AN ASSESSMENT OF CULTURAL FACTORS AFFECTING INSURANCE UPTAKE

A SURVEY OF THE NAIROBI COUNTY CENTRAL BUSINESS DISTRICT

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SEPTEMBER, 2015
DECLARATION

This project is my original work and has not been presented for a degree in any other University.

Signature…………………….. Date…………………………

Peter N. Gitau
EMBA/00076/1/2014

This project has been submitted for examination with my approval as University Supervisor.

Signature…………………….. Date…………………………

Isabella Sile
The Management University of Africa
DEDICATION

This project is dedicated to my family. You have always been at my side when I needed support and your constant encouragement has kept me strong even when the going was tough.
ACKNOWLEDGEMENTS

Special thanks to the Almighty God for the gift of health and focus during the EMBA course. I wish to register my gratitude to my supervisor Ms. Isabella Sile for providing the much needed advice, direction and she has constantly offered invaluable insights and constructive criticism. I thank the entire staff of the Management University of Africa who in their different capacities contributed to the finalization of this thesis proposal. My gratitude also goes to my classmates at the Management University of Africa (MUA) for the many hours we spent together in making our research proposals a reality. To all of you, thank you very much and may God bless you.
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ABSTRACT

The issue of insurance uptake remains a key concern for insurance practitioners and scholars as well as policy makers. In Kenya insurance uptake has remained low at 3% of the country’s GDP as at December 2014 despite the social, economic and political changes experienced in the country in the last 10 years. Identifying some of the reasons why this is the case is important given the pivotal role that insurance plays in the development of the country. This study therefore sought to establish the effect of cultural factors on the uptake of insurance in Kenya. The study employed a descriptive research design. Primary data was used in the study and was gathered using a questionnaire. The target population for the study was the existing and potential insurance customers within the Nairobi CBD, and a sample of 100 respondents was chosen. The main sampling technique that was used for this study was convenience sampling. Secondary data was collected from books, journals and the internet. The primary data was first coded and organized into themes, categories and patterns. The study then analyzed and interpreted the information to draw relevant conclusions. Relevant secondary data was analyzed based on the data collected and guided by the research objectives. The findings from the primary and secondary data were then synthesized to draw relevant conclusions of the study. Based on the findings the study concluded that religion has a negative effect on the uptake of insurance in Kenya. The findings also indicated that cultural taboos and beliefs have a negative effect on the uptake of insurance in Kenya. Further, based on the findings it was possible to conclude that cultural attitudes and values have a negative effect on the uptake of insurance in Kenya. The study also concluded that the language used by insurance sales agents has a negative effect on the uptake of insurance in Kenya. Finally, the study also concluded that lack of education has a negative effect on the uptake of insurance in Kenya. The study recommended that the Insurance Regulatory Authority should encourage insurance companies to sensitize the public on the benefits of the different insurance products available in the market on a regular basis.
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DEFINITION OF TERMS

Culture: A set of values and beliefs, norms and customs, and rules and codes that socially defines a group of people, binds them to one another, and gives a sense of commonality (Trenholm & Jenson, 2000).

Risk: The probability of the occurrence of an event that may result in loss, damage, injury or liability (Silvers, 2008).

Insurance: Arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium (Bach, 2003).

Uptake: Action of taking up or making use of something that is available. In this study, it is the number of people who use a service or accept an intervention that is offered in the insurance industry (Zietz, 2003).

Insurance Penetration: This refers to the ratio of total premiums from insurance products to the GDP of the country. It is used to measure the uptake of insurance services (Haiss & Sumegi, 2006).

Life Insurance: This refers to protection for the financial risk emanating from the loss of one’s life, limbs, or ability to work (Mishra, 2010).

Non-life Insurance: Any type of insurance that is not determined to be life insurance. It is also referred to as general insurance, and provides financial protection against injury to persons, loss or damage to property and other assets (Ohlsson & Johansson, 2010).
CHAPTER ONE
INTRODUCTION

1.0 Introduction
The chapter discusses the background of the study, the statement of the problem, the objectives of the study as well as the research questions.

1.1 Background to the Study
Insurance in different parts of the world has a specific association as viewed by the clients. Universally, insurance is perceived in regards to risks be it fire, accident, health or life. Consequently, insurance is made up of two divisions, life and non-life insurance, with the non-life insurance comprised of health, motor, accident as the major products all over the world (Capgemini, 2008). Non-life insurance includes medical, fire, property, theft, liability, agricultural, aviation and marine insurance, among others (AKI, 2013). The life and non-life insurance are viewed and appreciated differently depending with the economy, the communities’ cultural factors and level of incomes as well as the policies in a country.

Business entities and individuals are exposed to substantial risk associated with losses to property, income, and wealth because damage to assets, legal liability, disability, retirement, and death. Costs associated with legal liability and employee benefit programs and health care, have become matters of deep concern to company management. Individuals seeking coverage of their professional and personal risks have similar concerns (Rejda, 2008). Insurance is one form of risk management primarily used by entities and individuals to hedge against the risk of a contingent, uncertainty loss. The very low insurance penetration in Kenya implies an inherent problem in the economy (Leftley, 2002).

According to the IRA industry report 2013 and the AKI reports (2013; 2014) the insurance penetration in Kenya is 3% of the country’s GDP and is low, and not consistent with our aspiration to be a middle-income country by the year 2030. For us to get there, the contribution of insurance to the GDP has to get to at least 10%. The figure of 3% is compared to South Africa, Namibia and Mauritius at 14%, 8% and 6% respectively in 2012 (KPMG, 2014). The low insurance penetration level in Kenya is a reflection that a good majority of Kenyans has not taken any cover to protect themselves and their properties against risks. It implies that in the event of a calamity
or an unpredictable bad event happening to them or their property, Kenyans stand exposed to major losses with no recourse of compensation. Kariuki (2007) noted that despite the insurance industry having so many players including 45 insurance companies their activities were yet to translate in to higher insurance penetration.

Many people argue that the future will take care of itself. According to Rejda (2004), insurance companies are slow in settling claims. When an insured event occurs, Insurance companies have been slow in processing claims. This has eroded the confidence customers have on insurance leading to slow growth of the industry. General customer service has been poor in the industry. Management of customer complaints and requests is a key part for growth of any industry, life insurance included (AKI, 2014).

Insurance industry in Kenya is regulated by the Insurance Regulatory Authority (IRA). This is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry. In terms of ethical and prudent business practices in the industry, this is largely overseen by the Association of Kenya Insurers (AKI). This is an umbrella body bringing all insurance companies in Kenya together (AKI, 2013).

1.1. Factors that Influence Insurance Uptake

The uptake of insurance is generally very low in the third world countries compared to the developed countries. In Africa, only South Africa has a reasonable penetration of life insurance at 15%. According to (LIMRA, 2011), two factors explain the low penetration of life insurance in the developing countries.

Life insurance for instance is largely distributed through the agency model. This means that insurance agents have been the sole customer touch point. The structure of this distribution model has led to erosion of customer confidence. Many agents have from time to time misadvised customers on the products and even expected projections of their policies at maturity (Odemba, 2013). Agents have also at times misappropriated customers funds; instead of using to pay premiums, they divert to personal use. Customers are therefore very skeptical in dealing with insurance agents and business has been lost leading to poor penetration of life insurance (Bull, 2009).
When an insured event occurs, insurance companies have been slow in processing claims. This is largely because of the bureaucratic nature of the claims management process. Usually, by the time claims are processed, the insured has already waited too long. The long wait means insurance companies lose referral value as they are perceived not to be willing to pay claims. Referral value is the most important value a customer can bring to any business. According to it is lacking in most developing countries leading to low penetration ((LIMRA, 2011).

Life insurance is not a basic need for many families in the developing countries. In a country like Kenya where more than 40% live on below one dollar a day, life insurance is considered luxurious and does not form part of most families” budgets. This is the case in most African countries; insurance is seen as a rich man’s product. Many people do not have enough disposable income to take life insurance (Bull, 2009).

According to Kaguma (2011) general customer service has been poor in the industry. By nature of the products, life insurance is a long term relationship between the insured and the life insurance company. This means the company and the insured expects good customer service so as to continue in the relationship. Unfortunately, insurance companies have been slow in embracing the use of the internet, mobile phone, social media and contact centres to improve service which has led to customer dissatisfaction leading to poor penetration of life insurance. Insurance has been slow in using technology to break down organization silos and improve efficiency. In many insurance companies in developing countries, there is a lot of paperwork resulting to inefficiencies. Most companies have not digitized their filing processes making work slow and cumbersome. In Kenya for instance, the increased growth in banking is largely due to automation (Kaguma, 2011).

The culture in many African countries has also been a challenge. Many life insurance policies pay at death yet this is a topic that many people do not want to talk about. Many people want to buy investment related products leaving out pure risk insurance products because of the fear of death. Because of this, it’s difficult selling pure insurance risk products in most African markets, hence low penetration (Wairegi, 2004). For instance, some cultures do not discuss the possibility of death because it is against their African culture, or it could mean tempting fate. Another cultural aspect is
the fact that there is no sharing of information among spouses and other close family members. For example there is no sharing of bank accounts and some other assets like plots and houses purchased in singular names, and when one party especially the man passes away or is indisposed, the wife and other dependants, particularly the children may not even learn of the assets. Such assets may end up being taken up by the wrong parties through fraud (Wairegi, 2004).

1.2 Statement of the Problem
The very low insurance penetration in Kenya implies an inherent problem in the economy. According to the IRA 2013 industry outlook and the AKI reports (2013; 2014) the insurance penetration in Kenya is at 3% of the country’s GDP and is low and not consistent with our aspiration to be a middle-income country by the year 2030. For us to get there the contribution of insurance to the GDP has to get to at least 10%. Our figure of 3% is low compared to South Africa’s 14% (KPMG, 2014). The low insurance penetration level in Kenya is a reflection that a good majority of Kenyans have not taken any cover to protect themselves and their properties against risks. It implies that in the event of a calamity or an unpredictable bad event happening to them or their property, Kenyans stand exposed to major losses with no recourse of compensation. Kariuki (2007) noted that despite the insurance industry having so many players including 45 insurance companies their activities were yet to translate in to higher insurance penetration.

Given the primary role that insurance has to play in the socio-economic development of the country, it is therefore necessary to understand the factors that contribute to this very low level of insurance penetration. With the Government’s key pillar on vision 2030 of a healthy and socially empowered nation to get to middle-income country by 2030 it is imperative to understand those factors that are hindering the development of this very critical sector (AKI, 2013). This study therefore seeks to fill in the knowledge gap on the nature of contribution of certain often cited cultural factors that contribute to low penetration levels of insurance services in the Kenyan context particularly Nairobi County.
1.3 Objectives of the Study

1.3.1 General Objective
The main objective of the research study was to identify the effect of cultural factors on insurance uptake in Nairobi County.

1.3.2 Specific Objectives
The study specifically aimed to achieve the following objectives:
   i. To determine the effect of religion on insurance uptake.
   ii. To ascertain the effect of cultural taboos and beliefs on insurance uptake.
   iii. To find out the effect of cultural attitudes and values on insurance uptake.
   iv. To establish the effect of language and education on insurance uptake.

1.4 Research Questions
This study aimed to answer the following pertinent questions emerging within the domain of the problem statement:
   i. What is the effect of religion on insurance uptake?
   ii. What is the effect of cultural taboos and beliefs on insurance uptake?
   iii. What is the role of cultural attitudes and values on insurance uptake?
   iv. How does language and education affect insurance uptake in Kenya?

1.5 Significance of the Study
As to the insurance companies, insurance industry stakeholders, customers, investors and the public will benefit from the study by understanding the cultural factors that influence customers’ decisions in selecting insurance products offered through various insurance companies. Indeed, the top managements of insurance companies are likely to use the findings to understand the factors that underlie a consumer’s perception towards investment in insurance.

The findings of the study will also be of immense benefit to the government, especially the Ministry of Finance, and the Commissioner of Insurance who will use it to formulate policies that will improve the uptake of insurance in Kenya. The Kenya government has encouraged members of the public to buy life insurance policies by waiving tax on the premium paid to a life insurance policy. Therefore, the findings of
the study will help the government to make appropriate policies towards promoting and regulating insurance policies.

The research will form a basis for further research in this area among academics, whereby other researchers in this field may use this report as a basis for further studies and lastly, the study will form a reference in the field of marketing and strategic management within its core concepts of strategic responses to customer’s satisfaction.

1.6 Scope of the Study
The study was carried out to assess the cultural factors affecting insurance uptake in Nairobi CBD and covered individuals working in various sectors in employment and business enterprises. The study narrowed its research undertaking into the effect of religion, cultural taboos and beliefs, cultural attitudes and values, language and education in determining the rate of insurance uptake. The study was completed within a time frame of three months from July to September 2015.

1.7 Chapter Summary
The main objective of this study was to identify the cultural factors affecting insurance uptake. In detail, the study sought to establish whether religion, cultural taboos and beliefs, cultural attitudes and values, language and education impacts on determining the rate of insurance uptake, and to establish how cultural awareness can be integrated in selling insurance. This study is of significance to the following; insurance companies, their stakeholders, customers, investors, researchers and the public. The study was carried out to assess the cultural factors affecting insurance uptake. At the same time, the study narrowed its research undertaking into the effect of religion, cultural taboos and beliefs, language, education, cultural attitudes and values on insurance uptake in the Nairobi County Central Business District. The study was conducted between July and September 2015.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This chapter presents a review of the related literature on the subject under study. Materials were drawn from several sources which are closely related to the objectives of the study. Studies by various past writers, authors and researchers were reviewed to assist the researcher meet the objectives of the study. This is in line with giving the study problem in question a theoretical perspective and conceptualization that would aid in carrying out the study. In addition, the chapter presents the literature review. Specifically, the literature review focuses on the variables of the study, and the discussion includes insurance influencing factors, theories, market reviews, and determinant factors.

2.1 Theoretical Literature Review
The slow growth in life insurance can be explained by the customer perceived value theory. Oliver (2010) argues that the customer will define satisfaction in his/her own perspective rather than the parameters set by the seller of goods and services. Customer Perceived Value is the difference between the prospective customer’s evaluation of all benefits and all the costs of an offering and the perceived alternatives. Customer Perceived Value = what customer gets (benefits) - what he gives (costs). Total customer benefit is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel, and image involved. Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs (Kotler & Armstrong, 2010). The authors explain that creating loyal customers is at the heart of every business because the only value that an organization will ever create is the value that comes from present and future customers. They propose an adoption of the modern customer oriented organization chart as opposed to the tradition organization chart.

(Kotler & Armstrong, 2010) explain that the traditional organization chart is a pyramid with the president at the top, management at the middle, frontline people and customers at the bottom while the modern customer oriented organization chart is
inverted placing customers at the top, followed by frontline people who meet customers then middle managers who support the front line people and at the base is the top management whose job is to hire and support middle managers.

Creating loyal customers is at the heart of every business. Businesses succeed by getting, keeping and growing customers. Customers are more educated and informed than ever and they need to feel they are getting value for their investment (Kotler & Armstrong, 2010).

2.1.1 Adverse Selection Theory

The theory of adverse selection in insurance markets was first developed by Michael Rothschild and Joseph Stiglitz in 1976. Their model has had a huge influence in economics, and a substantial impact on legal scholarship concerning insurance markets and is devoid of institutional detail. This leads to demonstrate that normal theoretical conclusions about the optimality and perhaps even the existence, of a competitive market equilibrium can fail in the presence of asymmetric information (Siegelman, 2004).

If A knows he will die tomorrow (but his insurer does not), life insurance that is priced to reflect the average risk of death in the population as a whole will look like a very good deal to him. Conversely, if B knows she will live for much longer than the average person with her observable characteristics (age, gender, medical condition), insurance that is priced to reflect the average risk of death will seem like a bad deal to her, and she will be unlikely to buy it. When A buys lots of insurance and B buys none, insurers find themselves charging an average rate to a population that contains only the worst risks, and end up losing money by virtue of having their product selected only by high-risk individuals (Siegelman, 2004).

However, informational asymmetry may not just be bad for insurers. When insurers cannot distinguish between good and bad risks, theory predicts that it is possible (although not necessary) to end up with no coverage for anyone. There are also demand-and-supply side incentives for both customers and insurers (Blomqvist & Leger, 2003). As the good risks begin to exit, the average quality of those insured remaining falls and prices rise in a vicious circle, ending in a so-called "death spiral" where no one is covered. Even when insurance is available, it may be inefficiently
distorted by the presence of adverse selection. Many theoretical models conclude that when adverse selection is a problem, good risks will be rationed: They will be allowed to purchase only limited coverage in an attempt to make such coverage less attractive to the bad risks, which would otherwise be eager to purchase it given its favourable price (Siegelman, 2004).

This can be defined as strategic behaviour by a more informed partner in a contract against the interest of the less informed partner(s). It is relevant in the health insurance market because each individual chooses among the set of contracts offered by the insurance company according to their probability of using health services (Belli, 2001). In other words, those who foresee an intense use of health services will tend to choose more generous plans than those who expect a more limited use of them. The high risk individual will seek health insurance while a low risk individual will avoid health insurance up to the point of requiring medical services to be paid (Belli, 2001; Siegelman, 2004).

2.1.2 The Diffusion Theory
This theory was advanced by Lionberger in 1960, which asserted that people process and accept information by going through five stages which is not done impulsively. The stages include; awareness stage where the individual is exposed to the idea but lacks knowledge of its benefit; the interest stage is when the idea arouses the individual who assess the possibility of using it; evaluation stage where the individual must consider whether the idea is potentially useful and of benefit to him; trial stage is when the individual tries out the idea on himself and others in order to conclude how he can benefit; adoption stage which represents final acceptance of the idea and using it consistently based on continuous satisfaction (Lionberger, 1960).

The theory examines how ideas are spread among groups of people. Diffusion goes beyond the two-step flow theory, centering on the conditions that increase or decrease the likelihood that an innovation, a new idea, product or practice, will be adopted by members of a given culture. In multi-step diffusion, the opinion leader still exerts a large influence on the behaviour of individuals, called adopters, but there are also other intermediaries between the media and the audience's decision-making. One intermediary is the change agent, someone who encourages an opinion leader to adopt or reject an innovation (Infante, Rancer & Womack, 2007).
2.1.3 Social Exchange Theory
Thibaut and Kelley (1959) advanced this theory which uses the economic metaphor of cost and benefits to predict behaviour. The theory assumes that individuals and groups choose strategies based on perceived rewards and costs, where they factor in the consequences of their behaviour before acting in order to keep their costs low and rewards high.

Blau (1964) adopted an inclusive definition of social power that recognizes all kinds of influence between persons and groups, including those exercised in exchange transactions. However, he acknowledged that this definition might capture some social dynamics not typically construed as based in power. A key aspect of this definition is the inclusion of both rewards and sanctions as mechanisms that enforce power in social exchange (Stanton & Stam, 2003). This consideration facilitates an elegant mapping of power mechanisms onto Higgins (2007; 2008) two regulatory foci. Specifically, this supports Blau’s belief that individuals exert power over others in organizations partly through mechanisms of reward and partly through sanctions. Using Regulatory Focus Theory as a guide, however, we further suggest that there is an important asymmetry in the exercise of power through these mechanisms. In particular, the promise of reward pushes individuals toward a promotion-focused self-regulatory mindset, whereas the threat of punishment pushes individuals toward a prevention focused orientation (Stanton & Stam, 2003).

2.1.4 Moral Hazard Theory
Moral hazard theory describes what happens when one party is partly insulated from risk because another party agrees to wholly or partly indemnify losses that the first party might suffer. According to Arrow (1963) moral hazard can be described as the tendency to change behaviour when the cost of that behaviour will be borne by others. This theory stipulates that people or organizations with insurance may take risks that are greater than what they would have taken if they did not have insurance because they know that they have monetary protection from the adverse effects that might arise out of the risky behaviour. Pauly (1968) adds that the presence of insurance presents a dilemma, as individual would want to consume more medical care because it is available, yet this will increase the medical insurance premiums. By extension, moral hazard leads to the insurer facing excessive claims than anticipated. Moral
hazard can be found on both the demand and supply side of a health care transaction because the presence of health insurance can also lead to higher charges by providers of medical services (De Allegri, Sanon, Bridges & Sauerborn, 2006).

Demand side moral hazard consists of consumer triggered increase in consumption of services due to their low actual price to the insured patient (Pauly, 1968). It includes excessive spending on the initiative of the consumer who knows that the cost burden will be shifted to the insurance provider. Supply side moral hazard is oversupply at the initiative of the medical care provider who takes advantage of the near absence of any financial consideration on the part of the consumer when he agrees to buy the excessive health care by overcharging and ordering unnecessary medical tests and procedures, because the costs will be transferred to the health insurance provider (Arrow, 1963).

In a health insurance context, for example, everyone is at risk of needing medical care at some point. This care, of course, costs money, and the insurer agrees to pay for it provided that the insured pays a monthly premium. The main point of moral hazard theory is that insurance removes all or part of the incentive to restrict the use of insured services. With full insurance (i.e., 100% of the costs are covered) there is no financial reason for someone with insurance to not visit the doctor (De Allegri et al, 2006).

The presence of asymmetric information underlies the moral hazard problem (Sinha, 2002). The asymmetry occurs because the insurer has less information about the health status and reasons for health care usage of the insured than the insured themselves do. The insurer cannot check whether a physician visit would not have been made without insurance (when the visit would cost the insured more), or because of some avoidable risks that the insured took. The insured may even have faked his doctor visit to obtain money from the insurance company.

Varian (2010) adds that from an economic perspective, moral hazard can be defined as loss-increasing behaviour that increases once insurance has taken been purchased, due to the lack of incentive to take care.
2.2 Elements of Culture

Culture has many definitions, and it affects everything people do in their society because of their ideas, values, attitudes, and normative or expected patterns of behaviour. Culture is not genetically inherited, and cannot exist on its own, but is always shared by members of a society (Hall, 1976, p. 16). Hofstede (1980, pp. 21-23) defines culture as “the collective programming of the mind which distinguishes the members of one group from another”, which is passed from generation to generation, it is changing all the time because each generation adds something of its own before passing it on. It is usual that one’s culture is taken for granted and assumed to be correct because it is the only one, or at least the first, to be learned.

The major elements of culture include language, aesthetics, material culture (tools, artifacts and technology), education, religion, norms, attitudes, values, and social organisation (structure), according to the United Nations (http://www.fao.org/docrep/w5973e/w5973e07.htm).

Elements of culture can fall in various categories. The classic example is meanings: Some may be so culture specific as to be incomparable quantitatively across many societies. Symbols, another group of particular elements of culture, are closely associated with them (Cohen, 1974). So can be rituals and even heroes, which may also be considered components of culture (Hofstede, 1980). Taboos are another example of particular elements of culture. Many of them have a very limited distribution. Institutions are also an interesting case. Depending on one’s preference, they can be viewed as completely independent of culture, as influenced by it, or as part of it. There is some inevitable subjectivity in deciding how to classify institutions as well as some objective facts that need to be considered in some cases. For instance, one may defend the view that forms of marriage, such as polygamy versus monogamy, should be considered extensions of a society’s culture.

Values are an important element of culture, as social behaviour is viewed as partly caused by dominant values and ideologies (Leung & Bond, 1989). Norms, or ideologies, are also an important cultural phenomenon. They are often studied together with other elements of culture, as in (Hofstede, 1980; Inglehart & Baker, 2000; Smith, Dugan & Trompenaars, 1996). Beliefs are expressed as agreements or disagreements with worldviews: The respondents are asked if they agree with various
statements, most often about what they consider true or false. They are part of many cross-cultural projects, one of which, discussed in (Bond et al., 2004).

Attitudes are studied by asking people what or whom they like or dislike. The format of the items can be quite diverse, but in all cases the responses that they elicit can be linked to the following definition of attitudes: “evaluative statements, either favourable or unfavourable, concerning objects, people, or events” (Robbins, 1998). Language, the most commonplace of all human possessions, is possibly the most complex and the most interesting. Since it is an instrument for humans’ communications with each other, the growth and development of their talents, causing creativity, innovation, and novelty, exchanging and transferring their experiences, and on the whole, for formation of society (Saussure, 1974).

2.3 Empirical Literature Review

This section reviews literature from prior scholars regarding factors that affect insurance uptake, indicates what has been done by other researchers including the methodologies used, and also helps to identify research gaps. According to Kothari (2004), the review of similar studies is used along with empirical data collected.

2.3.1 Uptake of Insurance

Uptake of insurance is the ratio of Gross Direct Premiums to Gross Domestic Product (GDP). This currently stands at just about 3.4% in Kenya as at 2014 (AKI Report, 2014) which is not much of an improvement compared to the year 2012, when it was at 3.1%. This is rather low compared to South Africa, Namibia and Mauritius which were at 14%, 8% and 6% respectively as at 2012 based on a report by KPMG (2014).

Insurance companies have largely operated the traditional organization chart. This means that customer perceived value has remained very low hence affecting the growth of insurance both in Kenya and other African countries. Currently, work is being done by insurance companies in the area of micro insurance to try and increase insurance uptake in Kenya. Insurance providers can build customer involvement and loyalty; establish competitive differentiation; and increase referral value by applying various initiatives (Kaguma, 2011).

Insurers have under-invested in technologies at a time when customer expectations regarding service and deliveries are higher than ever. There are numerous
opportunities for insurers to collect and analyze customer information to improve the range and quality of products offered; to refine pricing strategies; and to develop an effective array of distribution channels. Technologies including business intelligence, descriptive and predictive analytics, and data mining can help life insurers improve both their decisions regarding new products and their levels of customer service. At the next level, analytics can help life insurers identify customers who are in danger of making a full or partial switch to another insurer, and can identify appropriate actions to head off such decisions (Bull, 2009).

Adoption of loyalty programs is lower in insurance than other financial industry players. Players in the retail industry among others have demonstrated that loyalty programs may be a worthwhile area for insurance providers to explore to improve customer retention. Insurers could provide discounts for a customer who buys long-term care, an annuity and a life insurance policy from the same company (Mishra, 2010).

According to Kaguma (2011) insurers have not perfected their ability to approach the right customer with the right product offering. For instance, younger customers (say in the 35 to 45 age bracket) are often interested in single-premium insurance products that build cash value quickly if the principal is not touched for 10 to 20 years. Other customers may want to purchase only the simplest and cheapest of term policies. Older customers with substantial assets may have complex needs involving estate planning or the provision of long-term health care.

Many insurers lack the customer profiling capabilities necessary to quickly match products with high-potential customers. Agents and customers both waste time because the first face-to-face meeting is devoted to establishing the customer’s needs, when a simple interactive “application” designed for a tablet computer or smart phone could ask the same 20 or so questions that the agent might otherwise ask in the first meeting, which should be devoted to addressing the customer’s real insurance needs (Odemba, 2013).

Insurers are highly reliant upon their product development and policy administration systems, but many of these are unable to support the demands of an aggressive program of product segmentation, new product development and robust distribution
channels. In terms of systems, few insurers have in place what they will need to build customer loyalty and grow sales. They need an integrated architecture that encompasses policy administration and claims, but that also supports multi-channel distribution through social media monitoring, customer relationship management, data collection and advanced analytics (Odemba, 2013).

In addressing insurance uptake, one of the key factors to consider is the attitude towards insurance services. Considering that attitude is partly driven by culture, then cultural factors become an important aspect of addressing insurance uptake (Chui & Kwok, 2009).

2.3.2 Religion and Uptake of Insurance

The demand for insurance in a country may be affected by the unique culture of the country to the extent that it affects the population's risk aversion (Douglas & Wildavsky, 1983). Henderson & Milhouse (1987) argued that an individual's religion can provide insight into the individual's behaviour; understanding religion is an important component of understanding a nation's unique culture.

Yaari (2009) notes that religion historically has provided a strong source of cultural opposition to especially life insurance; many religious people believe that a reliance on life insurance results from distrust of God protecting care. Until the nineteenth century, European nations condemned and banned life insurance on religious grounds. Yaari also states that religious antagonism to life insurance still remains in several Islamic countries.

Wasaw (2006) tested the effect of Islam on life insurance consumption using an international data set. The results of his study indicated that, ceteris paribus, consumers in Islamic nations purchase less life insurance than those in non-Islamic nations. Therefore, it is hypothesized in the study that life insurance consumption is less in predominantly Islamic countries than in countries that are not predominantly Islamic. For the purposes of this study, a country is considered predominantly Islamic if more than half of the population follows Islam. Islamic nations included in the sample percent of population that is Muslim, Egypt 94%, Iran 98%, Morocco 99%, Pakistan 97%, Tunisia 99.5%, Turkey 99% (Wasaw, 2006).
2.3.3 Cultural Taboos and Beliefs on Uptake of Insurance

Chui and Kwok (2009) demonstrate that the inclusion of cultural factors in the set of explanatory variables greatly improves the predictive ability of regression analyses. Using an unbalanced panel data of 41 countries observed from 1976 to 2001, they include in their models four cultural variables introduced by Hofstede (1980) namely, Individualism, Power Distance, Masculinity and Uncertainty Avoidance. They find the first three variables to be highly significant. The results prove to be robust, even after controlling for economic, institutional, and demographic factors such as GDP per capita, inflation, bank sector and stock market development, creditors rights, contract enforcement quality, dependency ratio, and religion. For instance, the inclusion of just one cultural variable, Individualism, increases the adjusted $R^2$ from 0.70 to 0.83 – a highly significant improvement.

According to Browne, Chung and Frees (2000), a study of 22 OECD countries from 1987 through to 1993 focused on the premium density of two lines of insurance: motor vehicle (usually purchased by households) and general liability (normally bought by businesses). Panel data analysis demonstrates that income (GDP per capita), wealth, foreign firms market share, and the form of legal system (civil law or common law) are significant factors to explain the purchase of the two types of insurance. Per capita income has a much greater impact on motor insurance than on general liability.

We see Esho, Kirievsky, Ward and Zurbruegg (2004) expanding the work of Browne et al (2000) by using a larger set of countries, introducing the origin of the legal system and a measure of property rights in their model. Dummy variables, characterizing the English, French, German, and Scandinavian legal system origin are also found to have an insignificant effect. Results show a robust relationship between the protection of property rights and insurance consumption, as well as a significant effect of loss probability and income. Esho et al. (2004) also include one of Hofstede’s dimensions, uncertainty avoidance, as a proxy for risk aversion. They find a marginally positive relationship and conclude that culture does not seem to play an important role in non-life insurance demand.

Park, Borde and Choi (2002) examine the impact of culture on insurance pervasiveness, which can be defined as the combined penetration of life and non-life
insurance. Four of Hofstede’s cultural dimensions are included in the panel regression analysis in addition to GDP, socio-political stability, and economic freedom. In contrast with the life insurance demand studies of Chui & Kwok (2009), results show that only masculinity is positively correlated with insurance pervasiveness. This conflicting result may be due to the aggregation of life and non-life insurance, which may produce a bias against finding meaningful relationships if the cultural impact on insurance demand is different for life and non-life insurance. Also, Park et al (2002) only have three other control variables in their regression model; they did not include life or non-life-specific control factors. The low number of controls may cause an omitted variable problem and result in biased coefficient estimates.

2.3.4 Cultural Attitudes and Values on Insurance Uptake
Park and Lemaire (2011) applied regression techniques to an unbalanced panel data that included 82 countries observed over a ten-year period by, to explore the factors that affect non-life insurance demand across nations. While previous literature has discovered several significant economic, demographic, and institutional variables, little attention has been devoted to cultural dimensions. They found that non-life insurance consumption was adversely impacted in countries where a large fraction of the population had Islamic beliefs. Also highly significant are three of the cultural scores developed by Hofstede (1980) in a celebrated study on power distance, individualism, and uncertainty avoidance. A conjecture that culture impacts non-life insurance more in affluent countries receives ample statistical support, with an adjusted R-square coefficient increasing by 20%. These results had implications for multinational insurers seeking to enter a new market. Ceteris Paribus, these insurers should target countries, and population segments within these countries, that exhibit low power distance, and high individualism and uncertainty avoidance scores.

Odemba (2013) carried out a study on life insurance as an important aspect of the social-economic development of the society. It helps to safeguard the future while also ensure some savings that can be used in a later date. Despite its importance, the penetration of life insurance is currently only at 1.3% in Kenya. The study adopted a descriptive and cross-sectional survey research design as the most appropriate for this study (Odemba, 2013). From all respondent groups, the study revealed that most customers prefer life insurance products with both risk and saving components. From
the customer service staff respondents, the study revealed that most life insurance companies live in urban areas and not rural areas. From the agents’ respondent group, the study revealed that most customers prefer to pay their premiums through mobile money, especially M-Pesa because of the convenience that comes with mobile money.

From all respondent groups, the study revealed that the high cost of premiums and inefficiency in claims settlement are the major factors hindering the penetration of life insurance in Kenya. Other major factors affecting penetration of life insurance include poor customer service, the complicated nature of life insurance products, poor sales agents’ integrity and lack of disposable income for most Kenyans (Odemba, 2013). The study recommended that insurance companies should push and market policies that provide for both risk coverage and savings component because that what the customers prefer. The insurance companies should also consider lowering the cost of premiums, have efficient claims settlement processes, improve on agents integrity, improve on customer service, develop new product varieties and increase their presence have country wide presence to improve uptake in rural Kenya (Odemba, 2013).

2.3.5 Education and Insurance Uptake

Education is intuitively associated with increased life insurance spending. Higher formal education is thought to foster need awareness and enable more objective analysis for the life insurance purchase decision (Hammond et al., 2007). Moreover, higher educated individuals are hypothesized to have a stronger inclination to protect their dependents by means of life insurance (Truett & Truett, 2004). Generally, education correlates with higher demand for life insurance in empirical investigations (Hammond et al., 1967; Burnett & Palmer, 2004). The report by Gutter and Hatcher (2008) that higher educated individuals “had greater proportion of their human capital insured” (p. 685) supports these earlier results. Yet, there is evidence that the effect of education is influenced by additional factors. Higher educated spouses, for example, even though aware of life insurance’s benefits, are less dependent on the income of their husbands (Ferber & Lee, 1980; Gandolfi & Miners, 2006). Alternatively, higher educated parents anticipate longer financial dependency of their offspring due to pursuit of higher educational levels (Browne & Finkelstein, 2007). Results suggesting a negative influence of education in the reviewed literature are potentially biased by
exogenous factors such as inflationary periods or assess the relative insurance consumption of households (Auerbach & Kotlikoff, 2009).

2.4 Research Gaps
A number of studies have been carried out on the issue of insurance uptake. In terms of quality, responsiveness, empathy to customers and low technological innovation of insurance products present unique challenges in accessing insurance products by the clients. This has constrained development and growth of the insurance sector hence affecting access to insurance products among the people and other demographic profiles in the country.

Previously, there has been emphasis on how to increase insurance uptake and improving customer service in the insurance. However, there are some underlying factors that if not addressed, will remain a challenge to marketers of insurance services. This has hence created a major knowledge gap on the cultural factors affecting insurance uptake in Kenya. Therefore this study aims to fill the knowledge gap by assessing the influence of religion, cultural taboos and beliefs, cultural values and attitudes, language and education on the rate of insurance uptake.

2.5 Conceptual Framework
A conceptual framework is a structure of concepts and theories which are put together as a map for the study and it shows the relationship of research variables (Mugenda & Mugenda, 2003). The conceptual framework is used to explain how the independent variables affect the dependent variable. The independent variables are; awareness on various practices such as Religion, cultural taboos and beliefs relating to sickness and death, cultural attitudes and values as well as education. The dependent variable is insurance uptake. Figure 2.1 illustrates the relationship between the research variables.
The independent variables to be tested are: awareness of religion, cultural taboos and beliefs, cultural attitudes and education. The dependent variable was the insurance uptake which was tested in terms of religion, cultural taboos and beliefs, cultural attitudes and values as well as education.

2.6 Operationalization of Variables

2.6.1 Religious Practices

Some of the religions found in Nairobi County include Christianity, Islam and Hinduism among others. Religious beliefs include in the existence of a Creator, life after death and reward for living a righteous life. However, there are slight variations on some of the practices of the different denominations. Christianity is based on the teachings of the Bible, Jesus Christ as an essential link to God, and the Ten Commandments (Jonquiere, 2007). Alserhan (2011) mentions how Islam is guided by the Koran, the teachings of Prophet Mohamed, and the Five Pillars of Islamic faith. Among the Hindu community, religious practices are based on the Vedas scriptures. Hinduism teaches that all life is sacred, that there is reincarnation (being born again in
another form or status) and about being tolerant towards other religions as highlighted by Staal in 2008.

2.6.2 Cultural Taboos and Beliefs
In every society, there are certain taboos that exist. This is because human thinking is not always logical. A taboo can be described as a vehement prohibition of an action based on the belief that such behaviour is either too sacred or many attract curses accursed for ordinary individuals to undertake, due to the threat of supernatural punishment and has the power to affect behaviour, thoughts, and the choice of identity (Fershtman, Gneezy & Hoffman, 2011). In some African, Asian and South American cultures, it is a taboo to talk about such sensitive issues as the possibility of death or serious illness, even to some patients in hospital and hence communicating possible mitigation becomes a challenge (Leavitt, 2003). Such taboos can affect the uptake of insurance by potential clients.

2.6.3 Cultural Attitudes and Values
Leavitt (2003) stresses that because of the immense influence of culture, it is essential to understand that all people are immersed in their own culture, with its associated beliefs, attitudes, and behaviours which guides their personal and professional interactions. Culture has economic implications including uptake of insurance. Examples include the role of women in the decision making to reduce marginalization and social poverty, and practices such as polygamy which may result in large families and create economic dependency on the main breadwinner. This explains why practices such as cattle rustling discourage livestock farmers from insuring their animals because they can always “restock” the herds from the neighbouring community (Nassef, Anderson & Hesse, 2009).

2.6.4 Education
Karlan et al. (2014) report positive effect of education on insurance take-up. Similarly, Cole et al. (2012c) found positive effect of household education on financial market participation. This is possibly due to the fact that households with high level of education are able to understand the product and better perceive the benefits from the product hence may take-up the product. Similar theoretical and
empirical technology adoption literature is abounding for instance: Schultz Karlan et al. (2014).

2.7 Chapter Summary

The chapter has discussed the literature review of the study on effects of cultural factors affecting insurance uptake in Nairobi County. It has provided the reader with an explanation of the theoretical rationale of the problem being studied as well as what research has already been done and how the findings relate to the problem at hand. The central purpose of the literature review is to provide the researcher and the reader with an understanding of the body of literature as it relates to the current or proposed research (Ridley, 2008). The chapter has covered both theoretical and empirical literature, while critical review is brought on board in deeply assessing reviewed literature in relation to the current study. Finally it has established the research gaps in the study topic.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
This chapter describes the procedures and strategies adopted by the researcher in order to reach the sampled population, collect and analyze data so as to answer the research questions in order to achieve the objectives of the study. It consists of the research design, target population, sample and sampling procedures, data collection instrument and analysis procedures.

3.1 Research Design
Partington (2002) defines research design as a method the researcher wants to use in executing his or her research. That is, the road map of research investigation, procedure the investigator wants to use to solve the identified problem. The study adopted a descriptive research design since the study intendeds to gather quantitative and qualitative data that describes the nature and characteristics of the cultural factors affecting insurance uptake. According to Sekeran (2003), descriptive research design is type of design used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. Orodho (2009) states that a descriptive research design is suitable where the study seeks to describe and portray characteristics of an event, situation of a group of people, community or population. The study hence considers this design appropriate since it facilitated gathering of reliable data describing the nature and characteristics of the cultural factors affecting insurance uptake in Nairobi County.

3.2 Target Population
Banerjee and Chaudhry (2010) define population or universe as a group which the researcher is interested in gaining information upon which generalization and conclusions can be drawn subsequently. It provides a solid foundation and first step upon which to build population validity of the study (Mugenda & Mugenda, 2003). According to Orodho (2009), any scientific research targets a given population through which questionnaires and interviews are distributed in order to get the required data for analysis. The target population was all the people working in Nairobi County.
3.3 Sampling Design and Sampling Technique

Wiersma (1995), states that an ideal sample should be large enough so that the validity and reliability of the data is achieved. That is if the same study is conducted with different sample size same data will be collected. For Cohen, Manion & Morrison (2007), there is no exact size of the sample but these depend on the purpose of the study and the nature of the population under scrutiny. In general, though, the larger the sample the more reliable it is. This study used a formula to arrive at a sample size of 100.

The sample for a large population is determined using the formula given as;
\[ n = \frac{Z^2 \cdot p \cdot (1-p)}{d^2} \]

Where:
- \( n \) = Sample size for large population
- \( Z \) = Normal distribution Z value score, (1.96)
- \( p \) = Proportion of units in the sample size possessing the variables under study, where for this study it is set at 50% (0.5)
- \( d \) = Precision level desired or the significance level which is 0.098 for the study

The substituted values in determining the sample size for a large population are as follows.

\[ n = \frac{(1.96)^2 \cdot (0.5) \cdot (0.5)}{(0.98)^2} = 100 \]

The study applied a non-probability sampling design by using a convenience sampling technique to select individual respondents.

3.4 Data Collection Instruments

Data collection instrument is a device used to collect data in an objective and a systematic manner for the purpose of the research. Data collection instruments can be questionnaires, interviews, schedules and available records (Morris, 2001). In this study the main data collection instrument was a questionnaire, which was a carefully designed instrument (written, typed or printed) for collecting data directly from containing both open ended and close ended questions with the quantitative section of
the instrument utilizing a Likert-type scale format people (Ogula, 2002). The Likert-type format was selected because according to Kiess and Bloomquist (2009), this format yields equal-interval data, a fact that allows for the use of more powerful statistical statistics to test research variables. Questionnaires were preferred since according to Kothari (2004) the information obtained from questionnaires is free from bias and researcher influence, and thus accurate and valid data was gathered. The questions addressed by the questionnaires sought to gather information on the cultural factors affecting insurance uptake in Nairobi County.

3.5 Data Collection Procedure

Permission to carry out the research was sought from the sample population situated in the Nairobi CBD. This explains to the respondent the reason for the research and enhances the confidentiality of the data collected from them.

Primary data consists of a collection of original data collected by the researcher directly through surveys, interviews and direct observation. This is information that is collected specifically for the purpose of a research project. Although it is more expensive to obtain that secondary data, it is more current and relevant to the research project (Gupta, 2003).

Primary data was gathered through the use of questioning method in the form of a questionnaire (open and close ended questions). The questionnaires were self administered to a total of 100 respondents and later picked for data analysis. The reason for choosing self-administered questionnaire as the data collection instrument was primarily due to its practicability, applicability to the research problem and the nature of the respondents to the study.

Secondary data is the data that has been already collected by other researchers and is readily available from other sources. This information is economical in terms of effort and expenses, and helps to improve the understanding of the problem (Wilson, 2010). Collection of secondary data was obtained through desk research; this was mainly from published scholarly articles on cultural factors affecting insurance uptake in Nairobi County, Kenya.
3.6 Data Analysis

The returned and duly filled questionnaires were verified, coded and tallied according to the themes and thereafter the quantitatively and qualitatively analyzed. Quantitative analysis was done and results presented in tables and figures. These analyses were based on the responses obtained from the respondents. The findings formed the basis of the study. The responses contained in the questionnaires were interpreted for analysis based on two basic assumptions: All responses of ‘Strongly Agree, ‘Agree’, was assessed to denote positive effects while ‘Disagree’, ‘Strongly Disagree’, was interpreted to denote negative effects.

Qualitative data refers to the information gathered in a narrative form through interviews, focus discussion groups and observations. The goal of qualitative work is not to generalize across a population. Rather, a qualitative approach seeks to provide understanding from the respondent’s perspective (Taylor-Powell & Renner, 2003).

The responses from the people who verbalize their reactions in different ways were organized to answer the research questions of the study. The researcher gave much attention to the recurring responses that formed the themes of the study. Description of the matter under study is the main essence of the qualitative research and a range of interpretative techniques can be used to decode, discover, decipher patterns and discover the meaning of the phenomenon under study (Mugenda & Mugenda, 2003).

3.7 Ethical Considerations

Relevant permission was sought from the respondents for this study before embarking on fieldwork. All information pertaining to this study was explained to informants in terms of its objectives, scope, as well as the intended use of the information gathered beyond the academic purpose in order to receive informed consent. Consent was then sought before the main interview began. This was maintained throughout the study process and at the reporting and publication levels. Respondents were duly informed of their rights to withdraw at any stage of the study, and were also informed of dissemination plans through publication and means of accessing the outcome of the study.
CHAPTER FOUR
RESULTS AND DISCUSSIONS

4.0 Introduction
This chapter comprises of data analysis, findings and interpretation. Results are presented in tables and diagrams. The analyzed data was arranged under themes that reflect the research objectives.

4.1 Response Rate
During the study, the number of questionnaires that were administered was 100. A total of 80 questionnaires were properly filled and returned, representing an overall successful response rate of 80% as indicated in Table 4.1. Both Mugenda and Mugenda (2003) and Kothari (2004) were of the opinion that a response rate of 50% is adequate for a descriptive study and would be acceptable for purposes of analysis and publishing. Kelly et.al (2003) agreed that a 65% response rate is good for questionnaires. Therefore the study found the 80% response rate to be sufficient for the research findings and interpretation.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>80</td>
<td>80%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Demographic Characteristics
This section consists of information that describes basic characteristics such as gender of the respondents, level of education of the respondents, experience in the organization and position in the organization.

4.2.1 Gender of the Respondents
The respondents were asked to indicate their gender of the respondents. A slightly higher number of the respondents were male who represented 52% of the sample while 48% were female. This implies that slightly more of the people working in Nairobi County Central Business District are male.
4.2.2 Level of Education of the Respondents

The respondents were asked to state their levels of education. Results in Figure 4.2 show that a 30% of the respondents had had attained education up to university level, 21.25% had attained education up to primary school level, 20% had attained education up to college level, 15% of the respondents had attained education up to post graduate level while 13.75% of the respondents had attained education up to secondary school. This implies that this study managed to reach out to workers in all spheres in the society in terms of academic qualifications. This can also be explained in terms of all sectors both formal and informal, and was important in order to achieve the unbiased results.
4.2.3 Experience in the Organization

The respondents were asked to indicate the number of years they had worked in their organization or institution. Results in figure 4.3 show that majority (52.5%) of the respondents indicated that they had worked in their organization or institution for 1 - 10 years, 35% of the respondents indicated that they had worked in their organization or institution for 10 – 15 years. Further, result in figure 4.3 show that 8.75% of the respondents indicated that they had worked in their organization or institution for 16 – 20 years while 3.75% of the respondents indicated that they had worked in their organization or institution for more than twenty years. The results show that most of the respondents had been in employment for shorter periods of time compared to those who had worked for longer periods. This is a clear illustration of the nature of employment within Nairobi County whereby people keep on changing jobs as they search for greener pastures. On the other hand, those in the higher ranks seem to retain their jobs since the terms of employment are favourable.

![Figure 4.3: Years of Experience](image)

4.2.4 Position

The respondents were asked to indicate their positions. Results in figure 4.4 revealed that of 35% the respondents were in the supervisory level, another 35% of the respondents indicated that they were in other positions such as clerks, messengers, secretaries and cleaners. Further, results in figure 4.4 show that 17.5% of the respondents were in line managers while 12.5% of the respondents were senior managers. This implies that most of the respondents in this study were in lower tire jobs. This can be supported by the results of the level of education and experience.
This is also an indicator of the real situation whereby many people working in senior positions normally have busy schedules which hinders their participation in such a study.

Figure 4.4: Position

4.3 Descriptive Statistics

This section presents the descriptive results on insurance uptake, religion, cultural taboos and beliefs, language, education and cultural attitudes and values.

4.3.1 Insurance Uptake

The respondents were asked to indicate the extent to which they had taken up insurance. The results in table 4.2 show that 50% of the respondents indicated that they had a life insurance cover. 56.3% of the respondents indicated that they did not have a car insurance cover as they did not own a car. Further, results in table 4.2 showed that 66.2% of the respondents did not have an education insurance cover while 70% of the respondents indicated that they had other insurance covers such as health insurance and fire insurance cover.

Table 4.2: Insurance Uptake

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have a life insurance cover.</td>
<td>50.00%</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>I have a car insurance cover.</td>
<td>43.80%</td>
<td>56.3%</td>
<td>100%</td>
</tr>
<tr>
<td>I have education insurance cover.</td>
<td>33.80%</td>
<td>66.2%</td>
<td>100%</td>
</tr>
<tr>
<td>I have other insurance cover</td>
<td>70.00%</td>
<td>30%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.3.3 Religion and Insurance Uptake

The study sought to determine the effect of religion on insurance uptake. Results in table 4.3 reveal that 81.3% of the respondents agreed that they are aware that religion may influence the decision of users to take up insurance cover or not. 86.3% of the respondents agreed that they are aware that the Islamic religion is against insurance products that pay interest on premium savings, 91.3% of the respondents agreed that they are aware that some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover. Further, results in table 4.3 revealed that 88.7% of the respondents agreed that they are aware that some sects of the Christian faith do not look at insurance positively because they are covered by their faith while 1.2% of the respondents agreed that they are aware that some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you. On a five point scale, the average mean of the responses was 4.1 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.

Table 4.3: Religion and Insurance Uptake

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion may influence the decision of users to take up insurance cover or not</td>
<td>6.2%</td>
<td>7.5%</td>
<td>5.0%</td>
<td>38.8%</td>
<td>42.5%</td>
<td>4.0</td>
<td>1.2</td>
</tr>
<tr>
<td>The Islamic religion is against insurance products that pay interest on savings</td>
<td>2.5%</td>
<td>6.2%</td>
<td>5.0%</td>
<td>52.5%</td>
<td>33.8%</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover</td>
<td>5.0%</td>
<td>2.5%</td>
<td>1.2%</td>
<td>47.5%</td>
<td>43.8%</td>
<td>4.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Some sects of the Christian faith do not look at insurance positively because they are covered by their faith.</td>
<td>2.50%</td>
<td>5.00%</td>
<td>3.80%</td>
<td>52.50%</td>
<td>36.20%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you</td>
<td>2.50%</td>
<td>5.00%</td>
<td>1.20%</td>
<td>51.20%</td>
<td>40.00%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Average 4.1 1.0
The respondents were also asked to indicate other aspects of religion that influence the decision to take up insurance. In response they indicated that religious sects brainwash their followers against insurance products, for some magic beliefs hinders them from this reference that only God can heal and control what is taking place in their lives and for some they believe that the future should worry about itself.

4.3.4 Cultural Taboos and Beliefs and Insurance Uptake

The study sought to ascertain the effect of cultural taboos and beliefs on insurance uptake. Results in table 4.4 reveal that 81.3% of the respondents agreed that they are aware that taking up an insurance cover is a taboo in some cultures. 80% of the respondents agreed that they are aware that taking up an insurance cover is considered a bad omen in some cultures, 83.8% of the respondents agreed that they are aware that taking up an insurance cover is considered to be related to witchcraft in some cultures. Further, results in table 4.4 revealed that 83.7% of the respondents agreed that they are aware that taking up an insurance cover for education is inhibited by the cultural belief that education is foreign while 90% of the respondents agreed that they are aware that that taking up an insurance cover for the girl child and women is inhibited by the cultural belief that the girl child and women are inferior. On a five point scale, the average mean of the responses was 4.1 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.
Table 4.4: Cultural Taboos and Beliefs and Insurance Uptake

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking up an insurance cover is a taboo in some cultures</td>
<td>2.50%</td>
<td>7.50%</td>
<td>8.80%</td>
<td>37.50%</td>
<td>43.80%</td>
<td>4.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Taking up an insurance cover is considered a bad omen in some cultures.</td>
<td>2.50%</td>
<td>11.20%</td>
<td>6.20%</td>
<td>35.00%</td>
<td>45.00%</td>
<td>4.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Taking up an insurance cover is considered to be related to witchcraft in</td>
<td>0.00%</td>
<td>10.00%</td>
<td>6.20%</td>
<td>43.80%</td>
<td>40.00%</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td>some cultures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking up an insurance cover for education is inhibited by the cultural</td>
<td>3.80%</td>
<td>6.20%</td>
<td>6.20%</td>
<td>46.20%</td>
<td>37.50%</td>
<td>4.1</td>
<td>1.0</td>
</tr>
<tr>
<td>belief that education is foreign.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking up an insurance cover for the girl child and women is inhibited by</td>
<td>3.80%</td>
<td>2.50%</td>
<td>3.80%</td>
<td>61.20%</td>
<td>28.80%</td>
<td>4.1</td>
<td>0.9</td>
</tr>
<tr>
<td>the cultural belief that the girl child and women are inferior.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The respondents were also asked to indicate other aspects of cultural taboos and beliefs that influence the decision to take up insurance. In response they indicated some people belief that the society will take care of hospital bills and herbal medicine is affordable. They also indicated that some people believe that insurance is for the rich people only. Further, they indicated that cultural factors prohibit the discussion of some taboo topics such as the demise of a key bread winner.

4.3.5 Cultural Attitudes and Values and Insurance Uptake

The study sought to find out the effect of cultural attitudes and values on insurance uptake. Results in table 4.5 reveal that 91.3% of the respondents agreed that they are aware that some members of the society feel that paying for insurance is as good as throwing money away. 92.6% of the respondents agreed that they are aware that the taking up an insurance cover is considered a bad omen in some cultures, 91.2% of the respondents agreed that they are aware that some members of the society feel that they have nothing to lose and hence no need to insure. Further, results in table 4.5 revealed that 71.3% of the respondents agreed that they are aware that some members
of the society feel that they are “good people” and that risk and losses only happen to “bad people” while 88.8% of the respondents agreed that they are aware that that some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement. On a five point scale, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.9.

**Table 4.5: Cultural Attitudes and Values and Insurance Uptake**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some members of the society feel that paying for insurance is as good as throwing money away.</td>
<td>3.80%</td>
<td>1.20%</td>
<td>3.80%</td>
<td>52.50%</td>
<td>38.80%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Some members of the society feel that paying for insurance is a preserve of the rich.</td>
<td>3.80%</td>
<td>2.50%</td>
<td>1.20%</td>
<td>48.80%</td>
<td>43.80%</td>
<td>4.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Some members of the society feel that they have nothing to lose and hence no need to insure.</td>
<td>1.20%</td>
<td>5.00%</td>
<td>2.50%</td>
<td>45.00%</td>
<td>46.20%</td>
<td>4.3</td>
<td>0.8</td>
</tr>
<tr>
<td>Some members of the society feel that they are “good people” and that risk and losses only happen to “bad people”.</td>
<td>0.00%</td>
<td>2.50%</td>
<td>26.20%</td>
<td>38.80%</td>
<td>32.50%</td>
<td>4.0</td>
<td>0.8</td>
</tr>
<tr>
<td>I feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement.</td>
<td>1.20%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>50.00%</td>
<td>38.80%</td>
<td>4.2</td>
<td>0.8</td>
</tr>
</tbody>
</table>

The respondents were also asked to indicate other aspects of cultural attitudes and values that influence the decision to take up insurance. In response they indicated that insurance agencies have concentrated on health/accident issues and left out the ethics
They also indicated an attitude of not planning for the future. “If tomorrow (the long term) does not exist in my plans, why should I insure?”

4.3.6 Language and Insurance Uptake

The study sought to establish the effect of language on insurance uptake on insurance uptake. Results in table 4.6 reveal that 90% of the respondents agreed that they are aware that speaking a different language makes it difficult to understand what the insurance agents are trying to explain. 87.5% of the respondents agreed that they are aware that the legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public. Further, results in table 4.6 revealed that 90% of the respondents agreed that they are aware that the insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing while 87.4% of the respondents agreed that they are aware that insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials. On a five point scale, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.
Table 4.6: Language and Insurance Uptake

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speaking a different language makes it difficult to understand what the insurance agents are trying to explain</td>
<td>0.00%</td>
<td>7.50%</td>
<td>2.50%</td>
<td>48.80%</td>
<td>41.20%</td>
<td>4.2</td>
<td>0.8</td>
</tr>
<tr>
<td>The legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public</td>
<td>5.00%</td>
<td>6.20%</td>
<td>1.20%</td>
<td>45.00%</td>
<td>42.50%</td>
<td>4.1</td>
<td>1.1</td>
</tr>
<tr>
<td>The insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.</td>
<td>3.80%</td>
<td>5.00%</td>
<td>1.20%</td>
<td>45.00%</td>
<td>45.00%</td>
<td>4.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials</td>
<td>3.80%</td>
<td>8.80%</td>
<td>0.00%</td>
<td>41.20%</td>
<td>46.20%</td>
<td>4.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Average 4.2 1.0

The respondents were also asked to indicate other aspects of language that influence the decision to take up insurance. In response they indicated that lack of clarity about the insurance products, little knowledge on the benefits of taking up insurance, lack of credibility and poor approach to clients influences the uptake of insurance. Further, they indicated that the information given by the sales agents is normally distorted and misleading, meant to only make a sale. In addition, they indicated that people rarely hear about insurance unless it is about buying insurance or a new insurance product launch.
4.3.7 Education and Insurance Uptake

The study sought to establish the effect of education on insurance uptake. Results in table 4.7 reveal that 92.4% of the respondents agreed that they are aware that some less educated members in the society view insurance as an expensive venture. 91.3% of the respondents agreed that they are aware that some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance, 88.8% of the respondents agreed that they are aware that educated members in the society prefer to take insurance cover since they understand its benefits. Further, results in table 4.7 revealed that 91.2% of the respondents agreed that they are aware that some less educated members in the society prefer not take life insurance while 90% of the respondents agreed that they are aware that majority of life insurance takers are the educated members in the society. On a five point scale, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.9.

Table 4.7: Education and Insurance Uptake

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some less educated members in the society view insurance as an expensive venture</td>
<td>3.80%</td>
<td>3.80%</td>
<td>0.00%</td>
<td>51.20%</td>
<td>41.20%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance</td>
<td>5.00%</td>
<td>2.50%</td>
<td>1.20%</td>
<td>42.50%</td>
<td>48.80%</td>
<td>4.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Educated members in the society prefer to take insurance cover since they understand its benefits</td>
<td>1.20%</td>
<td>7.50%</td>
<td>2.50%</td>
<td>50.00%</td>
<td>38.80%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Some less educated members in the society prefer not take life insurance</td>
<td>2.50%</td>
<td>5.00%</td>
<td>1.20%</td>
<td>50.00%</td>
<td>41.20%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td>The majority of life insurance takers are the educated members in the society</td>
<td>3.80%</td>
<td>3.80%</td>
<td>2.50%</td>
<td>51.20%</td>
<td>38.80%</td>
<td>4.2</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4.2</strong></td>
<td><strong>0.9</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The respondents were also asked to indicate other aspects of education that influence the decision to take up insurance. In response they indicated that poverty plays a major role. They also said that low income earners don’t have enough money to cater for their basic needs and hence no room to consider taking up an insurance cover. They also added that the younger take care of the old, which negates the need for the old to take up insurance and that there is lack of financial education to the general population so as to understand the importance of risk and risk management.

4.4 Inferential Statistics

Inferential analysis was conducted to generate model of fitness, analysis of the variance and regression coefficients.

4.4.1 Regression Analysis

The results presented in table 4.7 present the fitness of model used of the regression model in explaining the study phenomena. Cultural factors namely: religion; cultural taboos and beliefs; cultural attitudes and values; language and education were found to be satisfactory variables in explaining uptake of insurance. This is supported by coefficient of determination also known as the R square of 54.6%. This means that religion, cultural taboos and beliefs, cultural attitudes and values, language and education explain 54.6% of the variations in the dependent variable which is uptake of insurance. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 4.8: Model Fitness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.739</td>
</tr>
<tr>
<td>R Square</td>
<td>0.546</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.515</td>
</tr>
</tbody>
</table>

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.
Table 4.9 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables indeed affect the uptake of insurance in Kenya. This was supported by an F statistic of 17.767 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 4.9: Analysis of Variance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>Deg. of Fr</th>
<th>Mean Square</th>
<th>F statistic</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>28.11</td>
<td>5</td>
<td>5.622</td>
<td>17.767</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>23.415</td>
<td>74</td>
<td>0.316</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>51.525</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regression of coefficients results in table 4.10 shows that there is a negative and significant relationship between religion, cultural taboos and beliefs, cultural attitudes and values, language and education and uptake of insurance as supported by beta coefficients of -0.309, -0.276, -0.615, -0.211 and -0.226 respectively. These results show that an increase in the unit change in religion would result to a decrease in the level of insurance uptake by 0.309 units. The results also show that an increase in the unit change in cultural taboos and beliefs would result to a decrease in the level of insurance uptake by 0.276 units. Further, the results also imply that an increase in the unit change in cultural attitudes and values would result to a decrease in the level of insurance uptake by 0.615 units. The results also show that a unit change in language would result to a decrease in the level of insurance uptake by 0.211 units. The results also show that a unit change in education would result to a decrease in the level of insurance uptake by 0.226 units.
Table 4.10: Regression of Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-statistic</th>
<th>Significance</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.139</td>
<td>2.054</td>
<td>0.043</td>
<td>0.034</td>
<td>2.244</td>
</tr>
<tr>
<td>Religion</td>
<td>-0.309</td>
<td>3.679</td>
<td>-0.000</td>
<td>0.142</td>
<td>0.476</td>
</tr>
<tr>
<td>Cultural Taboos and Beliefs</td>
<td>-0.276</td>
<td>3.628</td>
<td>-0.001</td>
<td>0.124</td>
<td>0.427</td>
</tr>
<tr>
<td>Cultural Attitude and Values</td>
<td>-0.615</td>
<td>4.425</td>
<td>-0.000</td>
<td>0.338</td>
<td>0.891</td>
</tr>
<tr>
<td>Language</td>
<td>-0.211</td>
<td>-2.376</td>
<td>-0.020</td>
<td>-0.388</td>
<td>-0.034</td>
</tr>
<tr>
<td>Education</td>
<td>-0.226</td>
<td>-1.967</td>
<td>-0.050</td>
<td>-0.451</td>
<td>0.008</td>
</tr>
</tbody>
</table>

The multiple linear regression model is as shown below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \]

Where:

\( Y \) = Insurance Uptake  
\( X_1 \) = Religion  
\( X_2 \) = Cultural Taboos and Beliefs  
\( X_3 \) = Cultural Attitudes and Values  
\( X_4 \) = Language  
\( X_5 \) = Education

Thus, the optimal model for the study is;

Insurance Uptake = 1.139 + (-0.309) Religion + (-0.276) Cultural Taboos and Beliefs  
+ (-0.615) Cultural Attitudes and Values + (-0.211) Language + (-0.226) Education + e
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter addresses the summary of the findings, the conclusions and the recommendations. This is done in line with the objectives of the study.

5.2 Summary of Findings
This section provides a summary of the findings from the analysis. This is done in line with the objectives of the study.

5.2.1 Religion and Insurance Uptake
One objective of the study was to determine the effect of religion on insurance uptake. Results revealed that majority of the respondents agreed that they are aware that religion may influence the decision of users to take up insurance cover or not. Majority of the respondents were aware that the Islamic religion is against insurance products that pay interest on premium savings. The results also showed that majority of the respondents agreed that they are aware that some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover. A majority of the respondents agreed that they are aware that some sects of the Christian faith do not look at insurance positively because they are covered by their faith. Results also indicated that other aspects of religion that influence the decision to take up insurance are that religious sects brainwash their followers against insurance products. For some, magic beliefs hinder them from taking insurance since only God can heal and control what is taking place in their lives, while others believe that the future will take care of itself.

The regression results showed that there is a negative and significant relationship between religion and insurance uptake as supported by a beta coefficient of -0.309 and a p value of 0.000. These results imply that an increase in the unit change in religion would result to a decrease in the level of insurance uptake by 0.309 units. These findings agree with those of Yaari (2009) who noted that religion historically has provided a strong source of cultural opposition to especially life insurance; many religious people believe that a reliance on life insurance results from distrust of God protecting care. These findings also concur with those of Wasaw (2006) who tested the effect of Islam on life insurance consumption using an international data set. The
results of his study indicated that, ceteris paribus, consumers in Islamic nations purchase less life insurance than those in non-Islamic nations.

5.2.2 Cultural Taboos and Beliefs and Insurance Uptake

The second objective of the study was to ascertain the effect of cultural taboos and beliefs on insurance uptake. Results showed that majority of the respondents agreed that they are aware that taking up an insurance cover is a taboo in some cultures, majority of the respondents agreed that they are aware that taking up an insurance cover is considered a bad omen in some cultures. The results also showed that majority of the respondents agreed that they are aware that taking up an insurance cover is considered to be related to witchcraft in some cultures. Further, results revealed that majority of the respondents agreed that they are aware that taking up an insurance cover for education is inhibited by the cultural belief that education is foreign while majority of the respondents agreed that they are aware that that taking up an insurance cover for the girl child and women is inhibited by the cultural belief that the girl child and women are inferior. Results also indicated that other aspects of cultural beliefs that influence the decision to take up insurance are that some people believe that the society will take care of hospital bills and herbal medicine is affordable. Some cultural factors prohibit the discussion of some taboo topics such as the demise of a key bread winner and that some people believe that insurance is for the rich people only.

The regression results showed that there is a negative and significant relationship between cultural taboos and beliefs and insurance uptake as supported by a beta coefficient of -0.276 and a p value of 0.000. These results imply that an increase in the unit change in cultural taboos and beliefs would result to a decrease in the level of insurance uptake by 0.276 units. These findings agree with those of Park, Borde and Choi (2002) whose in his study found out that culture causes insurance pervasiveness, which can be defined as the combined penetration of life and non-life insurance.

5.2.3 Cultural Attitudes and Values and Insurance Uptake

The third objective of the study was to find out the effect of cultural attitudes and values on insurance uptake. Results revealed that majority of the respondents agreed that they are aware that some members of the society feel that paying for insurance is as good as throwing money away A majority of the respondents agreed that they are
aware that the taking up an insurance cover is considered a bad omen in some cultures. Results also showed that majority of the respondents agreed that they are aware that some members of the society feel that they have nothing to lose and hence no need to insure. Further, results revealed that majority of the respondents agreed that they are aware that some members of the society feel that they are “good people” and that risk and losses only happen to “bad people” while majority of the respondents agreed that they are aware that some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement. Results also indicated that other aspects of cultural attitudes and values that influence the decision to take up insurance are that insurance agencies have concentrated on health and/or accident issues and left out the ethics line. Other aspects also included an attitude of not planning for the future. “If tomorrow does not exist in my plans, why should I insure?”

The regression results showed that there is a negative and significant relationship between cultural attitudes and values and insurance uptake as supported by a beta coefficient of -0.615 and a p value of 0.000. These results imply that an increase in the unit change in cultural attitudes and values would result to a decrease in the level of insurance uptake by 0.615 units. These findings agree with those of Park and Lemaire (2011) who applied regression techniques to an unbalanced panel data that included 82 countries observed over a ten-year period by, to explore the factors that affect non-life insurance demand across nations. They found that non-life insurance consumption was adversely impacted in countries where a large fraction of the population had Islamic beliefs.

5.2.4 Language and Insurance Uptake

The fourth objective of the study was to establish the effect of language on insurance uptake on insurance uptake. Results revealed that majority of the respondents agreed that they are aware that speaking a different language makes it difficult to understand what the insurance agents are trying to explain and majority of the respondents agreed that they are aware that the legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public. Further, results revealed that majority of the respondents agreed that they are aware that the insurance language used by insurance agents when describing the different products
and benefits to the general public can be very confusing while majority of the respondents agreed that they are aware that that insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials. Results also indicated that other aspects of language that influence the decision to take up insurance are lack of clarity about the insurance products, little knowledge on the benefits of taking up insurance, lack of credibility, poor approach to clients influences the uptake of insurance and that the information given by the sales agents is normally distorted and misleading, meant to only make a sale. Other aspects were that people rarely hear about insurance unless it is about buying insurance or a new insurance product launch.

The regression results showed that there is a negative and significant relationship between language and insurance uptake as supported by a beta coefficient of -0.211 and a p value of 0.000. These results imply that a unit change in language would result to a decrease in the level of insurance uptake by 0.211 units. The results agree with those of Odemba (2013) who carried out a study on life insurance as an important aspect of the social-economic development of the society. The study findings indicated that major factors affecting penetration of life insurance include poor customer service, the complicated nature of life insurance products, poor sales agents’ integrity and lack of disposable income for most Kenyans.

5.2.5 Education and Insurance Uptake

The fifth objective of the study was to establish the effect of education on insurance uptake. Results showed that majority of the respondents agreed that they are aware that that some uneducated members in the society view insurance as an expensive venture. A majority of the respondents agreed that they are aware that some uneducated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance. The results also revealed that majority of the respondents agreed that they are aware that educated members in the society prefer to take insurance cover since they understand its benefits. Further, results revealed that majority of the respondents agreed that they are aware that some uneducated members in the society prefer not take life insurance while majority of the respondents agreed that they are aware that majority of life insurance takers are the educated members in the society. Results also
showed that other aspects of education that influence the decision to take up insurance are poverty, low income whereby earners don’t have enough money to cater for their basic needs and hence no room to consider taking up an insurance cover and the fact that the younger take care of the old which negates the need for the old to take up insurance. Another aspect was lack of financial education to the general population so as to understand the importance of risk and risk management.

The regression results showed that there is a negative and significant relationship between education and insurance uptake as supported by a beta coefficient of -0.226 and a p value of 0.000. These results imply that a unit change in education would result to a decrease in the level of insurance uptake by 0.226 units. These findings agree with those of Auerbach and Kotlikoff (2009) whose study showed a negative influence of education in the reviewed literature are potentially biased by exogenous factors such as inflationary periods or assess the relative insurance consumption of households.

5.3 Conclusions

Based on the findings the study concluded that religion has a negative effect on the uptake of insurance in Kenya. The study also concluded that cultural taboos and beliefs have a negative effect on the uptake of insurance in Kenya. Further, based on the findings it was possible to conclude that cultural attitudes and values have a negative effect on the uptake of insurance in Kenya. It was found that the language used by insurance sales agents and insurance documentation has a negative effect on the uptake of insurance in Kenya. Finally, the study also concluded that lack of education has a negative effect on the uptake of insurance in Kenya.

5.4 Recommendations

Based on the findings the study made the following recommendations;

i) The IRA and AKI should encourage insurance companies to sensitize the public on the different benefits of insurance and the insurance products available in the market on a regular basis, not just when selling insurance for example the UAP Ndakaini Marathon.
ii) The language used by insurance sales agents and in the proposal forms for insurance policies should be simplified so that potential clients can understand them better.

iii) The IRA and AKI should ensure that all the agents transacting the insurance business are properly trained, licensed and motivated to help reduce the perception that insurance agents are conmen or dishonest.

iv) The IRA and AKI should encourage opening up more offices in the counties to reach more potential clients. They should also team up with banks through bancassurance to increase sales and finance insurance premiums to ease the financial burden especially to salaries workers and small businesses with limited cashflows.

v) The Government through the Ministry of Finance should consider introducing legislation that makes more classes of insurance mandatory, not just motor vehicle insurance.

5.5 Areas for further studies
The study sought to establish the cultural factors that affect insurance uptake. The study recommends that further research should be done on;

i) The cultural factors that affect insurance uptake in other East African Community countries for comparison purposes.

ii) The challenges faced by the IRA while executing its mandate in the insurance industry in Kenya.

iii) The strategies that have been adopted by the Government and the IRA in order to increase insurance penetration as devolution increases in Kenya.
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APPENDIX I: INTRODUCTORY LETTER

Peter N. Gitau
Tel: 0722-516850
Date: 10th July, 2015
Dear Sir/Madam,

RE: CULTURAL FACTORS AFFECTING INSURANCE UPTAKE.

In fulfilment of the requirements for the award of the degree of Executive Masters of Business Administration of The Management University of Africa, I am required to carry out a study that seeks to analyze the Cultural factors affecting insurance uptake. You have been selected as one of the respondents.

Your specific answers will be completely anonymous, your views in combination with those of others, will extremely be important. The information generated using this questionnaire will be treated anonymously and your responses will be treated with utmost confidentiality. The information obtained will be used for academic purpose and for the benefit of the insurance and banking stakeholders.

Thanking you in advance for your support.

Yours faithfully,

Sign:……………………..
APPENDIX II: QUESTIONNAIRE

PART A: Demographic Characteristics

1. Gender
   i) Male [ ]
   ii) Female [ ]

2. Education
   i) Primary [ ]
   ii) Secondary [ ]
   iii) College [ ]
   iv) University [ ]
   v) Postgraduate [ ]

3. Experience
   i) 1 – 10 yrs [ ]
   ii) 10 – 15 yrs [ ]
   iii) 16 – 20 yrs [ ]
   iv) Above 20 yrs [ ]

4. Position held in the organization
   i) Senior Manager [ ]
   ii) Line Manager [ ]
   iii) Supervisor [ ]
   iv) Other [ ]

5. Insurance Uptake

This section aims to assess the extent to which individuals have taken up insurance.

Yes = 1, No = 0

<table>
<thead>
<tr>
<th>Insurance Uptake</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I have a life insurance cover.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 I have a car insurance cover.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 I have education insurance cover.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 I have other insurance cover.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART B: Religion and Insurance Uptake

6. For the following statements pertaining religion, please indicate your opinion to what extent you agree or disagree with them. Use the scale below.


<table>
<thead>
<tr>
<th>Religion</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religion may influence the decision of users to take up insurance cover or not.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Islamic religion is against insurance products that pay interest on premium savings.</td>
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<td></td>
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</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover.</td>
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<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Some sects of the Christian faith do not look at insurance positively because they are covered by their faith.</td>
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</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. What other religious aspect that influences the decision to take up insurance are you aware of?

1. ........................................................................................................

2. ........................................................................................................
PART C: Cultural Taboos and Beliefs on Insurance Uptake

7. For the following statements pertaining to cultural taboos and beliefs, please indicate your opinion to what extent you agree or disagree with them. Use the scale below.


<table>
<thead>
<tr>
<th>Cultural Taboos and Beliefs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  That taking up an insurance cover is a taboo in some cultures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Taking up an insurance cover is considered a bad omen in some cultures.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3  Taking up an insurance cover is considered to be related to witchcraft in some cultures.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4  Taking up an insurance cover for education is inhibited by the cultural belief that education is foreign.</td>
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<td></td>
</tr>
<tr>
<td>5  Taking up an insurance cover for the girl child and women is inhibited by the cultural belief that the girl child and women are inferior.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. What other aspect of cultural taboos and beliefs that influences the decision to take up insurance are you aware of?

1…………………………………………………………………………………………………………………..

2…………………………………………………………………………………………………………………..
PART C: Education and Insurance Uptake

8. For the following statements pertaining to education, please indicate your opinion to what extent you agree or disagree with them. Use the scale below.


<table>
<thead>
<tr>
<th>Education</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Some less educated members in the society view insurance as an expensive venture.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3  Educated members in the society prefer to take insurance cover since they understand its benefits.</td>
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<td></td>
</tr>
<tr>
<td>4  Some uneducated members in the society prefer not take life insurance.</td>
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<td></td>
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</tr>
<tr>
<td>5  Majority of life insurance takers are the educated members in the society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. What other aspect of informal risk sharing practices that influences the decision to take up insurance are you aware of?

1. ........................................................................................................

2. ........................................................................................................
PART D: Cultural Attitude and Values on Insurance Uptake

9. For the following statements please indicate your opinion to what extent you agree or disagree with them. Use the scale below.


<table>
<thead>
<tr>
<th>Cultural Attitude and Values</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Some members of the society feel that paying for insurance is as good as throwing money away.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Some members of the society feel that paying for insurance is a reserve of the rich.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3  Some members of the society feel that they have nothing to lose and hence no need to insure.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>4  Some members of the society feel that they are “good people” and that risk and losses only happen to “bad people”.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5  Some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. What other aspect of cultural attitudes that influences the decision to take up insurance are you aware of?

1. ..............................................................................................................

2. ..............................................................................................................
PART E: Language and Insurance Uptake

10. For the following statements please indicate your opinion to what extent you agree or disagree with them. Use the scale below.


<table>
<thead>
<tr>
<th>Language and Insurance Uptake</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 The insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. What other aspect of language that influences the decision to take up insurance are you aware of?

1........................................................................................................................................

2........................................................................................................................................