey items and the scales that make up indicators of intermediary's engagement. Apart from this, the presentation includes the psychometric properties of the survey instrument (normal distribution, item reliability), the correlation between engagement scales and AISCO's sales volume and the regression analysis results.

##### 4.1.1 The demographic characteristics of intermediaries

As Table 4.1 below shows, 54% of intermediaries were male, while 46 % of them were female. This figure reveals a balanced representation of both gender in insurance intermediary's positions. Besides, the perception measured regarding the engagement and role of intermediaries in insurance business seems to reflect a balanced perspective entertained by both sexes. On the other hand, middle aged (30-45 years) intermediaries seem to dominate (82%) in working as an insurance broker or agent. This result seems to indicate that the existing selection process for the intermediary post seems to give less room for youths and old people. This seems to contradict the interviewees and FGD participants' reflection. Their reflection suggested, while the post of brokerage was filled by individuals who served in the insurance businesses until their retirement, youths who completed secondary school level of education and training are hired to work as insurance agents. Similarly, the majority of intermediaries (66%) had completed bachelor's degree, followed by the completion of master's degree of education (26%), indicating intermediaries' fulfillment of the minimum educational requirement set to work as insurance broker or an agent (NBE, 2008). Apart from this,

around 8% of intermediaries had completed some sort of training or took courses designed to enhance their engagement in intermediary roles and functions.

**Table 4.1: Intermediary’s demographic characteristics**

Parameters	Categories	N	%
Gender	Male	27	54
	Female	23	46
Age category	25–30 Years	7	14
	30-35 Years	17	34
	35-40 Years	20	40
	40-45 Years	4	8
	Over 45 Years	2	4
<b>Total</b>		<b>50</b>	<b>100</b>
Highest Degree Earned	Bachelor’s Degree	33	66
	Master’s Degree	13	26
	Other	4	8
<b>Total</b>		<b>50</b>	<b>100</b>
Work Experience in Years	1-5 Years	12	24
	5-10 Years	19	38
	10-15 Years	13	26
	Over 15 Years	6	12
<b>Total</b>		<b>50</b>	<b>100</b>

Source: Field data from Survey Questionnaire (July, 2022)

The average years of experience in intermediary position was 11 years ( $M = 10.56$ ,  $SD = 5.45$ ). When their work experience range was examined categorically, about 64% of intermediaries have worked from 5-15 years. The second inline was intermediaries with a work experience of less than 5 years. Though small in magnitude, around 12% of intermediaries have worked for over 15 years in the insurance business. Combining intermediary’s age and work experience results, we can infer that respondents possessed (at least) the minimum level of knowledge and experience that enable them to respond to the survey items by examining their level of engagement in the distribution of AISCO’s products and services.

#### 4.1.2 The psychometric properties of the survey instrument (Questionnaire)

Before the actual administration of the survey questionnaire, a pilot test was carried out at AISCO Head Office. Conducting pilot testing or trying out of a newly developed or adapted data collection instrument is regarded as one of an essential component of a good research design (Teijlingen van & Hundley, 2001). The pilot test involved obtaining expert review and feedback, checking that all questions are understood well and answered as expected, discarding all unnecessary, difficult or ambiguous questions and re-wording or re-scaling any questions that are not answered as expected.

The evidence obtained from pilot testing and expert review served in examining the face, content, and construct validity of the adapted survey instrument.

After the actual data was collected, various exploratory analysis was performed to assess the psychometric property of the survey instrument used to collect the quantitative data. Examining the psychometric properties of an adapted survey instrument is one of the procedures used to test the validity and reliability of an instrument used in different contexts (Creswell & Creswell, 2017). The analysis involved assumption testing checking the normality of distribution, missing value analysis, and item and scale reliability coefficient analysis. The result of the frequency and descriptive analysis along with P-P plots, Q-Q plots and histograms showed the data were normally distributed. The normality tests (Kolmogorov–Smirnov) indicated the normality of distribution.

One piece of evidence examined to measure the validity of the survey questionnaire is related to assessing the extent to which the questionnaire consistently measures the construct it purports to measure. To achieve this, reliability analysis for all items in the questionnaire and the scales were conducted. The following table 4.2 presents the descriptive statistics of the scales designed to measure various aspects of intermediary’s engagement in the insurance business.

**Table 4.2: Psychometric properties of intermediary’s engagement scales**

Scales	<i>N</i>	<i>M</i>	<i>SD</i>	$\alpha$
Level of Knowledge and Competence	11	4.03	.32	.75
Disseminating Information to Customers	6	4.30	.38	.73
Disseminating Information to the Market Place	6	3.94	.30	.84
Promoting Sound Competition	5	4.10	.49	.69
Spreading Insurers Risk	5	4.10	.56	.71
Reducing Costs	5	3.97	.48	.77

Note. *N* = No of Items, *M*= Mean, *SD*= Standard Deviation,  $\alpha$  = Cronbach Reliability Coefficient.

The reliability of the adapted survey questionnaire (38 items) indicated a higher reliability of  $\alpha= 0.89$ . However, the reliability coefficients for the 6 scales measured was  $\alpha= 0.79$ . This result suggested a higher internal consistency of the responses obtained from the survey questionnaire. Existing literature suggested a value of 0.7 to 0.8 to be a good indicator of reliability (Field, 2018). The inter-item correlation values for all scales ranged between 0.11 and 0.73, which indicates that the items are measuring the variables—that is, *intermediaries’ engagement*—they purport to measure (Clark & Watson, 1995). Various authors (e.g., Tabachnick & Fidell, 2007; Creswell, 2014; Field, 2018) argued that the number of items in a scale and the number of respondents can

influence reliability values. Hence, the observed variations between reliability values for all items in the questionnaire and the six scales might have resulted from differences in the number of items in the scales.

### 4.1.3 The relationships between intermediary’s engagement scales

In order to determine the nature of relationships between intermediary’s engagement scales, a Pearson Correlation Coefficient was analyzed. The result of the analysis is presented in the following Table 4.3.

**Table 4.3:** Correlation coefficient between the scales

Scales	1	2	3	4	5	6
Level of Knowledge and Competence	1	.62**	.27	.51**	.39**	.30*
Disseminating Information to Customers	.62**	1	.23	.57**	.70**	.14
Disseminating Information to the Market Place	.27	.23	1	-.04	-.05	-.05
Promoting Sound Competition	.51**	.57**	-.04	1	.71**	.66**
Spreading Insurers Risk	.39**	.70**	-.05	.71**	1	.51**
Reducing Costs	.30*	.14	-.05	.66**	.51**	1

Note.  $N = 50$ . \*\* $p < .001$ , \* $p < .05$ .

As can be seen from Table 4.3, there were a highly significant positive relationships between intermediary’s Knowledge and Competence and their ability to disseminate Information to Customers. Similarly, there was a moderately significant relationship between intermediary’s Knowledge and Competence and their engagement in Promoting Sound Competition. In addition, there was a significant positive correlation between intermediary’s Knowledge and Competence, their role in Spreading Insurers Risk and Reducing Costs. This result seems to suggest that intermediaries’ level of knowledge and competence in the insurance business plays salient role in promoting their engagement in key tasks that are associated with improving customer’s awareness, the company’s market share and cost reduction. This would contribute its part in minimizing the risks associated with insurance business and maximize the benefits gained both for the insured and the insurer.

On the other hand, intermediary’s engagement in disseminating Information to Customers was highly and significantly correlated with their engagement in Promoting Sound Competition and their Role in Spreading Insurers Risk. This result seems to indicate that intermediary’s efforts to establish a sound, experienced and disclosed relationships with customers enables intermediaries to support the company to take advantage of a more competitive financial climate and minimize the company’s over-exposure to a particular type of risk. Similarly, intermediary’s

engagement in Promoting Sound Competition was highly and significantly correlated with their role in Spreading Insurers Risk and Reducing Costs. This result seems to suggest that intermediary’s engagement in leveraging their company’s business volume with carriers, obtaining better terms and conditions for their clients is critical in improving the company’s insurance sales volume.

Nevertheless, there were no positive or significant correlation between intermediary’s engagement in the dissemination of Information to the Market Place and other scales that are measured. This result seems to suggest that intermediary’s role associated with gathering and evaluating information regarding placements, premiums and claims experience has nothing to do with their engagement in the remaining key tasks they are assigned to perform. Though not significant, intermediary’s engagement in the dissemination of Information to the Market Place was negatively correlated with their engagement in Promoting Sound Competition, Spreading Insurers Risk and Reducing Costs.

#### 4.1.4 The relationships between intermediary’s engagement and insurance sales volume

This study posed two central research questions. The questions posed revolved around the roles of intermediaries in enhancing insurance distribution and sales volumes. To get insights into this, AISCO’s insurance sales volume scored over the last twelve years were examined. In addition, the contribution of direct sales and sales from intermediaries were cross examined for the last seven years. The following table 4.4 shows the average performance.

**Table 4.4:** AISCO’s Insurance Sales Volume (2010-2022)

<b>Premium Production and Sales Growth</b>	<i>N</i>	<i>Sum</i>	<i>M</i>	<i>SD</i>
Sales Volume from 2010-2022	12	2,365,928,295.16	197,160,691.26	121,034,448.85
Sales from Direct Sales from 2015-2022	7	1,339,052,121.79	191,293,160.25	62,617,265.20
Sales from Intermediaries from 2015-2022	7	600,128,836.21	85,732,690.88	26,850,155.27

Note. *N* = No of Years, *M*= Average Sales Performance, *SD*= Standard Deviation.

As can be observed from the above Table 4.4, intermediaries contributed about 31% of the total insurance sales while 69% of the sales was made from direct sales. This seems to indicate that intermediaries play crucial role in increasing AISCO’s sale volume and sales performance over the last seven years. In order to determine the nature of relationships between intermediary’s roles and the scored sales volume, a Pearson Correlation Coefficient was analyzed. The following Table 4.5 shows the degree of association.

**Table 4.5: The relationship between insurance sales volume and intermediary's engagement**

Variables	1	2	3	4	5	6	7	8	9
Sales Volume	1	.91**	.82*	-.61*	-.35	-.11	-.13	-.38	-.09
Direct Sales	.91**	1	.78*	.36	.18	-.82*	.34	-.07	-.03
Intermediary Sales	.82*	.78*	1	.42	.07	-.75	.67	.10	.30
Knowledge and Competence	-.61*	.36	.42	1	.62**	.27	.51**	.39**	.30*
Disseminating Information to Customers	-.35	.18	.07	.62**	1	.23	.57**	.70**	.14
Disseminating Information to the Market Place	-.11	-.82*	-.75	.27	.23	1	-.04	-.05	-.05
Promoting Sound Competition	-.13	.34	.67	.51**	.57**	-.04	1	.71**	.66**
Spreading Insurers Risk	-.38	-.07	.10	.39**	.70**	-.05	.71**	1	.51**
Reducing Costs	-.09	-.03	.30	.30*	.14	-.05	.66**	.51**	1

Note.  $N = 50$ . \*\* $p < .001$ , \* $p < .05$ .

As can be seen from Table 4.5, there were a highly significant positive relationship between AISCO's Sales Volume and Sales from Direct Business and Intermediaries. Similarly, there were a highly significant positive correlation between AISCO's Sales from Direct Business and Sales from the engagement of Intermediaries. This result seems to suggest that the sales volume from both sources contributed to the overall sales performance of the company.

On the other hand, mixed results were obtained when the relationship between AISCO's insurance sales volume was correlated with various intermediary's engagement scales. For instance, intermediary's Knowledge and Competence was negatively correlated with AISCO's overall Sales Volume. Similarly, insurance sales from direct business was negatively correlated with intermediary's engagement in Dissemination Information to the Market Place. This result seems to suggest that increase in insurance sales volume has little to do with the level of intermediary's knowledge and competence. Besides, increase in insurance sales rate seems to be less influenced by intermediary's engagement in disseminating information to the market place.

#### 4.1.5 The effect of intermediary's engagement on insurance sales volume

One of the central research questions raised in this study was related with determining the extent intermediary's engagement affects AISCO's insurance sales volume. In order to find plausible answer, the predictive role of intermediary's engagement scales on AISCO's insurance sales volume was examined using both linear and multiple regression analysis. To fit the data for linear regression analysis, the average scores of all intermediary's engagement scales were computed and grand mean centered. In addition, two approaches were followed in performing multiple

regression analyses. In the initial step, the effect of each predictor variable on *gross premium (sales volume)* was examined. After assessing the relative importance and significance level of each predictor entered in the first regression, the final regression analysis was performed with only those variables that significantly contributed in predicting *the outcome variables*. These variables were entered hierarchically to provide more meaningful predictions. Accordingly, the variables that significantly predicted (premium) sales volume were entered step by step in the multiple regression model. The results of both regression analyses are presented below.

**Table 4.6:** The relationship between predictors (engagement scales) and outcome variable (premium sales volume)

Variables	Model	
	B	SE
<b>Constant</b>	1816587799.40	793763198.39
Level of Knowledge and Competence	-536411721.68*	126541504.37
Disseminating Information to Customers	301535475.85	168064098.37
Disseminating Information to the Market Place	-203700787.27	156880103.58
Promoting Sound Competition	192351770.91	100156603.29
Spreading Insurers Risk	-242866060.55	105720903.64
Reducing Costs	17920395.78	105110170.38
<b>Model statistics</b>		
$R^2$	.83	
$\Delta R^2$	.83	
$F$	4.04	
$\Delta F$	4.04	

Note. N = 50. B = Unstandardized coefficient. \* $p < .05$ .

Table 4.6 above shows that, from the six intermediary's engagement scales, intermediary's Knowledge and Competence significantly predicted AISCO's Premium Sales Volume. However, the prediction direction was negative ( $\beta = -.135, p = .008$ ). This result seems to suggest that the lesser the level of intermediary's knowledge and competence, the amount of insurance premium sales tends to increase. This being the case, intermediary's engagement accounted for 83% of variations in *insurance premium sales volume*.

On the other hand, Table 4.7 below shows the result of hierarchical multiple regression analysis. As can be seen from the Table, after controlling for other engagement scales, intermediary's level of Knowledge and Competence showed significant negative effects on AISCO's insurance premium sales volume ( $\beta = -.61, p = .035$ ). Similarly, intermediary's engagement in Spreading Insurer's Risk ( $\beta = -1.10, p = .022$ ) negatively predicted the sales volume. As opposed to this, intermediary's engagement in Disseminating Information to

Customers ( $\beta = .92, p = .037$ ) and Promoting Sound Competition ( $\beta = .94, p = .030$ ) showed positive effect on AISCO's Premium Sales Volume. Together, both scales accounted for 83% of variations in AISCO's *insurance premium sales volume*.

**Table 4.7: The relationship between predictors (engagement scales) and outcome variable (Premium sales volume)**

Variables	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
<b>Constant</b>	972750 638.4*	40050 2214.5	94647 8498.4	42297 5889.2	223115 8450.6*	92920 6638.5	19758 05709.	10232 69686.	186000 3277.8*	688294 892.2	18165 87799.	79376 3198.4
Level of Knowledge and Competence	- 242269 970.3*	99485 276.2	- 28407 4067.3	14481 0917.6	- 390640 453.9*	15210 1473.1	- 41987 3690.2 *	16220 5425.1	- 533861 243.4*	115038 952.4	- 53641 1721.7 *	12654 1504.4
Disseminating Information to Customers			45976 244.9	11096 0371.2	108857 080.9	11144 3657	79707 939.6	12201 9987.8	280531 871.2*	104660 779.8	30153 5475.8	16806 4098.3
Disseminating Information to the Market Place					- 281551 766.7	18435 4388.6	- 21539 0753.5	21155 6275.2	- 199911 893.1	142178 572.6	- 20370 0787.3	15688 0103.6
Promoting Sound Competition Spreading Insurers Risk							57068 266.2	79799 792.1	203043 862.3*	714949 72.1	19235 1770.9	10015 6603.3
Reducing Costs									- 231480 021.4*	750328 19.4	- 24286 6060.5	10572 0903.6
<b>Model statistics</b>												
<b>R<sup>2</sup></b>	.37		.38		.52		.56		.83		.83	
<b>ΔR<sup>2</sup></b>	.37		.01		.14		.03		.27		.00	
<b>F</b>	5.9		2.8		2.9		2.2		5.7		4.04	
<b>ΔF</b>	5.9		.17		2.3		.51		9.5		.03	

Note. N = 50. B = Unstandardized coefficient. \*p < .05.

#### 4.1.6 The effect of intermediary’s sales on AISCO’s insurance sales volume

In order to examine the effect of sales from intermediaries on AISCO’s overall premium sales volume, a linear regression analysis was conducted. The result is presented in the following Table.

**Table 4.8:** The effect of intermediaries’ sales performance on AISC’s premium sales volume

Variables	Model	
	B	SE
<b>Constant</b>	-64939399.8	58621583.4
Sales from Intermediaries (2015-2022)	2.1*	.66
<b>Model statistics</b>		
$R^2$	.94	
$\Delta R^2$	.94	
$F$	12.62	
$\Delta F$	12.62	

Note. N = 50. B = Unstandardized coefficient. \* $p < .05$ .

As can be seen from Table 4.8 above, Insurance Sales from intermediary’s engagement significantly predicted AISCO’s premium sales volume ( $\beta = .82, p = .023$ ). The effect of this variable was accounted for 94% of the variation in in premium sales volume and sales performance. Though measures of intermediary’s engagement seem to show lesser predictive values, their sales performance over the last five years seems to have significant contribution in enhancing the company’s sales volume.

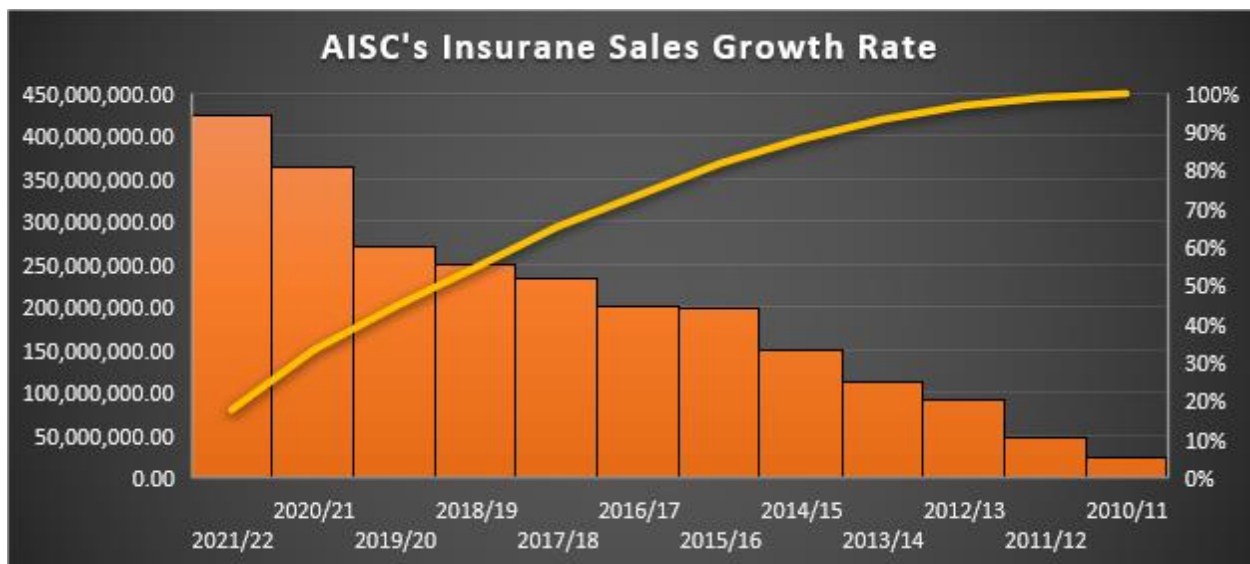


Figure 5: AISCO’s Insurance Sales Growth Rate (2010-2022)

Apart from this, from the data presented in Figure 5 it can be seen that AISCO's Premium Sales Growth Rate showed increment over the last ten years. In particular, the growth rate scored over the last five years seems to double as compared the preceding years. This has something to do with the increased amount of sales injected from intermediary's sales. This result seems to corroborate the result obtained from the linear regression analysis suggesting the predictive role of intermediary's engagement in AISCO's insurance sales volume.

## **4.2 Qualitative data analysis**

In this section, the data obtained through interviews and FGD were analyzed thematically. After completing the coding process of the transcribed interview and FGD data, the researcher conducted an exploratory analysis. The purpose of this analysis was used to identify the key words and phrases frequently mentioned by respondents, assess their density in forming a code and generating broader themes. The results of that exploration process are discussed hereunder.

### **4.2.1 Demographic characteristics of interview and FGD participants**

In order to shade light on the interview and FGD participants, background information was sought and presented in Tables 4.9 and 4.10. As can be seen from Table 4.9 below, all interview participants were male, with no female participants. This figure reveals a strong underrepresentation of women in leadership positions at AISCO's head office. Besides, the perceptions reflected in responding to the leading interview questions represents the perspectives hold by male respondents in leadership roles and responsibilities. The age of respondents who participated in the interview ranged between the ages of 38 and 55. Thus, early and middle-aged adults seems to dominate the leadership and managerial posts in the observed insurance company. Considering years of experience in leadership positions, the interview participants had over 15 years of working experience at various levels of leadership and management positions at AISCO.

**Table 4.9: Interview participants' profile**

Purposefully selected participants	N	Background					Years of working experience	Roles and responsibilities
		Sex	Age	Qualification	Position			
Corporate Manager A	1	M	55	MBA	CEO	32	<ul style="list-style-type: none"> <li>Formulating corporate strategies,</li> <li>Recommending short- and long-term organizational goals and objectives</li> <li>Transacting relevant information with relevant stakeholders</li> <li>Monitoring corporate governance of the company</li> <li>Monitoring and evaluating the performance of each strategic business unit</li> <li>Evaluating corporate performance and profitability</li> <li>Reporting to the Board of directors</li> </ul>	
Executive Marketing Manager	1	M	38	MA in Organizational Leadership	Director, Marketing and Corporate Planning	15	<ul style="list-style-type: none"> <li>Formulating marketing strategies</li> <li>Designing product distribution plans</li> <li>Supervising and monitoring the implementation of the formulated strategies</li> <li>Evaluating corporate overall performance</li> <li>Measuring customers satisfaction</li> <li>Periodically reporting to the Board of Directors</li> </ul>	
Corporate Manager B	1	M	44	MBA	Market Analyst	17	<ul style="list-style-type: none"> <li>Providing technical assistance to sales force</li> <li>Planning, organizing, directing and supervising the overall sales operations</li> <li>Propose and recommend competitive terms and prices for sales negotiations</li> </ul>	
<b>Total</b>	<b>3</b>							

Note: M= Male; MBA= Master of Business Administration

Combining the age and work experience of interview participants, it can be understood that respondents possessed (at least) the minimum level of knowledge, skills, and experience to enable them to respond to the interview questions by examining the trends and developments of insurance business in AISCO and beyond. Considering respondents qualification, the CEO and Corporate Manager had completed a master's degree in the field of Business Administration while the Executive Marketing Manager completed his master's degree in Organizational Leadership. This seems to indicate that corporate leaders and managers at AISCO had the educational preparations

required to lead and manage insurance companies. In addition, it indicates the development of work-related competencies needed to develop corporate policies, strategies and programs essential to transform AISCO’s insurance products and service distributions, market shares and sales volume. Moreover, a closer look into the assigned or expected roles and responsibilities of the CEO, Branch Managers and Senior Marketing Managers (AISCO, 2020) indicates a closer association between their educational background and the leadership and management position they hold.

**Table 4.10: FGD participants’ profile**

Purposefully selected participants	N	Background								
		Sex		Age Range	Qualification				Position	Years of working experience
		M	F		MBA	Stat	Mgt	Mark		
Discussant SEs	7	4	3	27-37	1		2	4	Sales Executive	Over 10 years
Discussant UCHs	7	2	5	23-39	2	3	2		Underwriters	Over 5 years
<b>Total</b>	<b>14</b>	<b>6</b>	<b>8</b>		<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>		

Note: M= Male, F= Female; MBA= Master of Business Administration; Mgt= Management; Mark= Marketing; Stat= Statistics

Table 4.10 above presents the demographic characteristics of FGD participants. As can be seen from the table, the majority of discussants were females (57.1%), while male participants covering 42.9%. This figure reveals a balanced representation of both women and men in the middle level leadership and management positions at AISCO’s branch offices in Addis Ababa. However, when the sex of discussants is compared against the department in which they are working (sales executives’ vs underwriters), the figure shows a slight difference. Nevertheless, the perceptions reflected in responding to the leading FGD questions represents the perspectives hold by both sexes working in sales and marketing roles and responsibilities. The age of respondents who participated in the FGD ranged between the ages of 23 and 39. However, there is variation in age range between the sales executives and underwriters. Nevertheless, young and early middle age adults seem to dominate the sales and claim handling posts in the observed insurance company. Considering years of working experience in the current position hold, it appears that the sales executives had over 10 years and the underwriters had over 5 years of working experience. From the age range and years of working experiences of FGD participants, discussants seem to possess (at least) the minimum level of knowledge, skills, and experience to enable them to respond to the FGD questions by examining the trends and developments of insurance sales and claim handling processes at AISCO and beyond.

Moreover, all FGD participants had completed a master's degree in the fields of Marketing (28.6%), Management (28.6%), Statistics (21.4%) and Business Administration (21.4%). This seems to indicate that both Sales Executives and Underwriters had educational preparations required to lead and manage as sales and claim handling related tasks at the observed insurance company. In addition, it seems to suggest FGD participants developed the competencies needed to manage the implementation of AISCO's sales, marketing and claim handling strategies and programs. The assigned or expected roles and responsibilities of the Sales Executives and Underwriters (AISCO, 2020) seems to be closely tuned with their educational background and the management position they hold.

#### **4.2.2 The legal and regulatory frameworks governing the business of insurance in AISCO**

Both interview and FGD participants were asked to reflect on the existing legal and regulatory frameworks that are in place to govern the business of insurance services at AISCO. The discussion question focused on exploring the existing legal frameworks that sets the mandates for insurance intermediaries. All interviewees and discussants seem to agree that the 1994 proclamation promulgated for Insurance Business (FDRE Negarit Gazette, Proclamation No. 86, 1994) laid the foundation for the governance and regulation of insurance services in Ethiopia. The proclamation gave NBE the mandate to regulate insurance business in Ethiopia. Accordingly, the Bank formulates various legal procedures and regulatory frameworks that governs the provision of license to establish Insurance Company or operate as insurance sales agents and brokers (Interview, June 15, 2022). In an attempt to explore the legal provisions regarding intermediaries, both interview and FGD participants were asked to discuss on the conceptions, roles and mandates of intermediaries in insurance business. From their reflections it can be noted, the existing legal provisions seems to offer a slightly different meaning for various types of intermediaries. According to respondents, intermediaries are classified in to two namely agents and brokers. This is reflected in the following quotation:

*The existing legal system in Ethiopia classifies intermediaries into two. This included insurance agents and insurance brokers. Globally, however, Banks are also considered as intermediaries as they engage in insurance business in the form of Bank Assurance. There are also exclusive or independent insurance sales agents. Though not young, our insurance system is still underdeveloped. As a result, sales agents and brokers are solely considered to represent insurance intermediaries (Interview, June 15, 2022).*

It appears that the regulatory frameworks adopted a distinct conception of insurance intermediaries in Ethiopia. When asked to clarify the reasons for the observed differences, corporate managers indicated that *insurance brokers* and *sales agents* differ in the roles they play and the key tasks they perform in advancing insurance product distribution. The following quotation from the discussants explains the scenario:

*While sales agents solely work for one insurance company, insurance brokers work with several insurance companies. Compared to agents, brokers possess reservoir knowledge and experience in insurance business. They are extensively engaged in providing training and consultation to customers and insurance companies (Interview, June 17, 2022).*

It appears that discussants consider that the regulatory frameworks set distinct roles and requirements for insurance brokers and sales agents. Their reflection coincides with the existing legal framework (FDRE Negarit Gazette, Proclamation No. 86, 1994; Proclamation No. 57; 2013). These proclamations clearly delineated a different set of requirements for insurance sales agents and brokers. Focusing on the requirements set by NBE (2008) for insurance brokers and agents, both interview and FGD participant reflected the following. It is summarized as follows:

*To be a broker, a person is required to get license from NBE. To obtain a license, they are required to operate as a firm, open their own office, and have 8 and above years of work experience in insurance companies at department head or above level position. Hence, those firms that satisfy the regulative framework set by the NBE get the license for brokerage. Then, the firm sends the license to all insurance companies to commence brokerage services. A broker can work with all insurance companies without any limitations. They consult customers on the insurance products and services available, they approach insurance companies and make business deals. However, they are required to uphold the rules and regulations set by insurance companies (Interview & FGD, June, 2022).*

Similarly, the existing legal system requires sales agents to fulfill certain criteria. Accordingly, NBE requests insurance companies to implement the set requirements while recruiting, selecting, hiring and placing sales agents. The following quotation from interview and FGD participants seems to indicate the requirements and expectations to become insurance agents. It reads as follows:

*A sales agent is expected to introduce, explain and sell the company's insurance products to customers. Besides, they are expected to bring customer related information regarding the type and nature of insurance products need to the company, negotiate and bargain between the customers and the company and close the business accordingly. To become sales agent, one should at least complete secondary education (grade 12). They should approach, communicate and apply to the insurance company. The selection process considers the knowledge, number of networks and the potential of the sales person to bring more customers to the company. Therefore, the company's level of trust and conviction on the potential of the applicant in distributing insurance services and products to the customers significantly contribute to the selection. If the insurance company accepts*

*their application, then the company requests NBE to train and certify the selected sales agents. After completing their training and receive license, the sales agents come back to the company to participate in various capacity building initiatives (e.g., orientations on the company's rules and regulations, governing insurance policies and roles of sales agents) (Interview & FGD, June, 2022).*

Nevertheless, both insurance sales agents and brokers work on business deals adhering to the laws and regulations set by NBE and the insurance companies that hired them. Similarly, the payment they receive is determined by insurance company's associations. The association decides on the payment rate and percentages of commissions both for sales agents and brokers (NBE, 2008; Interview, June 16, 2022). Therefore, the laws and regulative frameworks set by NBE and the insurance companies needs to be fulfilled to operate as sales agent and broker. Nevertheless, there is variation on the nature of requirements that is expected to be fulfilled by sales agents and brokers.

#### **4.2.3 The services provided by intermediaries to AISCO and consumers**

The corporate managers were asked about the number of intermediaries (both brokers and agents included) that are directly working with AISCO. Their responses indicated that there are more than 60 major insurance brokers in Ethiopia. From these brokers, AISCO have worked exclusively with 23 of them in the fiscal year 2021/2022. However, the company have worked with a range of brokers in various business avenue. In addition, there are over 150 sales agents trained for and by the company. In this fiscal year, AISCO have worked with 25 insurance sales agents (Interview, June 15, 2022). Accordingly, in the current fiscal year alone, AISCO have worked with 48 intermediaries to distribute its insurance services and products. Apart from this, the interviewees and discussants were also asked to reflect on the nature of services their company and customers get from sales agents and brokers. Though most of the responses obtained were vital, the reflection that better explained intermediaries' engagement in insurance product distribution, customer relationships and insurance sales performance was quoted and reported as follows.

*There are two fundamental things in insurance business. One is creating new business and the other one is retaining existing ones. When intermediaries bring new businesses, they sell insurance products and services to new customers. Service selling is dependent on the level of the buyer's taste. If the buyer has a good taste the potential to sell more insurance services increases. Hence, if sales agents and brokers ensured the procurement of insurance services that benefits the customer, the probability to convince more customers to buy insurance services would be high. Now a days, business is highly dependent on establishing relationships and exploiting existing networks. Sales agents have plenty of networks which allows them to bring customers to the*

*company. In purchasing insurance services, customers put much trust and rely more on sales agents. Compared to the customers, sales agents possess a better understanding of existing insurance products and the risks involved. This enables the sales agents to serve as a mediator. If conflicts arise, they are in a better position to engage in resolving the conflict. This places sales agents at the center of the insurance business process and in retaining existing customers. Therefore, intermediary's paly salient role in bringing new customers and ensuring the continued procurement of the insurance products and services by the customers (Interview, June 17, 2022).*

The above respondents' reflection reiterated the key role insurance agent's play in fostering customer and company relationships, building customers' trust, promoting insurance product distribution and increasing sales performance. With regard to the services provided by brokers, the discussants stated the following:

*Insurance brokers have their own business firm, they have worked for long period of time in the insurance business at various positions and at different capacities. This allows them to know plenty of customers, diverse networks and relationships. However, they tend to work closely with insurance companies they previously hired them rather than engaging with diverse insurance companies. Nevertheless, all insurance companies operating in the country strives to work with brokers. This is because brokers possess tremendous amount of knowledge and experience in insurance business and its distribution. Besides, they are actively engaged in providing training and consultancy services to mega companies. This enables them to achieve higher insurance sales volume. As a result, all insurance companies work hard to get access to brokers and participate in the annual brokers' day events (Interview, June 17, 2022).*

From the reflections made, it can be seen that the nature of services provided, the roles played and the level of impact in promoting insurance sales volume varies between insurance brokers and sales agents. Compared to sales agents, brokers seem to exert more impact on insurance sales volume. In addition, there is variation between brokers and sales agents in the degree of freedom they enjoy to work with other insurance companies. While brokers have the right to work with various insurance companies, sales agents are expected to work exclusively for the insurance company that hired them. Moreover, the requirement to become an insurance broker is characteristically different with that of becoming an insurance agent. It seems that the existing legal frameworks putted an extensive set of requirements to be fulfilled before one assumes the role of brokerage.

#### **4.2.4 Intermediaries roles in insurance business**

Intermediaries play salient role in insurance business. The existing literature suggested intermediaries play key role in establishing critical link, devising customized insurance policies that best meets the needs of customers, diversifying insurance product distribution markets and

improving insurance sales volume. In light of this, both interview and FGD discussants were asked to reflect the roles played by insurance intermediaries at AISCO. Their reflection seems to indicate that both brokers and agents at AISCO are playing tremendous role in assisting the company to devise insurance policies that fits customers' needs at competitive prices, establishing critical link between AISCO and various societal networks, improving customers retention, increasing insurance product service distribution and sales performance. Moreover, both discussants reiterated that insurance agents and brokers are playing salient role in inculcating the positive effects of insurance, risk-taking behaviors and investment to potential insurance consumers. To provide more insight into respondents' reflection, interview and FGD participants were asked to reflect on the number and types of insurance services and products that are available to customers. Besides, they were asked to assess the roles played by intermediaries in raising customers' awareness about the existing insurance products and services. In addressing the question posed, Respondent A and C stated the following:

*Vehicle insurance dominate the insurance sales distribution in Ethiopia. It is estimated that more than 60% of insurance product sales are obtained from vehicle or motor insurance cover. The next inline is construction and project based insurance sales. As it is known, the construction sector is booming in Ethiopia. Accordingly, contractors are required to purchase bond insurance or legal liability insurance from insurance companies. This contributed for the increased sales performance in the bond insurance products. The third insurance sales volume comes from selling fire & lightening and engineering insurance products. There are also other insurance products and services that are sold to customers scoring different sales volume (Interview, June 15, 2022).*

On the other hand, corporate and executive marketing managers reflected that AISCO developed over 52 insurance products that are classified into classes and sub classes. Therefore, insurance sales volume varies depending on the nature of products and services demanded by customers. Considering the level of customers' knowledge on the existing products and services and the risks involved, Respondents claimed that the level of customers' knowledge is limited. Their reflection is summarized as follows:

*The culture of investing time to know about insurance services and products is very low in Ethiopia. Customers do not invest their time and efforts to explore their options and examine the type of products that are suitable for their businesses. Their eagerness to listen to the explanations provided by the company regarding the risk management process is very low (Interview, June 15, 2022).*

This suggests the increased role of intermediaries in explaining the available insurance products that meets their customers' needs and priorities. Intermediaries work closely with AISCO. This

enables them to know the products, sub products, claim services that are available for their customers. In addition, the network and relationships they established with their customers enables them understand their customers better than the company's employees. Accordingly, they advise their customers on the type of products and services relevant to address their insurance needs. They also actively engage in providing detail account of the benefit of insurance products and services. Apart from this, they explain to their customers the *allied perils or insurance risks* that comes with purchasing comprehensive insurance services. In doing so, intermediaries detail the nature of risks their customers are exposed and the type insurance products that cover the associated risks. Moreover, they play salient role in pushing for the design of a customized or new insurance products and services that meets the needs of their customers. On behalf of their customers, they are expected to debate and argue with insurance companies on claims handling to protect their relationships with their customers. This key role puts intermediaries a center of the insurance business.

Apart from this, intermediaries play significant role in enhancing AISCO's sales volume and market share for its insurance products and services. From discussants point of view, it can be observed though there is variation in the amount of sales volume brought by insurance brokers and agents, their engagement was considered to be essential in promoting insurance product and service sales volume and the market share of AISCO. The discussants reiterated that the number of insurance sales injected by brokers is lower than the sales volume injected by insurance agents. For instance, considering the current fiscal year's insurance sales performance, 70% of the sales were made by AISCO's direct business, while 30% of the sales were achieved by intermediaries. From the 30%, the share of insurance sales agents was 22%, while brokers' performance was only 8% (Interview, June 15, 2022). When asked why, FGD participants stated,

*“Sales agents are young, understand and cope with the dynamics and developments in insurance business, use their social network to cover wider geographical setting and exclusively commit their energy and resources to sell insurance services and products developed by AISCO (FGD, June 19, 2022)”.*

Though sales agents are not well experienced and educated in insurance business, the services provided by insurance sales agents tends to contribute more in determining the sales volume and performance of AISCO. When asked what happens if the sales agents fail to play the expected roles and responsibilities as stipulated in the agreement, the reflection obtained from the interviewees suggested the following:

*...there are numerous individuals who are interested to work as insurance sales agents. Insurance companies use various mechanisms to invite interested individuals to work with the company as agents. The company organizes various capacity building training. Though the company provides start up training, sales agents are expected to renew their license every year. If sales agents fail to discharge their duties and responsibilities appropriately, the company would not renew their license. Besides, sales agents incur various costs for failing to provide the expected services. When there are defects in the way they handled the business, sales agents are required to buy professional indemnity insurance cover. Unless they provide the expected services effectively, their ability to cover these costs would be low which would ultimately cost their job and engagement in business (Interview, June 15, 2022).*

To provide the service effectively, sales agents are expected to comprehend and explain the existing insurance policies, regulations, requirements, duties and responsibilities to the customers. This requires them to engage in extensive readings, discussions and reflection. To this end, companies organize refreshment trainings every five years for each sales agents.

#### **4.2.5 Factors affecting the engagement of intermediaries in insurance business**

Numerous studies reported that various factors that influence and shape the engagement of intermediaries in insurance business and the roles they play in increasing insurance product sales volume. To gain insight into the factors that are affecting the engagement of intermediaries in insurance distribution, insurance sales volume and corporate performance, both interview and FGD participants were asked to reflect on the factors. The response obtained from the discussants indicated the existence of various factor that is impeding the engagement of intermediaries in insurance business. Of particular importance, the discussants seem to emphasize on policy, regulative, company, customer and intermediary related factors that are affecting insurance distributions, sales volume and performance. Their reflection is categorically summarized hereunder:

##### **4.2.5.1 Policy and regulative framework related factors**

The discussants claimed that the existing national insurance policy and regulative framework does not allow foreign insurance companies to engage in the insurance business. This limited the transfer of knowledge and innovative technologies between the developed and emerging economies insurance industries. Besides, it hindered the exchange of rich international insurance culture, experiences and good practices among insurance businesses that largely operate in a different socio-economic environment. Besides, the existing regulatory framework sets a very restrictive selection criteria for insurance brokers, while it is much flexible in setting the minimum

requirements to work as an insurance sales agent. Moreover, the requirement of work experience set to become a broker limited the engagement of young, energetic and innovative brokers in the insurance business (Interview and FGD, June 20, 2022). Therefore, the existing regulative proclamations lacks flexibility and inclusivity essential to accommodate the insurance needs of various local and international consumers. This also poses restrictions on the potential of AISCO to diversify the products and services it distributes to customers in diverse context.

#### ***4.2.5.2 Institution/company related factors***

The discussants also pointed various company related factors that are determining AISCO's insurance product distribution and sales performance. For starters, they pinpointed that the overall operation of insurance companies is controlled and supervised by NBE. More often than not, the directives of NBE sets various limits on the operation of private insurance companies. For instance, NBE advises companies regarding the healthy amount of profits that should be earned and the amount of services produced. The bank recommends that 70% of insurance sales performance should emanate from the engagement of direct businesses and that of intermediaries should not exceed 30% (Interview & FGD, June 20, 2022). This regulation vividly limited the potential role intermediaries play in enhancing insurance sales volume and distribution. Moreover, it makes the company to adopt a conservative approach that emphasizes more on minimizing the cost of sales and the amount of commission paid for brokers and sales agents. To address this limitation, discussants urged NBE to lift the restrictions posed and assist insurance companies in devising and implementing a business model that increases the engagement of intermediaries. Discussants also argued for the adoption a flexible approach that extends the engagement of intermediaries. This would tremendously increase the AISCO's insurance sales performance and expands its market share.

#### ***4.2.5.3 Customers related factors***

One of the major customer related factors discussed both by interview and FGD participants was related with customer's lack of adequate knowledge about insurance. Most customers lack the basic understanding of the positive effects of insurance, risk-taking behaviors and investment. Discussants argued that the culture of investing time to know about insurance services and products is very low in Ethiopia. Customers do not invest their time and efforts to explore their options and examine the type of products that are suitable for their businesses. Their eagerness to

listen to the explanations provided by the company regarding the risk management process is very low (Interview, June 15, 2022). The problem becomes pressing considering the existing national insurance policy that explicitly detailed “*no premium no insurance coverage*” (NBE, 2002). It is understood that insurance companies sell promises or unsought goods. In fact, the existing policies do not allow credit sales. This also limits customers’ ability to purchase insurance products and services without cash. This also influenced the sales performance of insurance companies (Interview, June 15, 2022).

#### **4.2.5.4 Intermediary related factors**

Apart from policy, proclamation and company related factors, the engagement of intermediaries in the distribution of insurance products and services is influenced by intermediary related factors. For instance, the discussants often voiced English language barrier as one of intermediary related factor affecting AISCO’S insurance product distribution and sales volume. The existing insurance proclamation set the completion of secondary school as the minimum requirement to become insurance sales agent (NBE, 2002). However, the existing NBE and company policies, regulations and guidelines are written in English. Given the limited competence in English language, intermediaries face difficulty in comprehending and then explaining the existing insurance policies, regulations, requirements, duties and responsibilities for the customers. This often-posed challenges in ensuring the provision of effective insurance services to customers (particularly for foreign customers). To address this problem, the minimum competence standard to work as sales agent needs to be modified (Interview & FGD, June 17, 2022). Accordingly, the discussants commented that the minimum requirement to work as an insurance agent needs to be improved. They recommended the attainment of at least a bachelor degree. Besides, they asserted that insurance companies need to encourage sales agents to engage in extensive readings, discussions and reflection.

The other major intermediary factor discussed by interview and FGD participants was related with the difficulty associated with managing brokers who actively work with various competing insurance companies. In order to explore the issue in depth, study participants were asked to reflect on *how the company manages businesses with brokers who are also working with other insurance companies*. Besides, they were asked to reflect *whether or not this scenario created conflict of interest that impacted the existing relationships and insurance sales volume of AISCO*. The

interview and FGD participants' reflections seems to indicate the impact was very higher on insurance sales performance than on creating conflict of interest. Over the years, AISCO have business relationships with brokers that have a business relationship with other insurance companies facing no difficulty of managing their roles. However, brokers' lack of commitment seems to impact the company's insurance product distribution and sales volume. In explaining the scenario, both discussants stated the following:

*...insurance brokers have worked in different leadership positions of the insurance company that hired them until their termination/retirement. They have exhausted their effort, commitment and ability to achieve the milestones of their company. Therefore, when they assume brokerage duties and responsibilities, their level of commitment to actively engage in the distribution and selling of insurance products and services has already deteriorated. This also limits their sales performance (Interview & FGD, June 19, 2022).*

In addition, due to their long stay in the business, most brokers do not get along with new developments and dynamics of the insurance business. The discussants argued, most brokers tend to be more conservative and traditional when it comes to coping with new technological advancement, change in market structure and insurance products and services. This limits their capacity to cover wider geographical setting and maintain their competitive advantage through mobilizing required resources (human, financial and material). The number of brokers who commit the required level of effort and resources to increase their sales volume is very limited. Moreover, the existing brokers' sales volume is distributed for all insurance companies operating in the country (Interview & FGD, June 19, 2022). This seems to downsize AISCO's market share and therefore, its insurance sales volume.

#### **4.2.6 Future direction**

As a culminating interview and FGD sessions, Respondents were asked to reflect on what needs to be done to improve the engagement of intermediaries in the insurance business and AISCO's sales volume and performance. Though a number of points were raised by discussants, the dominant suggestion of the discussants revolved around ensuring the promulgation and implementation of flexible and adaptive national insurance policy and regulatory framework. This was considered to play significant role in accommodating new trends and developments in insurance business. Besides, they highlighted the importance of modifying the way sales agents are trained. They called for the adoption of a comprehensive training approach that would enable

insurance agents to become more knowledgeable about the industry, their company's vision, mission and values. Apart from this, they urged insurance companies to exert their utmost effort to bring more brokers and sales agents to work with AISCO through establishing closer relationships with existing brokers and increasing the number of sales agents. To this end, AISCO needs to implement various strategies that improves the existing incentive schemes and capacity building initiatives. The implementation of such strategies was considered vital in improving the company's market share and insurance sales volume. It also improves the amount of public based premium sell as compared to premiums sold from affiliated businesses.

## Chapter Five

### 5. Summary, Conclusion and Recommendation

This chapter discusses the summary of major findings obtained from both qualitative and quantitative analysis and interpretation. In addition, it presents the conclusions drawn and the implications forwarded based on the discussions made on the findings of the study. The discussion was made in light of the major research questions posed and the objectives of the study.

#### 5.1 Summary

This study was based on the premise that intermediary's engagement plays salient role in increasing the sales volume of insurance products and services. To examine the interplay between intermediary's engagement and insurance sales volume, the study raised two fundamental research questions.

In order to address these research questions, the study carefully examined and synthesized existing literatures on national and global insurance priorities and legal provisions, the conceptual and theoretical denominators of insurance, and the importance and roles of intermediaries in insurance business. In addition, the study employed a convergent parallel/concurrent research design to guide data collection, analysis, and interpretation processes. Dictated by the choice of study design, quantitative and qualitative data were simultaneously collected from sample intermediaries and purposefully selected study participants from AISCO.

The quantitative and qualitative data analysis results led to a number of findings related to the demographic characteristics of intermediaries, corporate, marketing and sales managers; intermediaries' perceptions of their engagement in insurance sales. In addition, the findings provided evidence of the validity and reliability of the survey instruments used to collect quantitative data. Moreover, the correlation and regression analysis results indicated various degrees of association between intermediaries' engagement scales and AISCO's sales volume. Overall, the points below capture the major findings of the quantitative and qualitative data analysis.

Compared to study participants working in various leadership position, there were a balanced representation of both gender in insurance brokerage and agent positions. The leadership

position was found to be dominated by males. This finding revealed a strong underrepresentation of women in leadership positions at AISCO's head office. On the other hand, middle aged adults dominated intermediary's position. This finding indicated that the existing selection process for insurance brokerage and agent post gave less room for youths and old people. As opposed to this, the finding obtained indicated the dominance of early and middle adults in leadership posts at AISCO.

Apart from this, the finding of the study revealed that intermediaries and people working in various leadership position at AISCO had better years of work experience and fulfilled the required level of education. Similarly, the highest number of intermediaries who completed bachelor degree seems to indicate the dominance of insurance agents in filling the survey questionnaire. This being the case, however, the qualitative analysis showed a strong underrepresentation of women in leadership positions at AISCO's head office. This seems to limit the inclusion of diverse perspectives hold by female counterparts. Nevertheless, the finding obtained regarding respondents' level of education and years of working experience seems to indicate the possession of the required level of knowledge, skills, and experience that would enable them to respond to the survey, interview and FGD questions by examining the trends and developments of insurance business in AISCO and beyond.

As to the psychometric properties of the survey questionnaire used, the analysis conducted (e.g., normal distribution, reliability coefficient and construct validity) during pilot testing and after administering the questionnaire showed good measures and results. For instance, the histogram obtained from the frequency analysis indicated a normal distribution of the data. This seems to entail, the majority of data points are relatively similar, occurring within a small range of values with fewer outliers on the high and low ends of the data range (Creswell, 2012). In addition, the findings from the reliability analysis confirmed the internal consistency of the responses obtained for the all items and embedded scales. In both cases, a reliability value that ranged from medium to higher values were found. This seems to indicate that the items used in the questionnaire did measure the variable *intermediary's engagement* in insurance business. In addition, the findings suggested that the observed variations in scale reliability values might have been due to differences in the number of items in the scales and the number of people who responded to the scale items.

The correlation coefficients measured for the intermediary's engagement indicators ranged from moderate to larger values, with most of the observed values indicating statistically significant relationships. In addition, there were a highly positive and significant correlation between AISCO's sales volume, sales from direct business and sales from intermediaries. However, correlation between the engagement scales and AISCO's insurance sales volume, sales from direct business and sales from intermediaries did show variations. While the level of intermediaries' knowledge and competence was negatively but significantly correlated with AISCO's insurance sales volume, the role intermediaries play to disseminate information to the market place was negatively correlated with sales from direct business. Indeed, none of the remaining scales was significantly related with AISCO's sales performance.

The multiple regression analysis showed that, from intermediaries' engagement scales measured, level of knowledge and competence negatively but significantly predicted AISCO's sales volume. This finding seems to indicate increase in insurance sales volume increases when the level of intermediary's knowledge and competence decreases and vice versa. As discussed previously, better than insurance agents, brokers have better work experience in insurance business and completed highest level of education. However, the finding of the multiple regression analysis seems to suggest that insurance agents contribute more to AISCO's sales volume. This finding seems to be inconsistent with the qualitative analysis result that suggested brokers had more impact in influencing insurance sales volume.

On the other hand, the findings obtained from hierarchical multiple regression analysis indicated that after controlling the effect of other intermediary's engagement scales, intermediary's level of knowledge and competence and their engagement in spreading insurer's risk had significant negative effects on AISCO's insurance sales volume. This finding seems to suggest that efforts to minimize the risks associated with insurance business has downside effect on the amount of insurance product sales volume. This indicates intermediaries' engagement to reduce AISCO's and their customers risk is diminishing the benefits gained both for the insured and the insurer. In contrast to this, intermediary's engagement in disseminating information to customers and their effort to promote sound competition showed positive effect on AISCO's sales volume. This finding seems to reiterate the importance of establishing a sound, experienced and disclosed relationships with customers in increasing insurance sales volume. Besides, this finding indicated

the importance of leveraging company's business, obtaining better terms and conditions for customers in improving AISCO's sales volume.

Apart from this, the findings obtained from linear regression analysis indicated the predictive role of intermediary's sales performance on AISCO's overall sales volume. This finding seems to suggest the sales amount injected by intermediaries had significant effect on the amount of overall sales volume. This again reiterated the key role intermediaries play in increasing AISCO's sales performance over the last seven years. This finding is consistent with previous findings that indicated a positive relationship between intermediaries' sales performance and increase in company's sales volume.

## **5.2 Conclusions**

Several conclusions can be drawn from the present study's findings. It clearly indicated the lower emphasis given to ensuring inclusivity in AISCO's leadership positions. Nevertheless, intermediaries and individuals working in various leadership and management positions satisfied the minimum requirements set for the posts and appear to play assigned roles and responsibilities.

On the other hand, the concept of intermediary, as it appeared in existing national insurance proclamations and legal provisions, offer a slightly different meaning that tended to exclude the role of direct writers. Nevertheless, the findings obtained reiterated the important role intermediaries play in the distribution of insurance product and services. This key role was observed in fostering customer and company relationships, building customers' trust, promoting insurance product distribution and increasing sales performance. Their engagement was perceived to play tremendous role in assisting AISCO to devise insurance policies that fits customers' needs at competitive and commensurate prices, establishing critical link between AISCO and various societal networks, improving customer's retention, increasing insurance product service distribution and sales performance. This also contributed for the increment in insurance product diversification, market share and sales volume over the last seven years. Though the engagement of insurance brokers are more valued by AISCO's leadership, the finding of this study indicated the significant role insurance agents are playing in increasing AISCO's insurance market share and sales volume. This may imply the need to revisit existing national and institutional insurance marketing policies and strategies that seems to undervalue the engagement of insurance agents in the insurance business.

Various factors (policy, regulative, company, customer and intermediary) were found to affect the engagement of intermediaries in insurance business. Of particular importance is the national policy's reluctance to engage foreign insurance firms in Ethiopian insurance business. This close door policy limited the transfer of knowledge and innovative technologies between the developed and emerging market insurance industries. It also hindered the exchange of rich international insurance culture, experiences and practices between the developed and emerging insurance businesses. Besides, the existing regulatory frameworks imposed various restrictions that undermines the potential of intermediaries in enhancing insurance sales volume and diversifying products & services in boosting AISCO's market share.

This study has limitations that call for cautious interpretation and generalization of the results to other contexts. Though the qualitative aspect of the study was carried out with sufficient number of purposefully selected study participants, the quantitative aspect of this study was carried out on intermediaries working with a single insurance company. Therefore, the perceptions of intermediaries working in public and other private insurance companies were not examined. In addition, given the small number of samples involved in the quantitative aspect of the study, obtaining comprehensive, credible, and generalizable evidence that depicts the effect of intermediaries' engagement on insurance sales volume would be difficult. The higher the sample size, the more likely the sample will be representative of the population set (Feld, 2017; Creswell, 2014). Hence, a different result might be obtained if future studies were carried out on a larger sample of intermediaries working in both public and private insurance companies in Ethiopia. Moreover, the contexts (e.g., policy, structure, regulative, market, consumer) in which insurance companies operate can play a major role in determining insurance sales volume and the engagement of intermediaries in distributing insurance products and services. Hence, future research should investigate other potential factors, antecedents, and mediators that can significantly affect intermediary's engagement in increasing sales volume and market shares.

### **5.3 Recommendation**

The policymaking environment should investigate the reasons for the continued limitations of private foreign insurance companies to penetrate the local insurance market. In addition, the policy and strategic discourses on insurance business should emphasize on creating an enabling environment for insurance companies to diversify their products and services and expand their

market share. Furthermore, the existing national insurance policy, strategy and regulative frameworks needs to devise relevant structures and process that will allow the infusion of international insurance business in Ethiopian insurance market. This plays salient role in creating avenue for the integration and accommodation of new trends and developments in insurance business. Moreover, the regulative frameworks set forth by NBE needs to be flexible permitting a balanced contribution of sales from direct business and sales from the engagement of insurance brokers and agents.

Insurance companies needs to devise effective communication, networking and marketing strategies that will assist them enhance potential customers' knowledge and awareness about existing products and services. In addition, insurance companies need to devise effective capacity building strategies to improve their agents' level of knowledge and competence. Moreover, insurance companies need to devise effective strategies that enhances insurance brokers' active engagement in insurance product and service distribution.

Researches and scholarly discourses in Ethiopian insurance business need to emphasize on measuring the engagement of intermediaries and explicating the factors that either promote or impede their contribution in diversifying existing insurance products and services, market share and sales volume. This requires the careful examination of the existing national and global insurance policy, strategy, structure and process in future research, and practices.

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## Appendix A: Survey Questionnaire

### Dear Respondents!

This survey questionnaire is prepared as part of **data collection tools**. It is designed to assess the *roles you play as insurance intermediary* at Abay Insurance Share Company (AISCO). Your answer to all items would play significant role in achieving the objectives of the study.

### Confidentiality

Participation in this survey is voluntary and all information that you provide will be treated confidentially. This MSc research work has ethical clearance supported with a letter from Addis Ababa University. While results will be made public, you are guaranteed that neither you, AISCO, nor any personnel will be identified in any report of the results of the study.

### About the Questionnaire

- This questionnaire should take approximately 25-30 minutes to complete.
- Most questions can be answered by marking the **one most appropriate answer** that **reflect your role** by putting “X”.

Code No: \_\_\_\_\_

### I. Background Information

Sex	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
Age in years	20-25	<input type="checkbox"/>	35-40	<input type="checkbox"/>
	25-30	<input type="checkbox"/>	40-45	<input type="checkbox"/>
	30-35	<input type="checkbox"/>	Above 50	<input type="checkbox"/>
Qualification	BA/BSC	<input type="checkbox"/>	MA/MSc	<input type="checkbox"/>
	Other: _____			
Administrative Position	_____			
Job Title	_____			
Years of Work Experience	_____ Years			
Main work function at AISCO	_____			

## II. Close Ended Items

Below are items designed to assess your role as an intermediary at AISCO. Please rate the extent you agree or disagree with the following statements.

		1 = Strongly Disagree	2= Disagree	3= Undecided	4= Agree	5= Strongly Agree					
No	Items	1	2	3	4	5					
<b>I Knowledge and Competencies</b>											
1	You are well acquainted with the history of AISC with different kinds of businesses										
2	You know about the financial strength of insurance businesses										
3	You are familiar with AISC claims handling experience										
4	You possessed broad knowledge of the insurance marketplace (products, prices and providers)										
5	You possessed broad knowledge of an acute sense of the needs of insurance purchasers										
6	You assess whether a particular insurer is solvent										
7	You assess whether a particular insurer provides good customer service										
8	You assess whether a particular insurer is good in keeping claims-paying record.										
9	You know the insurance clients' risks in insurance market										
10	You know your company's willingness to cover risks incurred										
11	You search for the best way to secure all the coverage required										
<b>II Dissemination of Information to Consumers</b>											
1	You have sound, experienced and disclosed relationships with insurers										
2	You increased consumers' awareness of the protections offered by the insurance company										
3	You improved customers' awareness of the multitude of insurance options										
4	You enhanced customers' understanding as to how to purchase the insurance they need.										
5	You provide customers with the necessary information required to make educated purchases/informed decisions										
6	You can explain what a consumer needs and what the options are in terms of insurers' policies and prices										
<b>III Dissemination of Information to the Marketplace</b>											
1	You gather and evaluate information regarding placements, premiums and claims experience										
2	The information you gathered assisted you in encouraging and supporting the development of new and innovative insurance products.										
3	The information you gathered assisted you in creating insurance markets where none have existed.										
4	You continually solicit and provide information on insurance purchasers and companies										
5	You make the information more easily understood to both parties to a transaction										
6	You ensure that all parties have the information they need to enable them enter into a mutually beneficial arrangement										

		1 = Strongly Disagree	2= Disagree	3= Undecided	4= Agree	5= Strongly Agree				
No	Items	1	2	3	4	5				
<b>IV Sound Competition</b>										
1	You help increase the demand for insurance and improve insurance take-up rates.									
2	You assisted customers to make the most of their risk management budget									
3	You support the company to take advantage of a more competitive financial climate									
4	You balance the bargaining power of your clients and the company									
5	You leverage the company's business volume with carriers, and thereby obtain better terms and conditions for your client									
<b>V Spread Insurers' Risks</b>										
1	You played significant role in improving your company's insurance sales volume									
2	You make sure that risks your insurance company cover are insurable and spread these risks appropriately									
3	You strive to ensure your company's profitability without putting customers to catastrophic losses									
4	You work with multiple clients to spread your company's risks to industry, geography etc									
5	You minimize your company's over-exposure in a particular region or a particular type of risk									
<b>VI Reducing Costs</b>										
1	You strive for a reduction in insurance service prices									
2	You ensure that the overall competitive position of your company's insurance market improvement									
3	You ensure that consumers benefit through increasing product competition, price competition, and improved services									
4	You reduce the search costs to insurance buyers looking for the right coverage and the right insurer for their risks									
5	You reduce sales and marketing costs to your company in search of insurance buyers.									

**III. Open Ended Items**

- How do you measure the role you play in enhancing insurance sales volume of AISCO?  
 -----  
 -----
- Describe the role you play in improving AISCO and customers' relationship?  
 -----  
 -----
- Discuss on the factors that are affecting your engagement in enhancing insurance sales distribution and the quality of insurance service delivery.  
 -----  
 -----

**Thank you for your collaboration.**

## Appendix B: Interview Protocol

**Dear Interviewees!**

This interview protocol is prepared as part of **data collection tools**. It is designed to assess the key *roles insurance intermediaries play in enhancing insurance sales volume* at Abay Insurance Share Company (AISCO). Your in-depth reflections to all interview questions would play significant role in achieving the objectives of the study.

### Confidentiality

Participation in this interview is voluntary and all information that you provide will be treated confidentially. This MSc research work has ethical clearance supported with a letter from Addis Ababa University. While results will be made public, you are guaranteed that neither you, AISC, nor any personnel will be identified in any report of the results of the study.

### About the Questionnaire

- This interview session should take approximately 30-45 minutes to complete.
- Some questions require detailed descriptive answers while others not.

### I. Background Information

Sex	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
Age in years	20-25	<input type="checkbox"/>	35-40	<input type="checkbox"/>
	25-30	<input type="checkbox"/>	40-45	<input type="checkbox"/>
	30-35	<input type="checkbox"/>	Above 50	<input type="checkbox"/>
Qualification				
Administrative Position				
Job Title				
Years of Work Experience				
Main work function at AISCO				

## **II. Main Interview Questions**

1. What are the legal and regulatory frameworks governing the business of insurance in your company?
2. What services do intermediaries provide to your company and consumers?
3. How do you evaluate the roles played by Insurance intermediaries in serving as the critical link between the company and consumers who are seeking to procure insurance coverage?
4. To what extent do you think intermediaries ensure the wider availability of insurance services to customers?
5. How do you evaluate intermediary's role in increasing the positive effects of insurance, risk-taking, investment, provision of basic societal needs and economic growth?
6. Do you consider your customers are knowledgeable client with multiple choices? If so, do you think intermediaries influence played a role in making your insurance policies that fits your customers' needs at competitive prices?
7. To what extent do you think intermediaries improved your company's profitability, regulatory compliance, and, ultimately, financial survival?
8. To what extent intermediaries work to spread the risks in their portfolios according to industry, geography, volume, line of insurance and other factors?
9. What policy, regulative framework and company related factors are affecting the engagement of intermediaries, insurance sales volume and corporate performance?

## Appendix C: Focus Group Discussion Protocol

**Dear Discussants!**

This FGD protocol is prepared as part of **data collection tools**. It is designed to assess the key *roles insurance intermediaries play in enhancing insurance sales volume* at Abay Insurance Share Company (AISCO). Your in-depth and insightful reflections to all FGD questions would play significant role in achieving the objectives of the study.

### Confidentiality

Participation in this FGD is voluntary and all information that you provide will be treated confidentially. This MSc research work has ethical clearance supported with a letter from Addis Ababa University. While results will be made public, you are guaranteed that neither you, AISC, nor any personnel will be identified in any report of the results of the study.

### About the Questionnaire

- This FGD session should take approximately 30-45 minutes to complete.
- Some questions require detailed descriptive answers while others not.

### I. Background Information

Sex	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
Age in years	20-25	<input type="checkbox"/>	35-40	<input type="checkbox"/>
	25-30	<input type="checkbox"/>	40-45	<input type="checkbox"/>
	30-35	<input type="checkbox"/>	Above 50	<input type="checkbox"/>
Qualification				
Administrative Position				
Job Title				
Years of Work Experience				
Main work function at AISC				

## **II. Main Interview Questions**

1. What are the legal and regulatory frameworks governing the business of insurance in your company?
2. What services do intermediaries provide to your company and consumers?
3. How do you evaluate the roles played by Insurance intermediaries in serving as the critical link between the company and consumers who are seeking to procure insurance coverage?
4. To what extent do you think intermediaries ensure the wider availability of insurance services to customers?
5. How do you evaluate intermediary's role in increasing the positive effects of insurance, risk-taking, investment, provision of basic societal needs and economic growth?
6. Do you consider your customers are knowledgeable client with multiple choices? If so, do you think intermediaries influence played a role in making your insurance policies that fits your customers' needs at competitive prices?
7. To what extent do you think intermediaries improved your company's profitability, regulatory compliance, and, ultimately, financial survival?
8. To what extent intermediaries work to spread the risks in their portfolios according to industry, geography, volume, line of insurance and other factors?
9. What policy, regulative framework and company related factors are affecting the engagement of intermediaries, insurance sales volume and corporate performance?

