

**COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF ACCOUNTING AND FINANCE**



**ASSESSMENT OF FACTORS THAT AFFECTING THE DEVELOPMENT  
OF NON-LIFE INSURANCE (CASE STUDY IN NIB INSURANCE  
CORPORATION WOLKITE BRANCH)**

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**ARESEARCH PAPER SUBMITTED TO DEPARTMENT OF  
ACCOUNTING AND FINANCE DEPARTMENT IN  
PARTIALFULFILLMENT FOR REQUIREMENT OF BA DEGREE IN  
ACCCOUNTING AND FINANCE.**

**August, 2013 E.C  
WOLKITE ETHIOPIA**

## **Acknowledgement**

First of all, I would like to thank the ultimate thank to almighty God for the successful accomplishment of this research paper. Next to this, I would like thank my family for their moral and financial support through my academic life.

Thirdly, I would like to thank to my Advisor Mr. Muluaem (MSC) for his constructive and imperative guidance in accomplishment of this paper & I would also indebted to thank Wolkite University, college of business and economics, Specially; Department of Accounting and Finance, for the chance it gives to practice in research work.

Lastly, I would also thank all friends for their unreserved support by giving their laptop and paper for completion of this research.

## **Abstract**

*Insurance is a pooling of fortuitous losses by transfer of such risks to insurances, who agree to indemnity insured's for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk. Non-life insurance business typically consists of property and liability/casualty insurances. Property insurances indemnifies property owners against the loss or damage of real or personal property caused by various perils, such as fire, lightning, windstorm, or tornado. Liability insurance also covers the insured's legal liabilities arising out of property damages or bodily insures to others; legal defense costs are also paid. In general all insurance contracts, except life and personal accident are contract of indemnity, Means the insured's has against damages or losses. The studies would be focused to determine an assessment factors that affecting the development of non-life insurance in Nib insurance company of wolkite branch. The general objective of this study was to assess of the factors that affect the development of the non-life insurance in nib insurance corporation wolkite branch. The study adopted a descriptive research design and quantitative and qualitative analysis approaches whereas sample of 97 respondents were randomly selected using simple random sampling and data gather from primary sources. The primary data were collected through questionnaires and interview from employee of the company. The collected data was analyzed by using table, percentage. As the result outputs helps to notify the effects to develop non-life insurance and understanding of the society. This study concluded that, the factors that affect the development of nonlife insurance were lack of awareness and attitude of the society, income and wealth level of the society, high premium rate and the country socio-economic condition were the identified factor that affect the development of nonlife insurance in the company. The study recommended that a series of measures which could be taken by the company. The insurance company should build a culture of giving seminars to its customers in order to increase the society awareness attitude about insurance the importance of non-life insurance service.*

## **Acronyms**

NIC .....Nib Insurance Corporation

NBE .....National Bank of Ethiopia

NQ..... Number

NLI.....Non-life insurance

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The devices resembling insurance are said to exist in the early period of human existence. However, the practice of insurance services in Ethiopia in its modern sense is a recent phenomenon, which is said to have been started in the early 1905 when the bank of Abyssinia began underwriting fire and marine insurance as an agent to a foreign company (Wondwosen, 1998). Apart from its emerging and practice, insurance can give people in a society some degree of security. It allowed them to get peace of mind and relieves of a great deal of financial hardship. From this point of view Gorge E Rejda explain that insurance is a pooling of fortuitous loss by transfer of such risks to the insurers from such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risks (Rejda, 2008)

Non-life insurance focus on property and liability risks (HailuZelege, 2007). Due to constraints, it is not feasible to study about insurance in general. As a result, a non-life class of insurance business was analyzed in this study. Non-life insurance business typically consists of property and liability/casualty insurances. Property insurances indemnifies property owners against the loss or damage of real or personal property caused by various perils, such as fire, lightning, windstorm, or tornado. Liability insurance also covers the insured's legal liabilities arising out of property damages or bodily injuries to others; legal defense costs are also paid. In general all insurance contracts, except life and personal accident are contract of indemnity, Means the insured's has against damages or losses (Rejda, 2008).

### **1.2 Statements of the Problems**

The growth and development of non-life insurance business in a country depends on the levels of economic development (UNCTAD, 1992). From this argument, the investigator can say that there is a direct relationship between economic development and the amount people spend on insurance service business. It also shows that the insurance service business in Ethiopia is not satisfactory and the market share is very low as compared to developed countries. The price of insurance services and the social, economic and political features of a country influence the demand for insurance (UNCTAD, 1992). Here factors that influence the growth of non-life insurance activity

are a major issue that needs to be investigating. In this regard developing countries including Ethiopia have very low market share of insurance services business. The measuring system of cost and customers of it has also a problem where insurance companies may not have experience to set fair and properly before. Non-life insurance business sectors provide individual and member of a society compensating for their daily business without fear of any accident that may be happened to their properties.

Insurance has peculiars advantage as a device to handle risk and sought to use to bring about the greatest economic advantage to society (Teklegiorgis Assefa, 2004 p.71).The problem arising from general economic environment, which is external to insurance sector, includes growth of insurance markets (UNCTAD, 1992 factors that affect the development of non-life insurance like awareness level of societies and impact of high premium which were determinant factors.

Therefore the researcher would try to fill the gaps in previous researches and also would try to reach on a better conclusion to give appropriate recommendations and the influencing factors that hinders the development of non -life insurance

### **1.3Basic Research Questions:**

The researcher would be tried to investigate the factors that influence the development of the non-life insurance in Nib Insurance Corporation wolkite branch. Therefore researcher would be attempting to answer the following basic questions:

1. How claims settlement and premiums determined?
2. What are the Factors influencing the development of non-life insurance in Nib Insurance corporations?
3. What is the level of the society's awareness regarding non-life insurance?
4. How to suggest the significant of non-life insurance?
5. What is the impact of high premium on the development of non-life insurance in Nib insurance company?

## **1.4 Objective of the study**

### **1.4.1 General objective**

The main objective of this study is to assessment of the factors that affect the development of the non-life insurance in Nib insurance corporation wolkite branch.

### **1.4.2 Specific Objectives:**

- To identify factors that influences the growth of non-life insurance activities.
- To investigate the premium determination and claim settlement process of non-life insurance in Nib insurance corporation wolkite branch.
- To investigate the suggestion regarding to the significance of non-life insurance.
- To identify the impact of high premium on the development of non-life insurance.
- To identify the level of society awareness regarding to non-life insurance.

## **1.5 Significance of the Study**

This study has ultimate significance to show the operation non-life insurance industry in Nib Insurance Corporation wolkite branch and it would help to assess the levels of awareness in the public at large about general concepts and importance of non-life insurance service business which was not develop and well known by most of societies in Ethiopia before. For the policy makers it helped to assure the problems found in the investigation. As of this, the policy makers could design non-life insurance policy through guide by the study findings. On the other hand it also provided assistance for managers in order to design proper rules and regulations regarding to the implementation of policies and regulations that had linkage with non-life insurance business in Nib insurance corporation wolkite branch. It would help management to hedge against adverse factors, like uncertainty and capitalize on other like strong demand and cost complimentary that improve performance. Moreover, it could help the society to measure the performance of the portfolios and proceed with readjustments as acquired. Furthermore, this study could be promoting other supplementary studies to be under taken and it might be valuable in helping future research experience.

## **1.6 Scope of the study**

For the complete judgment of the significance of the roles that insurance services play in socio-economic development of Ethiopia all insurance class of business ought to be include in the study. But due to constraints, the scope of study would be limited to emphasized only on non-life classes of insurance business in Nib insurance Corporation wolkite branch .The reason for focusing on the non- life insurance of the company was more of the products that would be provided by the company were general insurance products like motor property, marine engineering, bonds, pecuniary & liability insurance products.

## **1.7 Limitation of the study**

In conducting this research the researcher faced some problem in relation to collecting primary Data that was, the Respondents in cases of unwillingness and frightened in providing full information and some questions were not filed as expected by researcher.

## **1.8 Organization of the Study**

The paper consists five chapters. The first chapter deals with the introduction part that consists of background of the study, statements of the problem, objectives of the study, significances of the study, scope of the study and limitation of the study. Chapter 2 contains a review of the related literature. The research design and methodology is presented in chapter 3. In chapter four, the results and findings of the study is discussed. Finally, the last chapter deals with the summary of findings, conclusions and recommendations that is forwarded both by the respondents and by researcher based on the result obtained.

## **CHAPTER TWO REVIEW OF RELATED LITERATURE**

### **2.1 Definition of non-life Insurance**

First let us define what insurance means, there is no single definition of insurance. Insurance can be defined from the view point of several disciplines, including law, economics, history, actuarial sciences, risk theory, and sociology.

However, after careful study, the commission on Insurance Terminology of the American Risk and Insurance Association has defined insurance as follows. Insurance is a pooling of fortuitous losses by transfer of such risks to insurers, who agree to indemnify insured's for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk.

### **2.2 Meaning and Importance of Non-life Insurance**

Non-life insurance refers to the property and liability insurance coverage. Fire insurance covers stationary property, marine insurance covers mobile property. Bonding is a special coverage that guarantees the performance of contract by one party to other, causality coverage includes accident and the other insurance. Besides the above mentioned categories miscellaneous insurance business means all other general insurance contracts including motor insurance.

The role of insurance is twofold. Insurance achieves both risk transfer and risk reduction. The insurer collects the premium from a group of business firms who want to protect their property against the damages. Insurance will then indemnify the firm that suffers losses to property out of the premium so collected. So the collective contributions of this entire group of the insured have been utilized to pay for the losses of the unfortunate few who sustain losses. Insurance also set as a risk reduction mechanism in various senses. Firstly, the individual risks have been shifted to the insurance company way of pooling. Secondly, firms risk exposure is well spread out because insurer has an access to the re-insurance market making possible a further spread of risks.

### **2.3 Types of Non-Life Insurance**

There are many kinds of insurance. The nature and type of insurance service offered differ from country to country and is directly affected by economic development of the country. If the country is economically developed the types of insurance service may be numerous. On the other hand, if

the country is less developed the types of insurance services could be few in number. In general, insurance can be classified as life and non- life insurance.

In non-life insurance the major one which in general worked are property and liability/casualty insurance. Property indemnities property owners against the loss or damage of real or personal property caused by various perils, such as fire, lightning, windstorm, or tornado . Liability insurance covers the insured's legal liability arising out of property damage or bodily injury to others; legal defense costs are also paid. The major property and casualty coverage that are being sold today are the following.

1. Fire insurance: this form of insurance covers losses caused by fire and lighting; it is usually sold as commercial multiple- peril policy. Allied lines refer to coverage's that are usually purchased with fire insurance, such as coverage for windstorm, hail, and vandalism. Indirect losses can also be covered, including the loss of business income, rents, and extra expenses.
2. Commercial multiple- peril insurance: it is a package policy, which can be written to include property insurance, general liability insurance, equipment break down insurance, and crime insurance.
3. General liability insurance: this form of insurance covers the legal liability of business firms and other organizations that arise out of property damage or bodily injury to others. Legal liability can arise out of the ownership of business property, sale or distribution of products, and manufacturing or contracting operations.
4. Commercial auto insurance: covers the legal liability of business firms arising out of the ownership or operation of business vehicles. It also includes physical damage insurance on covered business vehicles for damage or loss resulting from theft, or other perils.
5. Inland marine insurance; covers goods being shipped on land, which include imports, exports, domestic shipments, and means of transportation (for example, bridges, tunnels, and pipe lines). In land marine insurance also covers personal property such fine art, jewelry, and furs.

6. Ocean marine insurance: Covers Ocean- going vessels and their cargo from loss or damage because of perils of the sea; contracts are also written to cover the legal liability of shippers and owners
7. Equipment breakdown insurance/boiler and machinery insurance: it is a highly specialized line that covers losses due to the accidental breakdown of covered equipment.
8. Crime insurance: covers the loss of property, money, and securities because of burglary, robbery, theft, and other crime perils.
9. Other lines include aircraft insurance, which provides physical damage insurance on covered aircraft and liability covered for legal liability arising out of the ownership on operation of air craft. Credit insurance covers manufactures and wholesalers against loss because an account receivable is uncollectible. Financial guaranty insurance quarantines the payment of physical and interest on debt instrument issued by the insured (Redja, 2008). This means the Nib insurance corporation also provides non-life insurances services like the following...

## **2.4 General (Non-Life) Insurance Products**

### **2.4.1 Property Insurance**

- Motor Insurance
- Fire Insurance
- Burglary and House Breaking Insurance
- Plate Glass Insurance
- Marine Cargo Insurance
- Goods in transit
- “ALL RISK” Insurance

### **2.4.2 Engineering Insurance**

- Contactors “ALL RISK” Insurance (CAR)
- Erection all risk insurance
- Contractors plant and machinery
- Machinery Breakdown Insurance

- Machinery Breakdown Insurance
- Electronic Equipment Insurance (EEI)
- Boiler and Pressure Vessel Insurance Policy

#### 2.4.3 Liability Insurance

- Public Liability Insurance
- Professional indemnity Insurance
- Product Liability Insurance
- Carrier Legal Liability Policy
- Workmen Compensation
- Business Interruption Insurance
- Pecuniary Insurance
- Bonds
- Fidelity Guarantee Insurance Policy
- Money Insurance
- Group/Personal Accident Insurance (GPA/PA)

### **2.5 Property and Liability Loss Exposures**

Property loss exposures: the two major categories of property are real property and personal property has been defined as “Land and whatever is growing on it, erected on it, or a fixed to it.” Personal property has been defined as anything that is subject to ownership other than real property. When those properties are damaged, there may be both direct and indirect losses. A direct loss occurs when there is damage to property. Indirect loss occurs when a direct loss causes expenses to increase or revenues to decline. Because of these dual natures of property losses, many insurance contracts insure both direct and indirect losses in the same contract; furthermore all types of property are not insurable. Generally, insurance contracts only cover loss to tangible property.

Liability Exposures: one of the most generous financial risks covered by insurance is that of loss through legal liability for harm caused by others. Insurance for liability losses is more complex than property insurance, because people other than the insured and the insurer are involved. Interims of liability insurance policies are usually restricted to pay for bodily injury, property damage, personal injury, and legal expenses. There are numerous types of liability exposures.

These exposures arise out of different functions performed and standards of care required of persons or organizations.

**Contractual liability:** one liability may be imputed to another by contract. Employer – employee liability: employees are still subject to the law of negligence with respect to employment not covered by workers compensation laws.

**Personal injury:** result from libel, slander, invasion of privacy, false arrest, and the like.

**Legal expenses:** individual and organization being sued must be prepared to retain a lawyer for their defense, as the defense process can be very costly.

**Property owner- tenant liabilities;** is a situation that involves the use of real property, the tenant or owner owes a certain degree of care to those who enter the premises.

## **2.6 General Principles of Non-Life Insurance**

### **1. Existence of insurable interest**

This principle requires that an insured must lose if a loss occurs, or must incur other kind of harm if the loss takes place. To be enforceable, all insurance contracts must be supported by an insurable interest; otherwise, insured could collect even though a loss had not occurred. Three fold purpose of this principle are to prevent gambling, to reduce moral hazard, and to measure loss. For property and liability insurance, insurable interest exists at the time of loss. It may not have to exist at the time of inception of the policy because; most property and liability insurance are contract of indemnity and expect to have an insurable interest in the future, at the time of possible loss.

### **2. Principle of Indemnity**

Indemnity refers to provision of financial compensation to the policy owners in the event insured against materialized and creates a loss. According to the principles of indemnity, an insured may not collect more than the actual loss in the event of damage caused by an insured peril. It is used to prevent anti-social acts, to prevent the insured from profiting from insurance, and to reduce/control moral hazards. All insurance contracts other than life and personal accident insurance are contracts of indemnity.

### **3. Principle of subrogation**

This principle groups out of the principle of indemnity. According to this principle, the insurer substitutes the insured for the purpose of claiming indemnity from a third quality person for the loss covered by insurance. The purpose of this principle is to prevent the insured from collecting twice for the same loss, to hold down insurance rates, and to hold the quality person responsible for the damages or losses he/she created.

### **4. Principle of utmost good faith**

This principle emphasizes that a higher degree of honesty is imposed on both parties to an insurance contract than is imposed on parties to other contracts. The courts have given meaning to the principle of utmost good faith through doctrines related to the doctrine of representation, the doctrine of warranty, and the doctrine of concernment.

### **5. Principle of contribution**

The principle of contribution refers to the right of insurers who paid under a policy to call upon the other insurers equally or otherwise liable for the same loss to contribute for payment.

## **2.7 Social and Economic Value and Costs of non-life Insurance**

Non-life Insurance has peculiar advantages as a device to handle risk and so ought to be used to bring about the greatest economic advantage to society. Some of the social and economic values and costs of insurance are contrasted as follows.

### **2.7.1 Social and economic values**

Reduced reserve requirements: the central economic function of insurance is to obtain the advantages that flow from the reduction of risk. One of the chief economic burdens of risk is the necessity for accumulating funds to meet possible losses, and one of the great advantages of the insurance mechanism is that it greatly reduces the total of such reserves necessary for a given economy.

Capital freed for investment: another aspects of the advantage just described is the fact that the cash reserves that insures accumulate are made available for investment. Insurers are among the largest and most important institutions collecting and distributing the nation's savings. From the view point of the individual, the insurance mechanism enables renting an insurer's assets to cover

uncertain losses rather than providing this capital internally, much like renting a building instead of owning one. Capital thereby released frees funds for investment purposes.

Reduced cost of capital. Because the supply of investable funds is greater than it would be without insurance, capital is available at a lower cost than would otherwise be possible. This result brings about a higher standard of living because increased investment itself will raise production and cause lower prices than would otherwise cause.

Loss control activities. Another social and economic value of insurance lies in its loss control or loss prevention activities although it is not the main function of insurance but merely to spread losses among members of the insured group, insurers are nevertheless vitally interested in keeping losses at a minimum.

Business and social stability: finally, the existence and availability of insurance can lead to increased business and social stability. For example if adequately protected, a business need not face the grim prospect of liquidation following a loss of firm's assets by theft can be reimbursed. Whole cities ruined by a hurricane can be rebuilt from proceeds of insurance.

### **2.7.2 Social Costs of non-life insurance**

No institution can operate without costs. The costs for non-life insurance institution also include the following.

Operating the non-life insurance business. The main social cost of insurance lies in the use of economic resources, mainly labor, to operate the business.

Losses that are internationally caused: a second social cost of insurance is attributed to the fact that if it were not for insurance, certain losses would not occur- losses that are caused internationally by people in order to collect on their policies.

Losses that are exaggerated: related to the cost of intentional losses is the tendency of some insured to exaggerate the extent of damage that results from purely unintentional losses.

## **2.8 Premium Determination and Claim Settlement Process**

### **2.8.1 Rate Making**

A rate is the price per unit of insurance. An exposure unit is the unit of measurement used in insurance pricing. It varies by line of insurance. The pure premium refers to the portion of the rate needed to pay losses and loss-adjustment expended loading refers to the amount that must be added to the pure premium for other expense profit, and a margin for contingencies. The gross rate consists of the pure premium and loading element. Finally, the gross premium paid by the insured consists of the gross rate multiplied by the number of exposure units.

### **2.8.2 Rate making in property and liability insurance**

There are three basic rate making methods in property and liability insurance judgment, class, and merit rating.

- Judgment rating- means that each exposure is individually evaluated, and the rate is determined largely by the under writer's judgment. This method is used when the loss exposures are so diverse that a class rate cannot be calculated, or when credible loss statistics are not available.
- Class rating: most rates used today are class rates class rating means exposures with similar characteristics are placed in the same underwriting class, and each is charged the same rate. The rate charged reflects the average loss experience for the class as a whole. It is based on assumption that future losses to insured will be determined largely by the same set of factors. There are two basic methods for determining class raters: The pure premium and loss ratio methods. Pure premium can be determined by dividing the dollar amount of incurred losses and loss-adjustment expenses by the number of exposure units. The expense ratio is that portion of the gross rate available for expense and profit. The final gross rate can be determined by dividing the pure premium by 1 minus the expense ratio.
- Merit rating- it is a rating plan by which class rates are adjusted upward or downward based on individual loss experience. It is based up on the assumption that the loss experience of a particular insured will different substantially from the loss experience of other insured.

### **2.8.3 Claim Settlement**

Every insurance company has a claims division or department for settling claims. From the insured point of view, there are several basic objectives in settling process. The first objective in settling claims is to verify that the covered loss has occurred. The second objective is the fair and prompt payment of claims. And the third objective is to provide personal assistance to the insured after a covered loss occurs.

#### **Types of claim adjustors**

A person who adjusts a claim is known as a claims adjustor. The following are types of claim adjustors. Those include Agent, Company adjustors, Independent adjustor, Adjustment bureau, and Public adjustor. Furthermore there are several important steps in settling a claim. The following are major steps. Firstly, notice of loss must be given, secondly, the claim is investigated, thirdly proof of loss may be required and lastly decision is made concerning payment.

### **2.9 Policy Provisions of Non- Life Insurance**

There are many similarities in insurance contracts that are best studied and analyzed at one time. For example, most contracts contain certain exclusions and conditions that must be met an understanding of insurance contract in general, even when a given policy applies a different name to certain types of provision or condition. The major parts of policy are.

- The declarations: in the declaration section of the policy, which is usually on the first page, the policy number is given as well as the address of the insured or the insured property. The insured name, the agent's name, and the premium are also given.

The insuring agreement: One of the first elements of any contract is a statement of the essence of what is agreed on between the parties. In insurance this is found in the insuring clause, or insuring agreement, which normally states what the insurer agrees to do and the major conditions under which it is so agrees. The insurer promises to compensate the insured if a loss due to an insured peril occurs and if the insured meets the condition of the contract. The insured also promises to pay the premium and to conform to the condition of the policy. The most critical part of the agreement is the statement of what the insurer promises.

*Exclusions:* Exclusions are used to help to define and limit the coverage provided by an insurer. Policies often have very broad insuring agreements, with the coverage subsequently narrowed by the use of exclusions. Typically, exclusions are used to restricted coverage of given perils, losses, property, and locations.

*Condition:* All insurance contracts are written subject to certain conditions, breach of which is usually grounds for refusal to pay in the event of loss. Therefore, the conditions should be ready with care, even though in some cases the insurer does not insist on exact compliance. Most of the conditions have to do with such matters as loss settlements, actions required at the time of loss, valuation of property, cancellation of coverage, and suits against the insurer.

## **2.10 Factors that affect the development of Non-Life Insurance.**

As sighted from (Muluneh, 2005), the following are influencing factors that affect the growth for non-life insurance.

### **1) Awareness and attitude of the society toward non-life insurance service**

The main factor affecting a person's demand for non-life insurance cover is that of the person's awareness and attitude to risk. If a person becomes well aware to the risk that he/she may face, he will look for transferring the burden, which he cannot or do not want to handle by himself, to some body that is willing to accept the risk. In such case, insurance companies are the one who are legally established to perform the risk accepting business. So that the awareness and attitude of or the fiving to being expose to any risk plays a pivotal role in the demand for insurance.

This is because if somebody become aware that he is exposed to a certain risk and if he thinks that he can manage to overcome the problem when the risk materialized, then he will hardly got to any insurance office as he rather chooses to be his own insurer, so awareness of the exiting risk together the attitude to the risk have a considerable effect on demand of insurance.

The lack of non-life insurance awareness in the general public in Ethiopia insurance corporation arises from the mechanism of conducting the market, which is mainly restricted to sales agent's introduce insurance service only for their own advantage i.e. to gage commission. They selectively look for people that have the potential to pay higher premium for non-life insurance. There is no

as such any means for the public to get the information about insurance service especially in the previous period.

## **2) Income and wealth**

Income and wealth of a person play a key role in stimulating the demand for non-life insurance. A person needs insurance cover when his income or wealth is adequate enough to satisfy his main requirement. The higher income or the wealth of an individual, the more he is interested to have an insurance cover. The person with high income is able to pay the amount required for the insurance cover to pay the amount required for the insurance cover.

At the country level an increase in the living standard of the society will lead to an increase in the insurance demand, in this respect the majority of the population these lower living standard cannot able to pay insurance premium which is one of the factors, that inhibits the growth of non-life insurance.

## **3) The Price of non-life Insurance (Premium)**

Price in general is the major component which affects the willingness to buy a certain good or service. So if someone wants to buy non –life insurance and have sensitivity to price, he/she may be save himself/herself from buying it. So that is one of the factors that influence demand for non-life insurance.

### **Empirical Reviews.**

- Mazviona et.al. (2017) undertake the study on factors affecting the performance of insurance companies in Zimbabwe. The study used secondary data from twenty short-term insurance companies which was collected through panel data from the period of 2010 to 2014 for years.
- Boyjoo and Ramesh (2017) investigate the factors influencing the performance of general insurance companies operated in Mauritius for a five consecutive years from 2011-2015. The study used 11 explanatory variables which influence the financial performance of the insurers such as company size, underwriting risk, leverage, liquidity, investment performance, re-insurance dependency, sale profitability, net operating expense, industry

concentration ratio, growth rate and company age. In the study, performance of general insurers was determined by using Return on Assets (ROA) as dependent variable. The panel data of ordinary least square(OLS) multiple regression is used to analyze the secondary data collected for the study purpose.

- Daare (2016) undertake the study to identify factors that determining non-life insurance companies` profitability in India on eight general insurance companies (2 publics and 6 private companies) from the year of 2006 to 2016 through the panel data. The secondary data which collected from annual audited financial statement is used in the study. To see the impact, the author tested eight major combinations of both internal and external variables such as size, capital adequacy, liquidity, loss ratio, premium growth, age, GDP and inflation. The return on asset is used as a proxy to measure profitability of the companies which is dependent variable.

## **Variables**

- Independent variables:- Awareness and attitude of the society, Income and wealth, the Price of non-life Insurance (Premium)
- Dependent variables:- development of insurance

## **Knowledge Gap**

The knowledge gap that have addressed in this study is that, some research findings do not appear to have transferred well to the workplace that product dual camp of knowledge producer from knowledge user, hence, it creates knowledge gap. This study is expected to give general enlightens (explanation) on the type of problem on hand in developing countries context like in Ethiopia.

## **CHAPTER THREE**

### **3 RESEARCH DESIGN AND METHODOLOGY OF THE STUDY**

#### **3.1 Research design**

Research design was usually a plan or blue print which specifies how data relating to a given problem should be collected and analyzed. In this study, the researcher used descriptive type of research design and the researcher prefers to present the outcome of the study with qualitative manner to overcome the problem of other design alternatives due to their complexity.

#### **3.2 Area of the study**

Welkite (also transliterated Wolkite ) is a town and separate woreda in south-western Ethiopia . The administrative center of the Gurage Zone of the Southern Nations, Nationalities and Peoples' Region (SNNPR), this town has a latitude and longitude of 8°17'N 37°47'E / 8.283°N 37.783°E and an elevation between 1910 and 1935 (1,910 ) m (6,270 ft) meters above sea level. It is surrounded by Kebena woreda and it was part of former Goro woreda. Based on the 2007 census, This city has total population of 28,866.

#### **3.3 Sources of Data**

For the successful completion of this study, the researcher used only primary source. Primary source was collected through questionnaire prepared for customers of Nib insurance company wolkite branch and interviewing with the company's staff manager.

#### **3.4 Methods of data collection**

The required data were collected from primary source. To gather primary data the researcher has been used questionnaire and interview to gather information from customers and staff manager to access the assessment of factor that affect the development of non-life insurance Nib insurance corporation wolkite branch.

#### **3.5 Sample Technique & Sample Size**

The researcher would be used simple random sampling for the selection of the sample. The questionnaires were distributed to some customers of the company who were selected by the researcher randomly and to some customers' arrived accidentally. The Interview was presented to the manager of the company.

The researcher would obtain a sample size of 97 by using the formula that was driven by Yemem and slovin in 1967. This implies that –

$$n = \frac{N}{1 + (N \cdot e)^2} \quad \text{Where ; } N = \text{Total population}$$

n = Sample Size

$e^2$  = estimated error

$$n = \frac{3504}{1 + 3504(0.1)^2} = \frac{3504}{36} = 97$$

### **3.6 Target population of the study**

The target population of the study is the customer of Nib insurance company and staff manager of the company. This population is the sum of both customers and employees including the manager of the company. From this population 3500 is customers and 4 is employees of the company.

### **3.7 Data analyze and interpretation**

After necessary data has been collected from primary sources. It has been analyzed and interpreted by using appropriate tools tables and percentages. The data that collected from questionnaires and interview were analyzed separately to understandable and comprehensible to the researcher.

## **CHAPTER FOUR**

### **4 DATA ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

As it was explained in methodology section, the information gathered from primary source especially through distributing questionnaire and interview was analyzed interpreted. In addition

to this the collected data were interpreted by using percentages and tables by using descriptive analysis method.

## 4.2 Background information from Respondents

Questionnaires were distributed to the user of non-life insurance and employees of Nib Insurance Corporation wolkite branch. Among 97 questionnaires which were distributed to user of the non-life insurance, 80 questionnaires were responded with valid response so as to analyzed and interpreted by researcher.

The demographic characteristics include: gender, age, marital status level of education, occupation and frequency of usage of the respondent. This aspect of the analysis deals with the personal data on the respondents of the questionnaires given to them. The table below shows the details of background information of the respondent.

### 4.2.1 Demographic characteristics of respondents

**Table 4.1 Sex structure of respondents**

	Item		No	Per cent
1	Sex	Male	50	62.5
		Female	30	37.5
		Total	80	100

*Table 1 sex structure of respondents*

*Source: Own Questioners 2013*

The table above describes sex composition of the respondents. This shows that the majority of respondents were male. Therefore the organization should work hard to attract more female customers.

**Table 4.2 Age structure of respondent**

no	Age		number	Per cent
2		20-25	19	23.75
		26-35	40	50
		36—45	13	16.25
		Above 46	8	10
		Total	80	100

Table 2 Age structure of respondent

Source: Own Questionnaires 2013

Table above describes the age composition of the respondents. This indicates that majority of the customers were young age and the non-life insurance users, since the majority of its customers were young who would like to use them the organization was advantageous.

**Table 4.3 Marital status of respondent**

Marital	Number of respondents	Per cent
Married	45	56.25
Single	24	30
Divorced	11	13.75
Total	80	100

Table 3 Marital status of respondent

Source: Own Questioners 2013

From the above table described the marital status of the respondents were revealed that most customers of the non-life insurance users of the organization were married and that had their own business.

**Table 4.4 Educational status of respondents**

No	Item		No of response	Per cent
4	Educational status	High school	40	50
		Diploma	21	26.25
		Degree	13	16.25
		Above degree	6	7.5
		Total	80	100

Table 4 Educational status of respondents

Source: Own Questioners 2013

As the researcher observed from response obtained in table above majority of the respondents were indicate that the majority of user of non-life insurance in Ethiopian insurance corporation Nib branch almost who have completed grade ten and above.

**Table 4.5 Occupation status of respondent**

Occupation	Number of respondents	Per cent
Government employee	11	13.75
Non-government employee	16	20

Self-employee	48	60
Other	5	6.25
Total	80	100

*Table 5 occupation status of respondent*

*Source: Own Questionnaires 2013*

Regarding to the occupation as presented in the above table show due to governmental employees may have constant income and many time use government properties, they do not obligated to have insurance services because government have an obligation to buy insurance for that properties. Whereas, non-governmental employees and self-employed may be engaged in activities because they fear the (hazard) loss for their properties, which were prone to risk and uncertainty.

### **4.3 Interpretation and analysis of the questionnaire**

The questionnaires that were given and data obtained from respondents and interviews from managers has been analyzed and interpreted. Thus in these section responses from both respondents were summarized in the form of table and percentage.

**Table 4.6 Customers that were bought Nib non-life insurance or not**

Item	Response	Frequency	
		No of respondents	Percentage (%)
Did you bought Nib non-life insurance?	Yes	80	100%
	No	-	-
	Total	80	100%

*Table 6 customers that were bought Nib non-life insurance or not*

*Source: Own Questionnaires survey 2013*

As indicated in the table above, 100% or 80 customer respondents were replied yes and they have been bought Nib non-life insurance.

**Table 4.7 Types of non-life insurance insured's bought by customers**

Question	Respondent	No of response	percentage
	Motor insurance	48	60

What types of non-life insurance service you bought?	Fire insurance	24	30
	bond insurance	8	10
	Workmen's compensation insurance	-	
	Engineering insurance	-	
	Other	-	
	Total	80	100

Table 7 Types of non-life insurance insured's bought by customers

Source: primary source 2013

As table above Show the types of insurance bought by respondents. This implies that most respondent were the users of motor insurance. But none of the sample insured's have bought work men's compensation insurance engineering and any other types of non-life insurance. This is because as it understands from the customer of the company, such like service of insurance did not developed more in the country recently, but insurance service like fire, motor and general liability insurance were familiar more in the society which have a great role in the development of the non-life insurance.

**Table 4.8 Length of time insured the customers of Nib insurance**

Item	Description	Respondents	
		No of respondents	Percentage
For how many years did you have non-life insurance services?	less than 1year	-	
	1-5years	80	100
	5-10years	-	
	More than 10years	-	
	Total	80	100

Table 8 Length of time insured the customers of Nib insurance

Source: Own Questionnaires 2013

Table above also shows that, customers' length of time insured Nib insurance company. As a result, the table 100% of the customers were recently insured (i.e. 1years)

Item	Response	Frequency	
		No of respondents	Percentage (%)
Question			

What motivate you to be insured Nib non-life insurance?	afraid there will be an accident	59	73.75
	Interest to be confidential in time of lose	21	26.25
	Total	80	100%

**Table 4.9 Motives of customers to be insured Nib insurance company**

*Table 9 Motives of customers to be insured Nib insurance company*

*Source: Own Questionnaires survey 2013*

From the table above, we can understand that, the motives of the customers to be insured/made insurance contract in Nib insurance company are different from one another. As a result, the study indicates that; the major customers are motivated by their interest of being confidential during the occurrence of risk.

**Table 4.10 Awareness Levels of Customers in Nib Insurance Corporation**

Question	Description	Respondents	
		No of respondents	Percentage
What is the level of your awareness about no-life insurance?	Very good	36	45
	Good	24	30
	Fair	12	15
	Poor	8	10
	Very poor	-	-
	Total	80	100

*Table 10 Awareness Levels of Customers in Nib Insurance Corporation*

*Source: Own Questionnaires 2013*

As indicated in the table above, data implies most customers have very good awareness about insurance and have no customers without awareness.

**Table 4.11 Motivation provided by insurance company to insured's customers to know about non-life insurance policy provision.**

Item	Response	Frequency	
		No of respondents	Percentage (%)
Question			

Does the insurance company motivate you to know about non-life insurance policy provided by it?	Yes	51	63.75
	No	29	36.25
	Total	80	100%

Table 11 Motivation provided by insurance company to insured's customers to know about non-life insurance policy provision.

Source: Own Questionnaires survey 2013

According to the survey presented in table above 63.75% of the insured's motivated by their insurer to know about non-life insurance policy provided by it. This implies that the insurance company that provide and operate insurance business would like to increase the awareness of their clients about the non-life insurance policy to increase their number of customers and their business. And 36.25% of the insured's replied that they did not motivate by insurance company to know about non-life insurance policy. It may be as a result of low level of motivation of the insured's to know about non-life insurance policy or unwillingness of customer to know about it. The other reason may be arising from the non-life insurance companies itself.

**Table 4.12 Notification about the new and modification of the existing policies on timely basis**

Item Question	Response	Frequency	
		No of respondents	Percentage (%)
Does the insurance company notify you about the new and modification of existing policies on timely basis?	Yes	64	80
	No	16	20
	Total	80	100%

Table 12 Notification about the new and modification of the existing policies on timely basis

Source: Own Questionnaires survey 2013

The above table indicates that, there is notify of the new policy to the customer on time as it is very important to the customer.

Item	Response	Frequency
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Question		No of respondents	Percentage (%)
Do you think that the influence of social, economic and political features of the country on the growth of non-life insurance business	Yes	17	56.7
	No	13	43.3
	Total	30	100%

**Table 4.13 The influence of social, economic and political features of the country on the growth of non-life insurance business**

*Table 13 The influence of social, economic and political features of the country on the growth of non-life insurance business*

*Source: Own Questionnaires survey 2013*

The literature review states that social, economic and political features of the country level have effect on the growth of non-life insurance business (Muluneh, 2005). Based on this argument the investigator asked sample insured and get a response. This implies that the influence of social, economic and political features of the country have were the factor to effect the development of non-life insurance in the company.

**Table 4.14 The Awareness and attitude of the society toward non-life insurance service**

Item	Response	Frequency	
Question		No of respondents	Percentage (%)
Do you think that awareness and attitude level of society as a factor that affects the development of non-life insurance service?	Yes	61	76.25
	No	19	23.75
	Total	80	100%

*Table 14 The Awareness and attitude of the society toward non-life insurance service*

*Source: Own Questionnaires survey 2013*

As table above shows the level of awareness and attitude of society factor that affecting the development non-life insurance. This implies that awareness and attitude level of society could be a factor that affects the development of non-life insurance service. Because If a person becomes well aware and have good attitude to the risk that he/she may face, he will look for transferring the burden, which he cannot or do not want to handle by himself, to some body that is willing to accept the risk.

**Table 4.15 Income and wealth level of society factor that affect the development of non-life insurance**

Item	Response	Frequency	
Question		No of respondents	Percentage (%)
Do you belief that income and wealth level a factor that affect the development of non-life insurance service?	Agree	72	90
	Disagree	8	10
	Total	80	100%

Table 15 Income and wealth level of society factor that affect the development of non-life insurance

Source: Own Questionnaires survey 2013

As table above shows the sample insured's asked as if the income and wealth level of society could be a factor that affects the development of non-life insurance. This show that income and wealth level of society is one determinant factor that affect the development of non- life insurance service. Therefore the higher income or the wealth of an individual, the more he is interested to have an insurance cover. The open with high income is able to pay the amount required for the insurance cover to pay the amount required for the insurance cove.

**Table 4.16 The impact of high premium on the development of non-life insurance.**

Item	Response	Frequency	
Question		No of respondents	Percentage (%)
Do you agree that high premium effect on the development of non-life insurance?	Agree	56	70
	Disagree	24	30
	Total	80	100%

Table 16 The impact of high premium on the development of non-life insurance.

Source: Own Questionnaires survey 2013

From the table above that, implies high premium effect on the development of non-life insurance. Therefore the amount of premium would vary and tends to increase with inflation, although, the advance payment of the premiums will reduce the inflation and increasing costs of insurance risks so that hinder the development of non-life insurance.

**Table 4.17 Customers claim against the insurance company**

Item		Frequency
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Question	Response	No of respondents	Percentage (%)
Have you ever report a claim against your insurance policy practice to the company during the past five years?	Yes	60	75
	No	20	25
	Total	80	100%

*Table 17 Customers claim against the insurance company*

*Source: Own Questionnaires survey 2013*

As table above shows, during the previous insurance period, from the total insured's 75% of them get a claim against their insurance, while the remaining 25% doesn't get claim. From this the investigators can conclude that almost above the half of the customers were getting the claim properly which was comparable with their needs and wants by Nib insurance company. Therefore the reason that the insured's buy non-life insurance is to get claim at the time of damage or loss of their property.

**Table 4.18 Customers satisfaction about claim settled**

Item	Description	Respondents	
Question		No of respondents	Percentage
How did you fill with the payment of premium for non-life insurance service that you have been got?	Entirely satisfactory	32	40%
	More or less satisfactory	36	45%
	Not all satisfactory	12	15%
	Total	80	100

*Table 18 Customers satisfaction about claim settled*

*Source: Own Questionnaires 2013*

As table above shows customers' satisfaction about claim settled. It shows that somewhat the customers did not at all satisfied with the claim they get because it was not fully enough to cover the loss that happened to their properties.

**Table 4.19 Extra payment of premium beyond the normal policy of the insurance company**

Item Question	Response	Frequency	
		No of respondents	Percentage (%)
Have you ever been paid an extra premium beyond what the insurance company policy normally covers?	Yes	13	43.3
	No	17	56.7
	Total	30	100%

*Table 19 Extra payment of premium beyond the normal policy of the insurance company*

*Source: Own Questionnaires 2013*

As table the above shows, 43.3% of the sample insured's replied that the amount of premium they were paid an equal to the amount of non-life insurance policy normally could covers, i.e. they didn't pay an extra unit of premium. Whereas 56.7% of the sample insured's replied that they were pay an extra premium beyond the non-life insurance policy normally could cover. This implies that there were rare cases to pay extra premium beyond the insurance company policy by the insured's.

**Table 4.20 Equivalence of premium paid by insured's with claim settled to insured's**

Item Question	Response	Frequency	
		No of respondents	Percentage (%)
Is the premium you pay for non-life insurance service equivalent with the claim settled to you?	Yes	48	60
	No	32	40
	Total	80	100%

*Table 20 Equivalence of premium paid by insured's with claim settled to insured's*

*Source: Own Questionnaires survey 2013*

In general as table above shows, 60% of the sample insured's said that the amount of premium they pay for non-life insurance service was equivalent with the claim settled for them. Whereas the remaining 40% of the sample insured's said that the premium they pay is not equivalent with the claim settled for them, so the researcher conclude that some of the respondents are believe that the premium and claim are not equalized while others said its equalized, this shows some level of the society affect with premium determining of the company (means as premium and claim were equalized as they were not suffer with extra expenses more than the claim they get.

#### **4.4. Results of the interview**

As the manager of Nib insurance corporation wolkite branch respond the interview questions.

**Qn1. Do you think that there are factors affecting the development of non-life insurance?**

From the result of the interview the researcher is able to identify factors affecting the development of non-life insurance services.

Those factors includes, lack of willingness to involve the seminar or other awareness mechanisms the company provide, lack of good educational level, the clients being not willing to involve in the awareness creation seminar provided.

**Qn2. Is there Relation between economic development of the county and the amount paid for insurance service?**

From data obtained of the interview there were relation and effects of a country economic on payment of insurance services.

There were a relationship between economic development and the amount paid for insurance service which can affect the development of non-life insurance services, this mean the customer more feel with payment.

As payment was increase comparing with the service they give, the user of non-life insurance would be decrease. As payment was comparable with service they give, the user of it would be increase.

**Qn3. How was the attitude of the society towards the non-life insurance service?**

According to response obtained from interview the main factor affecting a person's demand for non-life insurance cover is that of the person's attitude to risk. If a person becomes well aware to the risk that he/she may face, he would look for transferring the burden, which he cannot or do not want to handle by himself, to some body that is willing to accept the risk. In such case, insurance companies are the one who are legally established to perform the risk accepting business.

So that the attitude of or the fiving to being expose to any risk plays a pivotal role in the demand for insurance.

**Qn4. Is the factor that affect costumer's awareness and development of non-life insurance?**

From the result of the interview the researcher was able to identify factors affecting customer awareness about insurance policy.

Those factors includes, lack of willingness to involve the seminar or other awareness mechanisms the company provide, lack of good educational level, the customers being not willing to involve in the awareness creation seminar provided.

**Qn5. What are the mechanisms employed by the corporation to attract customers?**

According to result obtained from interview the Nib insurance corporation attracts customer/client by using different mechanism involving the following.

- Showing good face /smiling purposely
- Giving good respect
- Good wearing style
- Ability to kick customer mind will (proper communication and accepted by the client)
- Good market value agreement tats the time of the contract.
- Payment of proper indemnity for the loss (according to the degree of insure or danger).
- Speed settlement of claim so as not to make board the client of the company.
- Good ways of expression and understanding the behavior of the client and act as their willingness if proper.
- Discount the payment of premium if there is no damaging in period of 1 year
- Through time it gives for their employee share of the company.

**Qn6. Have you ever practiced in creating awareness about insurance to your client?**

From data obtained from interview the corporation gives advice for customers.

In addition to giving advice the company also engaged in creating awareness about insurance to the client, by preparing seminars to the policy holder, announcing changes in policy whenever there is, advertising by trained employees and medias when sponsoring the media is allowed to informing the policy cover which states the coverage of the indemnification against the loss and the un covered losses (stated in the policy exclusion) and informing the policy condition that states the agreement of the insurance policy at all. (i.e stating conditions when making insurance contract

including: notification of accident, claim procedure, payment of indemnification, and other insurance related concepts).

**Qn7. Is a condition when the corporation didn't cover the loss incurred by insured's?**

From result obtained of the interview there is the policy of exclusion and conditions the corporation didn't cover the loss incurred by insured.

They includes the following consequential loss, depreciation, wear and tear, mechanical breakdown, Damage caused by over loading or strain, damage caused by explosion of any boiler attached to the motor vehicle, damage to types and batteries unless the motor vehicle damaged at the same time. These are conditions that the company didn't cover the loss.

**Qn8. Have you ever given any advice service to the customer (e.g about how to handle their property)?**

**For insured of vehicle or motor:-**

- Deriving slowly, if the client is insured for car.
- Inspection or observation of different spare parts of the car before driving.
- Not driving after drinking and other related stimulates.
- Over loading is the one which cases a series problem. ((i.e. overload can case for series loss, and the driver should fix the load that the motor force can handle.)

**Qn9.What is the situation between Nib insurance and the insured to clearly know their duties on mutual understanding bases that is based on genuine and honesty manner?**

As insurance is a contract between two parties, the insurer and the insured both need to clearly know their duties on mutual understanding bases that is based on genuine and honesty and in order to enhance responsibility, positive work culture, team sprites and good interpersonal relationship of employee, continue altitudinal change and trading so this condition important for development of both parties.

**Qn10.Is there case when the amount of premium collected from the insured's sometimes is not equivalent with the claim settled to them?**

According to the result obtained from interview the amount of premium collected from the insured's sometimes was not equivalent with the claim settled to them.

There was rare case to pay extra premium beyond the normal insurances company policies.

The premium determination and claim settlement process was different according to classes of business.

Whereas, claim settlement process is too broad and it is based on policies, terms and conditions.

But, the general guidelines for premium determination are assessment of insurable interest and market competition.

## CHAPTER FIVE

### 5 SUMMERY OF FINDING & RECOMMENDATION

#### Introduction

In this section, the researcher provides a discussion on the findings of the research in relation to the literature review. The summary of major findings and recommendations in regards to the assessment of factors that effecting the development of non-life insurance case study of Nib insurance corporation wolkite branch were comprehensively discussed in the following section.

#### 5.1 Summary of Major findings

The demographic characteristics of the respondents revealed that majority of them were male while, most of the respondents were young age group. In addition the result of the study indicated that the majority of respondent were married class. The education level the majority of respondents were high school. Moreover, regarding to the occupation status majority of respondents was self-employees and followed by non-governmental employee..

Regarding to the types of non-life insurance insured's bought by customers finding of the study revealed that most customers of the company had bought motor insurance service. Thus, that most respondent the insurance companies were the users of motor insurance service.

As the finding revealed that customers of the insurance company were motivated to be insured, because of their interest to be confidential in the time of loss.

The study show that the level of awareness of a society about the of non-life insurances is poor. Regarding to this argument, this is because of income, social and cultural factors which inhibit the demand for non-life insurances services.

As observed from non-life insured's survey questionnaires, customer's intention to buy non-life insurances that want explanation about the policy provisions and from the insurances companies point of view, they would like to motivate their clients to know about insurances policy provision. Furthermore, they expect policy provisions in operations are international in standard which requires a deep explanation.

Most respondent of the insurance company belief that the social, political and economic features of the country have effect on the development of non-life insurance business.

Accordingly the finding of the study that awareness and attitude level of society could be a factor that affects the development of non-life insurance service. Because If a person becomes well aware and have good attitude to the risk that he/she may face, he will look for transferring the burden, which he cannot or do not want to handle by himself, to some body that is willing to accept the risk.

The study revealed that respondent were agree that income and wealth level of society is one determinant factor that affect the development of non- life insurance service. Therefore the higher income or the wealth of an individual, the more he is interested to have an insurance cover. The open with high income is able to pay the amount required for the insurance cover to pay the amount required for the insurance cove.

From the result obtained most respondents were agree on the effect of high premium on the development of non-life insurance. Therefore the amount of premium would vary and tends to increase with inflation, although, the advance payment of the premiums will reduce the inflation and increasing costs of insurance risks so that hinder the development of non-life insurance.

As the result shows, during the previous insurance period, from insured's most of them get a claim against their insurance, the reason that the insured's buy non-life insurance is to get claim at the time of damage or loss of their property.

The analysis indicated that satisfaction about claim settled majority customer of the insurance company more or less satisfied.it shows that somewhat the customers did not at all satisfied with the claim they get because it was not fully enough to cover the loss that happened to their properties.

The amount of premium collected from the insured's sometimes is not equivalent with the claim settled to them. There is rare case to pay extra premium beyond the normal insurances company policies. The premium determination and claim settlement process is different according to classes of business. Whereas, claim settlement process is too broad and it is based on policies, terms and

conditions. But, the general guidelines for premium determination are assessment of insurable interest and market competition.

## **5.2 Conclusion**

Generally the research concluded that non-life insurance has great significances as well as business perspectives. Even if, it has great significances there are great influencing factors from government regulation, social and economic sectors that lower its development in our country.

## **5.3 Recommendation**

As per the findings from the analysis of the collected data; the following recommendations were recommended for the insurance company.

In order to build term consumers loyalty and to attract new customers the company recommend to work hard to satisfy its customers and build a good name in the insurance market. The insurance company recommend to build a culture of giving seminars to its customers in order to increase the society awareness attitude about insurance the importance of non-life insurance service. Customers advise to be given proper information and explanation regarding the policy the cover, the conditions, exceptions and terms of insurance policy customers recommend to be advised on what to do how report tend when to report claims in case when they faced accident. This helps to avoid unnecessary arguments that happened with claims department at after accident. The insurance company advise to be improved communication and level of understanding between insures and insured is relevant particularly at the time of claims settlement. The amount of insurance premium that the insurance companies charges advise to be fair that means the amount of the premium the insured paid to the insurance company must be equal to the insurer compensate to the insured. The premium rate of the corporation advice to be revising time to time taking into consideration the market situation and competitor's condition in the insurance dusty.

## **Direction for Further Study**

This research has gone through the assessment of factor affecting the development of non-life insurance in nib insurance company wolkite branch. However, it has not covered the issues related a computerized information system and continuous assessment about the external environment and bench marking. So, future researches should address this issue.

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## Appendix

Wolkite University

College of Business and Economics

Department Accounting and finance

**Dear respondents:-**

Questionnaire designed for preparing research on the title of "The factors that affecting the development of non-life insurance in Nib insurance corporation at wolkite branch". The purpose this questionnaire is to collect relevant data for the study. The outcome of the study will be used in order to suggest possible solution for problem identified while conducting the study. I kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. The information you provide will be used for academic purpose only. you provide is confidential. Therefore, you are not expected to write your name.

Instruction:-

√ No need of writing your name.

√ tick one box only.

**Part One:** General background of respondents

1. Sex: Male [  ] Female [  ]
2. Age: 20-25year [  ] 26-35year [  ]  
36-45year [  ] above 45year [  ]
3. Marital status: Married [  ] Single [  ]. Divorced. {  }
4. Educational status: High school [  ] Diploma [  ]  
Degree [  ] Above [  ]
5. Occupation: Governmental employee [  ] Non- governmental employee [  ]  
Self-Employee [  ] Other [  ]

**Part Two: Question.**

1. Did you bought non-life insurance?

Yes [ ]          No [ ]

2. If your answer for question no.1 "Yes" What type of non-life insurance you bought?

Motor insurance [ ]   bond insurance [ ]   Fire insurance [ ]

Work men compensation insurance [ ]   Engineering insurance [ ]   other [ ]

3. For how many years did you have non-life insurance services?

<1 Year [ ]   1-5 years [ ]   5-10 years [ ]   >10 years [ ]

4. What motivate you to be insured Nib non-life insurances?

Afraid there will be an accident [ ]   interest to be confidential [ ]   other [ ]

5. What is the level of your awareness about non-life insurances?

Good [ ]   Very good [ ]   Fair [ ]   Poor [ ]

6. Does the insurance company motivate you to know about non-life insurance policy provided by it?

Yes [ ]          No [ ]

7. Does the insurance company notify you about the new and modification of existing policies on timely basis?

Yes [ ]          No [ ]

8. Do you think that the influence of social, economic and political features of the country on the growth of non-life insurance business?

Yes [ ]          No [ ]

9. Do you think that awareness and attitude level of society as a factor that affect the development of non-life insurance services?

Yes [ ]          No [ ]

10. Do you believe that income and wealth level of a factors that affect the development of non-life insurance services?

Agree [  ] Disagree [  ]

11. Do you agree that high premium affect the development of non-life insurance when you compare with other insurance service corporation?

Agree [  ] Disagree [  ]

12. Have you ever report a claim against your insurance policy practice to the company during the past five years?

Yes [  ] No [  ]

13. How did you feel with the payment of premium for non-life insurance services that you have been got?

Entirely satisfactory [  ] More or less satisfactory [  ] not at all satisfactory [  ]

14. Is the premium you pay for non-life insurance services equivalent with claim settled to you?

Yes [  ] No [  ]

15. Have you ever been paid an extra premium beyond what the insurance company policy normally covers?

Yes [  ] No [  ]

**Part Thee:** Interview question

1. Do you think that there are factors that affecting the development of non-life insurance?
2. Is there relations between economic development of the country and amount payed for insurance services?
3. How was the attitude of the society towards non-life insurance services?
4. Have you ever practiced in creating awareness about insurance to your client?
5. Have you ever given any advice services to customers?. Eg. about how to handle their property
6. What are the mechanism employed by the corporation to attract customers?
7. Is a condition when the corporation didn't cover the loss incurred by insured's?
8. Is there factors that affecting customer's awareness and development of non-life insurance?
9. What is the situation between Nib insurance and the insured to clearly know their duties on mutual understanding bases that is based on genuine and honesty manner?

10. Is there case when the amount of premium collected from the insured's sometimes is not equivalent with the claim settled to them?