Attitudes of potential customers towards life insurance service in case of Meden Corporation, Addis Ababa Merkato branch

A Research paper Submitted to the Department of Management in Partial Fulfilment of the Requirements for the BA Degree in Management

BY:-Ekram Hussen

ID BER/516/08

ADVISOR: Edmealem Esubalew

Welkete, Ethiopia

June, 2019

APPROVAL SHEET

This Research entitled "Attitudes of Potential Customers towards Life Insurance Service in Meden Corporation in case of (Addis Ababa merkato branch)". Prepared and submitted by Ekram Hussen Ali, in partial fulfilment of the requirement for Bachelor of Art degree in management has been examined and hereby recommended for approval and acceptance

Research Advisor _____ Signature _____

Examiner _____ Signature _____

June, 2019

ABSTRACT

This study paper was measured attitudes of Potential Customers towards Life Insurance Service in case of Meden Corporation Addis Ababa merkato brach. This study was mainly focused on factors that affect people's attitude on life insurance service, Meden Corporation in case of Addis Ababa merkato branch. The study regarding data requires collecting reliable information regarding attitudes of potential customers towards life insurance services; data collected from both primary and secondary data sources.

The primary data was collected from potential customers of life insurance service in Meden Corporation Addis Ababa merkato branch by using structured questionnaire, observation. Regarding secondary data, it was collected from different documents, different web-sites, other related research works and review of journals and both published and unpublished earlier research works by the corporation, the national bank of Ethiopia and annual reports of the corporation. The data analysed and interpreted by using both qualitative and quantitative techniques which includes descriptive statistics, percentages and used tables. The study showed that most of the attitudes of the potential customers not positive, role of insurance corporations to motivate the potential customers to buy life insurance service, was very low and Promotional and public awareness creation activities were not well done. Therefore the responsible body; like life insurance corporations, government bodies, Medias, and others related businesses must carried out essential works to change potential customers' negative attitude to positive attitude, Product and the premiums charged should recognize the needs and economic status of the society and the insurance should ensure proper sales promotion and pricing of life insurance products for value maximization for its customers.

Key Words: Attitude, Insurance, Life insurance, Life, Personality, Value, Growth of life insurance, Penetration of life insurance, Buying behaviour, perception, and customer's Preference

ACKNOWLEDGEMENT

First and foremost, I would like to praise my Almighty Allah for giving me the courage to complete my study successfully; without whom nothing would have been possible.

Then, I would like to express my special gratitude to my advisor Edmealem Besubalew for his fruitful information, title selection, professional guidance, constructive ideas, and valuable comments throughout the study time.
It also gives me great pleasure to extend my gratitude to the Chief Managers; agents and employees of the Nyala Insurance Corporation for their support in distributing, filling, and collecting the questionnaires on time as well as for their valuable answers.

I would like to give my heartfelt thanks and appreciation to my beloved mother meweded rega for her kind support and encouragement throughout my study time. I am also indebted to and wish to thank my brother Ab/hafiz hussen.

I am also grateful to thank the teaching and support staffs of the welkite University College of Business and Economics, Department of Management for their support during my stay in the University.

Finally, I would like to thank and appreciate my dorm friends.

DEDICATION

This paper is dedicated to:

My Mother, she leads me through the valley of darkness with light of hope and support

Table of Contents

APPROVAL SHEET ii
ABSTRACT iii
ACKNOWLEDGEMENT iv
DEDICATION v
LIST OF FIGURES viii
ACRONYM ix
CHAPTER ONE 1
1. INTRODUCTION 1
1.1 BACKGROUND OF THE STUDY 1
1.2. STATEMENT OF THE PROBLEM 2
1.3. RESEARCH QUESTIONS 3
1.4. OBJECTIVE OF THE RESEARCH 4
1.4.1. The general objective 4
1.4.2. The Specific Objectives 4
1.5. SIGNIFICANCE OF THE STUDY 4
1.6 SCOPE OF THE STUDY 5
1.7 LIMITATION OF THE STUDY 5
1.8 ORGANIZATION OF THE PAPER 5
CHAPTER TWO 6
2. LITERATURE REVIEW 6
2.1 DEFINITION AND NATURE OF INSURANCE 6
2.2. HISTORY OF INSURANCE IN THE WORLD 7
2.3. HISTORY OF INSURANCE IN ETHIOPIA 8
2.4. Term Insurance 10
2.5. Whole Life Insurance 10
2.6. Endowment Insurance 10
2.7. COVERAGE OF LIFE INSURANCE 11
2.8. LIFE INSURANCE MARKET OVERVIEW 11

2.9. THE ROLE OF INSURANCE COMPANIES TO MOTIVATE THE PEOPLET LIFE INSURANCE SERVICE 12
2.10. THE EFFECTS OF GOVERNMENT REGULATIONS ON THE GROWTH OF LIFE INSURANCE BUSINESS IN ETHIOPIA 13
CHAPTER THREE 16
3. RESEARCH METHODOLOGY 16
3.1. RESEARCH DESIGN 16
3.2. TARGET POPULATION 16
3.3 SAMPLING METHOD 16
3.4. PROCEDURE OF DATA COLLECTION 16
3.5. METHODS OF DATA COLLECTION 17
3.6 METHODS OF DATA ANALYSIS 17
CHAPTER FOUR 18
4. DATA ANALYSIS AND PRESENTATION 18
4.1. INTRODUCTION 18
4.2. RESPONSE RATE 18
CHAPTER FIVE 28
5. SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, RECOMMENDATIONS, AND SUGGESTIONS FOR FURTHER RESEARCH 28
5.1. INTRODUCTION 28
5.2. SUMMARY OF THE FINDINGS 28
5.3. CONCLUSION 30
5.4. RECOMMENDATIONS 31
5.5. SUGGESTIONS FOR FURTHER RESEARCH 31
BIBLOGRAPHY ..... **Error! Bookmark not defined.**
APPENDIX 1 33
DECLARA OF ACADEMIC HONESTY 35

LIST OF FIGURES

Table 1 Response rate of the total response.....18
Table 2 Gender and sex structure of the respondents 19
Table 3 Educational level of the respondents: 19
Table 4 occupational structure of the respondents:.....20
Table 5 monthly incomes of the respondents: 20
Table 6 Answers were filled by potential customers of life insurance service:.....21
Table 7 Answers were filled by potential customers of life insurance service:.....22
Table 8 Answers were filled by potential customers of life insurance service:.....22
Table 9 Answers were filled by potential customers of life insurance service:.....23
Table 10 Answers were filled by potential customers of life insurance service:.....23
Table 11 Answers were filled by potential customers of life insurance service:.....23
Table 12 Answers were filled by potential customers of life insurance service:.....24
Table 13 Answers were filled by potential customers of life insurance service:.....24
Table 14 Answers were filled by potential customers of life insurance service:.....25
Table 15 Answers were filled by potential customers of life insurance service:.....26
Table 16 Answers were filled by potential customers of life insurance service:.....26
Table 17 Answers were filled by potential customers of life insurance service:.....27
Table 18 Answers were filled by potential customers of life insurance service:.....27

ACRONYM

AXCO- Insurance information services supplier of global insurance and employee benefits market information

EIC- Ethiopian Insurance Corporation

GDP- Gross Domestic Product

NBE- National Bank of Ethiopia

NICE- National Insurance Company of Ethiopia

NGO---Non-Governmental Organization

UN----United Nation

CHAPTER ONE

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Life insurance is a contract between a policy owner/ insured/ and the insurer, where the insurer agrees to pay a designated sum of money upon the occurrence of the policy owner‘s disability due to accident or aging, death or other events, and the policy owner agrees to pay a fixed amount to the insurer at designated interval (Zekariyas, 2010).Life is full of uncertainties, unexpected events According to Williams and Heins, Insurance is a device by means of which the risk of two or more persons or firms are combined through actual or promised contributions to a fund out of which claimants paid. Insurance is a device for transfer of risks of individual entities to an insurer, who agrees for consideration called the premium to assume to a specified extent losses suffered by the insured Life insurance is a contract between a policy owner/ insured/ and the insurer, where the insurer agrees to pay a designated sum of money upon the occurrence of the policy owner‘s disability due to accident or aging, death or other events, and the policy owner agrees to pay can lower people’s well-being; an important mechanism that protects against risk is purchasing insurance to guarantee the benefit in the event of certain loss.

Life is a most prized gift of nature. Which is full of risks and uncertainties since, we are social human beings, we have certain responsibilities to minimize these risks. We cannot prevent the misfortune but any way save our beloved ones from the losses occurs due to deficiency of lives. Life insurance is not only gives assurance for the monetary losses but it provides the new market and avenues to the society. With over 90 million of population in Ethiopia, Life Insurance Companies have vast scope for the growth and diversification (Zekariyas, 2010).Beck and Webb, (2002) on their study on determinants of life insurance consumption described that life insurance products are important vehicle that encourage long-term savings that could be channelled to investment in both private and public sector projects. Because life insurance products offer a means of disciplined contractual saving, they have become effective as instrument for encouraging substantial amounts of savings, competing with other forms of saving (like bank deposits, securities, and other contractual savings) in the market in many countries around the world.

According to Munir and Khan (2012), Life insurance provides individuals and the economy as a whole with a number of important financial services. In the face of increasing

urbanization, mobility of the population, and formalization of economic relationships between individuals, families, and communities, life insurance has taken increasing importance as a way for individuals and families to manage income risk While the main objective of insurance companies is to mitigate insurable risks, and they also play an important role in development of the financial sector. They mobilize savings which can be channelled for long term investments which help economic growth and development. Also, life insurance products encourage long-term savings and the re-investment of substantial sums in private and public sector projects.

Because life insurance products offer a means of disciplined contractual saving, they have become effective as instrument for encouraging substantial amounts of savings in many countries around the world. Leveraging their role as financial intermediaries, life insurers have become a key source of long-term finance. Different studies suggests that several factors such income, inflation, real interest rate, banking sector development, savings, unemployment, pension, price of insurance education, life expectance, dependency ratio and age are considered important factors that determine life insurance demand. From legal point of view, insurance is regarded as a contractual agreement. Article 654 (1) of the commercial code of Ethiopia states as follows: an insurance policy is a contract whereby a person called the insurer undertakes against payment of one or more premiums to pay to a person called the beneficiary a sum of money where a specified risk materializes.

1.2. STATEMENT OF THE PROBLEM

In Ethiopia insurance corporation has been carrying life and general insurance business as a composite insurance company since its establishment 1976.Though the current Ethiopian market with its 100 million plus people ,present lucrative and diverse opportunities for life insurance business however, the development of life insurance business has remained very low. the insurance market started to grow especially after the 1994 opening of the sector to Ethiopia private investor .since then the general insurance business has been growing dramatically while for various reason the life insurance business failed to reap the benefits especially considering its importance and untapped potential for development.

Life insurance apart from the benefit it offers to the policy owners and beneficiaries in the occurrence of certain events such as death, terminal illness or maturity depending on the type of life insurance contract ,life insurance plays vital role in a countries socio economic development According to research conducted by NBE(National bank of Ethiopia)on the

economic and social benefit of life insurance, in addition to the above mentioned benefits, the major benefits of life insurance comprise through mobilizing private saving that will lay a decisive role in scaling up the economy ,creating employment opportunity and. contributing to overall socio-economy development of country (August ,2011).

The current practice of Insurance coverage in Ethiopia focuses mainly on general insurance with a very limited Coverage to life insurance, and the peoples attitude also very less. The life insurance market in is very small as most of the populations live at a subsistence level. Insurance penetration remains a challenge f or the insurance sector (AXCO 2013).Some studies are conducted concerning the issue even though, these studies are valuable in their perspective, and they were not dealing with attitudes of potential customers towards life insurance service. The way banks requiring life insurance as a condition for giving loans is in place but effectively touches a very small proportion of the population.

In addition there are plenty of other problems to be faced, such as the availability of actuaries, investment managers and investment opportunities. So this study was undertaken to assess the attitudes of potential customers towards Life insurance service in case of Meden corporation Addis Ababa merkato branch and to give recommendations based on findings of the study. This will help decision maker and different stakeholders to have proper knowledge to take a proper measure

1.3. RESEARCH QUESTIONS

The study was attempted to answering the following questions:-

1. How far current and potential customers have positive attitude towards life insurance Services in Meden Corporation Addis Ababa merkato branch

2. How do insurance companies motivate people to buy life insurance services?

3. How does sales promotion for life insurance service affect the attitudes of potential and current customers towards buying life insurance services?

1.4. OBJECTIVE OF THE RESEARCH

1.4.1. The general objective

The primary purpose of the study is to assess the attitudes of potential customers towards Life insurance service in case of Meden corporation Addis Ababa merkato branch and to give recommendations based on the concepts in the Literature review and the empirical findings of the study.

1.4.2. The Specific Objectives

The specific objectives of the study were:

1 To measure the attitudes of the potential customer towards life insurance service in Meden Corporation Addis Ababa merkato branch.

2. To assess role of insurance companies motivate the people to buy life insurance service.

3. To examine how sales promotion of life insurance services affects the attitude of customers towards life insurance service in Meden Corporation Addis Ababa merkato branch.

1.5. SIGNIFICANCE OF THE STUDY

The study was significant in various aspects. Life insurance companies will find this study in its suggestions about attitudes of potential customers towards life insurance service in Meden corporation Merkato branch. It will help as a reference to the life insurance industry in drawing programs, policy and procedures. It will help existing and potential policy holders to know what to expect in their dealing with life insurance companies and other stake holders. The study will also be of importance to the government officials, through the Insurance Supervisory organ. The findings of this study will help the academic fields and serves as source of document for further research. Moreover, this study can potentially serve as a stepping stone for further research in the area.

1.6 SCOPE OF THE STUDY

The scope of this study is mainly related to identifying and analyzing the attitudes of potential Customers towards life insurance service in Meden corporation Addis Ababa merkato branch and to give recommendations based on the Concepts in the literature review, and the empirical findings of the study. While attitude is broad and it can be measured in respect of perception, motivation, values, interest, expectation and other parameters, the researcher's study is limited to and concerned with attitudes of potential customers towards life insurance service in meden corporation . The study is covered life insurance companies registered and recognized by the Insurance Addis Ababa merkato branch supervisory organ.

The main areas of focus were:

- Attitudes measurements of potential customers towards life insurance.
- Customer motivation of life insurance companies.
- Impacts of sales promotion in life insurance.
- The study was attempted to suggest the way forward and recommendations on findings that will increase positive attitudes of customers towards life insurance service in Meden corporation Addis Ababa merkato branch.

1.7 LIMITATION OF THE STUDY

- ✓ There are other life insurance branches in Addis Ababa but included in these research

1.8 ORGANIZATION OF THE PAPER

This paper was organized into five chapters. Chapter one deals with introduction, Chapter two the review of the related literature, chapter three about research methodology, chapter four about data analysis and presentation, chapter five deals with summary of major finding, conclusions, recommendations and suggestions for further research

CHAPTER TWO

2. LITERATURE REVIEW

2.1 DEFINITION AND NATURE OF INSURANCE

"Insurance is a device for a reduction of one party called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part, economic losses suffered by the insured" (Hailu, 2007). "Insurance is a social device, in which a group of individuals called "insurers" transfer risk to another party called "the insurer" in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from fund contributed (premiums) by all members who transferred risks"(Pritchett, et al 1996). An Insurance policy is a contract whereby a person called the insurer, Undertakes against payment of one or more premiums to pay to a person, called the beneficiary, a sum of money where a specified risk materializes Article 654(1) of the commercial code of the Empire of Ethiopia (1960).Regulatory body, internet and other media sources, previous research works and observations related to the subject under consideration.

These sources were helped to clarify and strengthen the research work and present the findings in an organized manner (Hailu, 2007). The concept of insurance is not easy as it has many possible definitions and meanings indifferent perspectives. In this respect, scholars and writers have given various definitions of insurance from different perspectives such as economic, social, legal etc. and the following definitions are given. Insurance is a device for a reduction of one party called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part, economic losses suffered by the insured" (Hailu ,2007).

"Insurance is „„a social device, in which a group of individuals called "insurers" transfer risk to another party called "the insurer" in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from fund contributed (premiums) by all members who transferred risks"(Pritchett, et al 1996). An Insurance policy is a contract whereby a person called the insurer, undertakes against payment of one or more premiums to pay to a person, called the beneficiary, a sum of money where a specified risk materializes Article 654(1) of the commercial code of the Empire of Ethiopia (Hailu, 2007).

2.2. HISTORY OF INSURANCE IN THE WORLD

The art of protecting our lives and possessions in case of accidents isn't a modern fad; it dates back to early human society. The first methods of analyzing and distributing risk were practiced by Chinese and Babylonian traders in 2BC and 3BC. The Chinese would spread their goods across many ships to avoid catastrophe if one of their vessels went under, and the Babylonians had an equally clever way of assessing risk. If a merchant received a loan to fund his shipment, he would pay the lender an additional sum in exchange for the lender's promise to cancel the loan if the ship and the goods were lost. Monarchs in ancient Persia were one of the first people to utilize political reassurance they were given expensive gifts from the various ethnic groups they ruled over. It was a clever move from the subjects, as this officially bound the Persian monarch to protect the group from harm.

The Greeks and Romans introduced the origins of health and life assurance in around 600BCwhen they created 'benevolent society', which looked after bereaved families, as well as paying funeral expenses of members. Things began to get interesting during the Enlightenment era in Europe, and different varieties of assistance developed. Some forms developed in London in the early decades of the 17thcentury. English traveler Robert Hayman decided he had like to branch out before a tip, and cover all bases; one document was designed to pay out if Hayman's ship did not arrive safely in Guyana.

The origins of 'Life Insurance' as we know it can be traced to ancient Rome. Roman military leader Caius Marius created a 'Burial Club' for his troops, so in the event of the unexpected death, other members would pay for the funeral. Other leaders saw this was a good idea, and followed suit. These humble beginnings were not just done in the name of decency; the Romans believed that anyone who was improperly buried would become an unhappy ghost, so it was essential for each person, regardless of social standing, to be buried correctly. Things became interesting in 1688. Edward Lloyd's coffee House, a small shop on London popular with merchants, becomes the go-to place for shipping news and, eventually, marine cover. It was there that the modern concept of protecting was born. In 1769, a group of underwriters formed a splinter group; New Lloyd's the attacks on the World Trade Center in 2001, when 2,977peoples died Coffee House. It's still around today, and it's known as Lloyd's of London. Life assurance continued to evolve throughout the ages as people started to understand the importance of protecting their assets; fast-forward to 1976, and the

economic born at the end of World War Second boosted sales of life cover, By this point, 72% of adults and 90% of all married couples in the United State all had cover. The thinking behind home cover started in London-well, after The Great Fire of London in 1666. During the Early Modern Period, fire was a major worry for home owners, especially in crowded city.

After the Great Fire, people demanded some sort of protection for their properties, and policies which guarded investments in property began to take shape. Income protection gained popularity at the start of the 20th century. Industries developed self-regulating societies which decided to put their members first, and care for them if they became too ill for employment. Each member of the society added money into what was essentially 'pot', so that if any member were to fall ill or have an accident, they would have money to support themselves and their families. This was the only means of support back then, as the welfare state had not been introduced. These days, one in ten working families has an income assurance policy to make sure that the mortgage and any bills can be covered if earners fall ill (Vicky Anscombe, 2016).

2.3. HISTORY OF INSURANCE IN ETHIOPIA

The history of insurance service is as far back as modern form of banking service in Ethiopia which was introduced in 1905. At the time, an agreement was reached between Emperor Menelik II and a representative of the British owned National Bank of Egypt to open a new bank in Ethiopia. Similarly, modern insurance service, which were introduced in Ethiopia by foreigners, mark out their origin as far back as 1905 when the bank of Abyssinia began to transact fire and marine insurance as an agent of a foreign insurance company.

According to a survey made in 1954 by the then ministry of Commerce and Industry, there were nine insurance companies that were providing insurance service in the country. With the exception of Imperial Insurance Company that was established in 1951, all the remaining of the insurance companies were either branches or agents of foreign companies. In 1960, the number of insurance companies increased considerably and reached 33. At that time insurance business like any business undertaking was classified as trade and was administered by the provisions of the commercial code. According to Hailu, (2007), the first significant event that the Ethiopian insurance market observation was the issuance of proclamation No. 281/1970 and this proclamation was issued to provide for the control & regulation of insurance business in Ethiopia.

Consequently, it created an insurance council and an insurance controller's office. The controller of insurance licensed 15 domestic insurance companies, 36 agents, 7 brokers, 3actuaries & 11 assessors in accordance with the provisions of the proclamation by 1971.Accordingly as stated by the office mentioned above, the law required an insurer to be a domestic company whose share capital (fully subscribed) not to be less than Ethiopian Birr 400,000 for a general insurance business, Birr 600,000 in the case of long-term insurance business and Birr 1,000,000 to do both long-term & general insurance business.

The proclamation defined 'domestic company' as a share company having its head office in. After the change in the political environment in 1991, the proclamation for the licensing and supervision of insurance business heralded the beginning of a new era. Consequently, in 1994Insurance proclamation No. 86/1994 issued by the Transitional Government of Ethiopia. The legislation allowed private insurance companies to be formed and to compete with the EIC, but foreign shareholders were bared. The logic behind the prohibition was that the local industry was weak and needed time to build its reserves, rapid opening of the market would expose Ethiopian companies to domination by financially much stronger foreign insurers.

The discussion over whether opening the market to foreign investment might be beneficial continues but to date private insurance companies must still be Ethiopian owned. Nevertheless, as a broad policy the government continues deregulate, private and seek foreign investment to push the economy forward. According to the insurance proclamation No86/1994, which permitted the establishment of private insurance companies in the country, insurance business is classified into two categories, namely general insurance business and long-term insurance business. Long-term insurance business includes life insurance, annuities, pension business and permanent health insurance business.

All other types of insurance business are labeled as general insurance. Immediately after the enactment of the proclamation in the 1994, private insurance companies began to establish and to increase in number. The number of life insurance companies has remained relatively stable. In 2012 the sole life only company, Ethio-Life, become composite and is now known as Ethio-life and general insurance. Oromiya Insurance Company a non-life company has also obtained a life license in 2012 and become a composite insurer. Now, there are many companies licensed to underwrite life insurance and all of these insurers are composite underwriters

2.4. Term Insurance

Term life insurance is life insurance that provides a death benefit only if the insured dies during the period specified in the policy. The policy benefit is payable only if the insured dies during the policy period and the policy is in force when the insured dies. If the insured lives until the end of specified term, the policy may give the policy owner the right to continue some form of life insurance coverage. If the policy owner does not continue the coverage, then the coverage expires and the insurer has no obligation to provide further insurance coverage.

2.5. Whole Life Insurance

Whole life insurance is a type of cash value life insurance that provides life time insurance coverage usually at a level premium rate that does not increase as the insured ages. Whole life insurance is an agreement under which a death benefit is payable up on the insured's death, whenever that may be. This is so because as the name implies, insurance protection covers the whole of the insured's remaining lifetime.

2.6. Endowment Insurance

Endowment insurance provides a policy benefit payable either when the insured dies or on a State date if the insured is still alive on that date. If the insured dies before the maturity date, then the insurer pays the policy's face amount to the designated beneficiary. Endowment life Insurance policies, like term life insurance policies, are available for periods of different lengths. These usually are 10-year, 15 year, 20 years, 25 years and 30-year endowment and Endowments at age 55, at 60 and at age 65.

2.7. COVERAGE OF LIFE INSURANCE

1. Single life coverage

2. Joint life coverage

3. First-to-die coverage

1. Single life coverage: - provides death benefit protection on the life of one insured. Policy Proceeds are payable at the death of the insured. This coverage is used for a variety of Concepts.

2. Joint life coverage: - also known as second-to-die and survivorship life insurance, this coverage provides death benefit protection on two insured. Policy proceeds are payable at the second death of the two insured. This coverage is typically utilized in an estate planning context where use of the unlimited marital deduction allows estate tax to be avoided at the first death with the tax paid at the second death.

3. First -to- Die Coverage: - this coverage provides death benefit protection on a small group of insured. Policy proceeds are payable at the first death among the group. Typically purchased only in a business situation for buyout of an ownership interest at death, First-to-die coverage availability has been on the decline in recent years due to its complexity and the increased affordability of other coverage types.

2.8. LIFE INSURANCE MARKET OVERVIEW

The life insurance market in Ethiopia is very small as most of the populations live at a subsistence level. The mechanism of banks requiring life insurance as a condition for making loans is in place but effectively touches a very small proportion of the population. In addition there are plenty of other problems to be faced, such as the availability of actuaries, investment managers and investment opportunities (AXCO, 2013 Insurance market report).Insurance penetration remains a challenge for the Ethiopian insurance sector. One area where penetration could be achieved is micro insurance. Unfortunately Ethiopia at this time has no mobile telephone money network, unlike a number of other countries in the region.

Microfinance institutions are widespread throughout Ethiopia but micro insurance is essentially undeveloped. The National Bank of Ethiopia is currently drafting directives to regulate and provide a policy framework for micro insurance. Currently micro insurance is

focused on crop, livestock and life insurance. Nyala and Oromiya are local insurers that are active in this sector. There are issues that would have to be resolved for micro insurance to make a major impact, including the fact that death certificates are not issued in the rural areas. Furthermore funeral provision is often covered by traditional Equip associations that offer mutual socio-economic support to members.

‘’Ministry of Labour and Social Affairs is in the process of introducing a regulation that requires any domestic worker seeking to obtain a visa to work in an Arab country, to have a prescribed life and accident insurance cover in place before the visa can be issued. This will affect tens of thousands of expatriate domestic workers and have an impact on the demand for life insurance’’ (Axco’s, 2013 Insurance market report).

2.9. THE ROLE OF INSURANCE COMPANIES TO MOTIVATE THE PEOPLET LIFE INSURANCE SERVICE

For insurance business customer motivation is a driving force behind the purchase decision (Park and Mithal, 1985) because base on long term customer retention motivation itself play a critical role. Customer motivation is defined as consumers’ desire or readiness to process brand information in advertising (Park and Mithal, 1985). Although properly it is a branch related with study of consumer behavior. Motivation research is limited consumers and their attitudes and actions regarding the purchase of goods and services (Corttel, W.C 1984) .There is four main types of motivations: positive, negative, rational, and emotional motivations.

The positive motivation is in favour of the organization, and the negative motivations against the organization products and services (Conover 1982; Alba and Hutchison, 1987).Alba (1987) both positive and negative motivation cannot be together at the same time for a product, similarly rational and emotional motivations cannot be at the same time, but appositive motivation can be rational or emotional at the same time. Similarly negative motivation can be rational and emotional. Both rational and emotional motivations are parallel decision of a customer and positive and negative motivations are parallel to each other. In order to create positive motivation in people’s minds credibility of the product is the main force.

Most of the time negative motivation is also removed through credibility (Alba Joseph. and J. Wesley Hutchison, 1987). Drogue, Cornelia (1989) However, it all depends upon the efforts of the organization that how to create positive motivation in rational or emotional way. A general assumption in business is that the organization should coordinate the

motivation process in such a way that majority of the customers attracted towards the organization's products and services due to the fact motivation is the first important factor, which brings a customer towards the organization and the negative motivation moves customers away from the organization products and service (Kardes and Franc. K. 1988) Attribute of the products is displayed/demonstrated in most of products wherever possible, for enforcing a positive image in customer. Similarly in insurance business to create extraordinarily motivation, attitude like; children's education, and family care are highlighted (Meyer, Robert. J. 1981)

2.10. THE EFFECTS OF GOVERNMENT REGULATIONS ON THE GROWTH OF LIFE INSURANCE BUSINESS IN ETHIOPIA

1. The Requirements to Carry on Insurance Business in Ethiopia:

Article 656 of the Commercial Code provides that the law shall determine the conditions under which physical persons or business organizations may carry on insurance business. Therefore, we have to refer to other parts of the commercial code and other laws to find out as to who may undertake insurance business and the conditions under which it may be undertaken. Accordingly, Article 513 of the code provides that banks and insurance companies cannot be established as private limited companies, i.e., a private limited company cannot engage in banking, insurance or any other business of similar nature. Similarly, Article 6(1) of the Licensing and Supervision of Insurance Business Pro No 86/1994 provides that no person may engage in insurance business of any type unless it applies to and acquires a license from the National Bank of Ethiopia for the particular class or classes of insurance.

2. Licensing and Supervision of Insurance Business/ Directive No SIB/30/2007

2.1. Licensing of Insurance Agent These Directives are issued by the National Bank of Ethiopia pursuant to the authority vested in It by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and Article 25 and Article 42(j) of the Licensing and Supervision of Insurance Business Proclamation No. 86/1994.

Definition:

"Insurance Agent" or "Agent" shall mean a person licensed by the Bank as an insurance agent who, acting for and on behalf of one or more insurers engages in:

- Soliciting or procuring insurance business;

- Work preparatory to the conclusion of, or in concluding of insurance; and
- Activities relating to the continuance, renewal or revival of contracts of insurance or in Assisting in the administration and performance of such contracts. “The Bank” shall mean the National Bank of Ethiopia.

2.2. General Requirements

Where the applicant is a natural person, the person: shall be an Ethiopian national; shall at least have completed general secondary school level of education or equivalent; shall attend compulsory insurance sales agency training as stated under article 5 of these directives; or must have, at least, five years’ experience obtained through working in the underwriting and/or claims department of an insurance company: Has not been convicted by court of law in any country, for an offense involving dishonesty.

Where the applicant is a juridical person: It shall be formed in accordance with the requirements of the provisions of the Commercial Code of Ethiopia and that of Proclamation No. 86/1994; it shall be fully owned by Ethiopian nationals; it shall have its head office in Ethiopia; The chief executive officer of the agency should at least meet the education, training and/or experience and other requirements provided for under article 3 sub-article 1 (b) & (c) of these directives; The owners and the chief executive officer have not been convicted by court of law in any country, for an offense involving dishonesty.

Where an application is made to carry on business: as a general insurance agent or as a long-term insurance agent, the applicants hall deposit Birr20, 000 (Birr twenty thousand) with the Bank, or shall maintain a professional indemnity insurance cover of Birr 20,000 (Birr twenty thousand); or as both general and long-term insurance agent, the applicant shall deposit with the Bank Birr40,000 (Birr forty thousand),or a professional indemnity insurance cover of Birr 20,000 (Birr twenty thousand), in respect of each main line of insurance agency business he/she is applying for.

2.3. Information Required From an Insurance Agent

A duly completed application form shall be accompanied by: the name and occupation (Including date and address of previous employment) of the applicant. Two passport size recent Photographs of the applicant or the chief executive officer, as the case may be. Curriculumvitae of the applicant or the chief executive officer, as the case may be training, fees, and renewal.

2.4 MAINTAINING A VALID PROFESSIONAL INDEMNITY POLICY

The Bank shall automatically cancel the license of any insurance agent who fails to maintain valid professional indemnity insurance policy at all times. For the purpose of ensuring compliance with the requirement of sub-article 1 hereinabove an insurance agent shall promptly file with the Bank a copy of valid professional indemnity insurance policy upon renewal.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. RESEARCH DESIGN

This study is attitudes of potential customers towards life insurance service in Meden corporation Addis Ababa merkato branch. Descriptive research design is used as a main research method because it is method that describes the study systematically, factually and accurately utilizing facts. This study mainly employed qualitative research approach on the attitudes of potential customers towards life insurance service in Addis Ababa merkato branch

3.2. TARGET POPULATION

The target population of this study is attitude of potential customers towards life insurance ser vice in Meden corporation Addis Ababa merkato branch and the size of the study population is 40(forty) respondents and specifically customers by using interview questionnaire because it is comfortable to respondents.

3.3 SAMPLING METHOD

A simple random sample method was choosing in collecting the required data from the respondents. In simple random sampling all samples of the specified size are equally likely to be the one chosen for sampling. Samples of 40 (forty) respondents were considered for the study from a huge population of various potential customers of life Insurance service in Addis Ababa Merkato branch, as the aim of the study was to assess attitudes of potential customers towards life insurance service in Meden corporation Addis Ababa merkato branch

3.4. PROCEDURE OF DATA COLLECTION

The procedure is followed when collecting data in this study is started by asking the willingness of the insurance to conduct this research on their company with supportive letter from Wolkite University. Then after getting the permission. First pilot test on the questionnaire was conducted on eight participant to check if there are missed points that have to be include and if the design of the questionnaire comfortable to respondent. Participants were informing that their participation is on a voluntary basis and all information pervaded would be kept private and confidential. The questioner was distributed to those who agree to

participate in the study and also the researcher briefly explained to respondents if there are unclear points when they fill up the questioners.

3.5. METHODS OF DATA COLLECTION

Primary data:-. In this study the primary data gathered from potential customers the preferred instrument for primary data collection in this study were structured questionnaire, observation, from respondents which were administer by the researcher

Secondary data: - collected from different documents, different web-sites, other related research works and review of journals and both published and unpublished earlier research works by the corporation, the national bank of Ethiopia and annual reports of the corporation.

3.6 METHODS OF DATA ANALYSIS

In this study after collecting the relevant data from different sources the researcher analysed and interpreted the data by using both qualitative and quantitative techniques which includes descriptive statistics, percentages and used tables. In the analysis part first substantial follow up and identification of respondents return and non-return on questionnaires were made and analysed to see the actual collected number of respondents. Moreover descriptive statistics such as frequency tables used to support the result of this method. Then, after analysed the data and properly interpreted those findings, the researcher was summarized, based on the findings the appropriate conclusion were drawn and the possible recommendations forwarded

CHAPTER FOUR

4. DATA ANALYSIS AND PRESENTATION

4.1. INTRODUCTION

This chapter deals with data analysis, findings and discussions on research findings. The purpose of this study was to identify and analyze the attitudes of potential customers towards life insurance service in meden corporation merkato branch, and to give recommendations based on the concepts in the literature review, and the data findings of the study. Among the variables investigated were positive attitudes of current and potential customers towards life insurance services, motivation of insurance companies to peoples to buy life insurance services, sales promotion of life insurance services. The study targeted on attitudes of potential customers and somehow licensed life insurance providers in meden corporation. The data that were collected from the respondents were analyzed and presented using tables, and percentages.

4.2. RESPONSE RATE

The researcher distributed questionnaires to 40 respondents as censes method technique which was stated in chapter three. Out of the distributed 40 questionnaires, 40 filled in and returned the questionnaires making response rate of 100%. This response rate was representative and commendable to make conclusion for the study. According to (Julius 2013) a response rate of 50% is adequate for analysis and reporting: a response of 60% is good and a response rate of 70% and above is excellent. Hence, based on the assertion, the response rate was considered to be excellent.

Table 1 Response rate of the total response

Attribute	**Frequency**	**Percentage**
Respondents	40	100%
Non respondent	-	-
Total	40	100%

Responses of the potential customers of life insurance service

Table 2 Gender and sex structure of the respondents

No	*Items*	*Sex*	*Number of respondent*	*Percentage*
1.	*Sex*	*Male*	*27*	67.5%
		Female	*13*	32.5%
		Total	*40*	*100%*
2	*Age*	*18-30*	*6*	15%
		31-45	*12*	30%
		46-63	*19*	47.5%
		Above 64	*3*	7.5%
		Total	*40*	*100%*

(Source: own survey, 2019)

Item 1 table 2 represents the sex composition of the respondent. Out of 40 respondents 27 (67.5%) were males and the remaining 13 (32.5%) were females. This shows the majority of the respondents were males. Item 2 table 2 describes the age composition of the respondents. Out of the total respondents 6 (15%) were found between 18 to 30 years, 12 (30%) were found the age group of 31-45 years, 19 (47.5%) were found between 46 to 63 years and the remaining were 3 (47.5%) there were respondents of above 64 years old. This shows that the majority of the respondents were between the age group of 46 to 63 years

Table 3 Educational level of the respondents:

Education Level	**Number of respondents**	**Percentage**
≤ High school	5	12.5%
Certificate	13	32.5%
Diploma	10	25%
First degree	9	22.5%
Second degree and above	3	7.5%
Total 40		**100**%

*(**Source**: own survey, 2019*

Table 3 describes the educational levels of the respondents. Out of the total respondents 5 (12.5%) were less than high school level, 13 (32.5%) were certificate level, 10 (25%) were diploma level, 9 (22.5%) First degree level, and the remaining were second degree and above level which accounts 3 (7.5%). This shows that the majority of the respondents have certificate educational level

Table 4 occupational structure of the respondents:

Occupation	**Number of respondents**	**Percentage**
Student	2	5%
Service	13	32.5%
Self Employed	25	62.5%
Others	-----	-----
Total	**40**	**100%**

*(**Source**: own survey, 2019)*

Table 4 describes the occupational structure of the respondents. Out of the total respondents 2 (5%) were students, 13 (32.5%) were service providers, 25 (62.5%) were self-employed, and There were no respondents on the other occupational perspective. This shows that the majority of the respondents were self-employed.

Table 5 monthly incomes of the respondents:

Monthly incomes	**Number of respondents**	**Percentage**
Below 1000 *birr*	3	7.5%
1000 *birr* – 4000 *birr*	27	67.5%
4001 *birr* – 6000 *birr*	8	20%
Above 6000 *birr*	2	5%
Total	**40**	**100%**

*(**Source**: own survey, 2019)*

Table 5 describes monthly incomes of the respondents. Out of the total respondents 3 (7.5%) have monthly incomes of below 1000 birr, 27 (67.5%) they have monthly incomes of between 1000 birr to 4000 birr, 8 (20%) they have between 4001 birr to 6000 birr, and they have above 6000 birr were 2 (5%). This data shows that the majority of the respondents have monthly incomes of between 1000 birr to 4000 birr

Table 6 Answers was filled by potential customers of life insurance service: SA= Strongly Agree=5, A= Agree=4, SHA= Somehow Agree=3 D= Disagree=2 SD= Strongly Disagree=1

Factors Level of Agreement Total SA A SHA D SD

Factors		Level of agreement					total
		SA	A	SHA	D	SD	
1.Some life insurance products are complex to be understood by consumers	No of Respon.td	16	19	5	-	-	40
		40 %	47.5%	12.5%	-	-	100%

*(**Source**: own survey, 2019)*

From the above table 6 it is possible to understand that out of the total respondents of 16 (40%) were strongly agreed, 19 (47.5%) were agreed, 5 (12.5%) were somehow agreed that some life insurance products are complex to be understood by consumers. The above data show that some life insurance products are complex to be understood by consumers

Table 7 Answers were filled by potential customers of life insurance service:

factors	Level of agreement						total
		SA	A	SHA	D	SD	
2.The policy wordings, terms and conditions of a product on the market are not clear and understandable	No of Respondent	1	10	22	7	-	40
	%	2.5%	25%	55%	17.5%	-	100%

*(**Source**: own survey, 2019*

From the total respondents 1 (2.5%) were strongly agreed, 10 (25%) were agreed, 22 (55%) were somehow agreed, and the remaining 7 (17.5%) of the respondents were disagreed.

Table 8 Answers were filled by potential customers of life insurance service:

Factor		**Level of Agreement**					**total**
		SA	A	SHA	D	SD	
3.Low income earners cannot afford the existing life product	No of Respon dent	**7**	**17**	**14**	**2**	**-**	**40**
	%	**17.5**%	**42.5**%	**35**%	**5**%	**-**	100 %

*(**Source**: own survey, 2019)*

From the total respondents 7 (17.5%) were strongly agreed, 17 (42.5%) were agreed, 14 (35%) somehow agreed, and the remaining 2 (5%) were disagreed. The above data show that the low income earners cannot afford the existing life product

Table 9 Answers were filled by potential customers of life insurance service:

factors	**Level of Agreement**						**total**
		SA	A	SHA	D	SD	
3.The product and the premiums charged do not recognize the needs and economic status of the society	No of Respond	**6**	**22**	**10**	**1**	**1**	**40**
	%	**15**%	**55**%	**25**%	**2.5**%	**2.5**%	**100**%

*(**Source**: own survey, 2019*

The majority of the respondents of 6 (15%) were strongly agreed, 22 (55%) were agreed, 10 (25%) were somehow agreed, 1 (2.5%) were disagreed, and the remaining 1 (2.5%) strongly

disagreed. The above data show that the product and the premiums charged do not recognize the needs and economic status of the society.

Table 10 Answers were filled by potential customers of life insurance service:

Factors	**Level of Agreement**						**Total**
		SA	A	SHA	D	SD	
4. Introducing affordable products will maximize number of customers and sales	No of Respond	**23**	**15**	**2**	**-**	**-**	**40**
	%	**57.5**%	**37.5**%	**5**%	**-**	**-**	**100**%

*(**Source**: own survey, 2019)*

From the total respondents 23 (57.5%) were strongly agreed, 15 (37.5%) were agreed, 2 (5%) were somehow agreed. the above data show that the introducing affordable products will maximize number of customers and sales

Table 11 Answers were filled by potential customers of life insurance service:

factors	**Level of Agreement**						total
		SA	A	SHA	D	SD	
5. Majority of life insurance buyers are NGO's & rich individuals, because they can afford the price	No of Respond	4	12	11	10	3	40
	%	10%	30%	27.5%	25%	7.5%	100%

*(**Source**: own survey, 2019)*

The majority of the respondents of 4 (10%) were strongly greed, 12 (30%) were agreed, 11 (27.5%) were somehow agreed, 10 (25%) were disagreed, and the remaining 3 (7.5%) were strongly disagreed. From the above data we could conclude that the majority of life insurance buyers are NGO's & rich individuals, because they can afford the price.

Table 12 Answers were filled by potential customers of life insurance service:

	Level of Agreement						Total
		SA	A	SHA	D	SD	
6. The number of life insurance customers is very small compared to the property insurance	No of Respond	16	20	4	-	-	40
	%	40%	50%	10%	-	-	100%

*(**Source**: own survey, 2019)*

From the total respondents of 16 (40%) were strongly agreed, 20 (50%) were agreed, and the Remaining 4 (10%) were somehow agreed. The above data show that the number of life insurance customers is very small compared to the property insurance.

Table13 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
7. Promotional and public awareness creation activities are well done	No of Respond	-	3	9	20	8	40
	%	-	7.5%	22.5%	50%	20%	100%

*(**Source**: own survey, 2019*

The majority of the respondents of 3 (7.5%) were agreed, 9 (22.5%) were somehow agreed, 20 (50%) were disagreed, and the remaining 8 (20%) were strongly disagreed. From the above data we could conclude that the promotional and public awareness creation activities were not well done

Table 14 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
8. The current sales of life insurance are not very attractive compared to the property insurance	No of Respond	15	20	4	1	-	40
	%	37.5%	50%	10%	2.5%	-	100%

*(**Source**: own survey, 2019*

From the total respondents of 15 (37.5%) were strongly agreed, 20 (50%) were agreed, 4 (10%) were somehow agreed, and the remaining 1 (2.5%) were disagreed. From the above data we could conclude that the current sales of life insurance are not very attractive compared to the property insurance.

Table 15 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
9. Sales will increase if more important features are added to the existing products	No of Respond	25	13	2	-	-	40
	%	62.5%	32.5%	5%	-	-	100%

*(**Source**: own survey, 2019)*

The majority of the respondents of 25 (62.5%) were strongly agreed, 13 (32.5%) were agreed, and the remaining 2 (5%) were somehow agreed. From the above data we could conclude that The Sales would increase if more important features are added to the existing products.

Table 16 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
10. Flexible products/ new products that meet customers' needs	No of Respond	18	20	2	-	-	40
	%	45%	50%	5%	-	-	100%

*(**Source**: own survey, 2019)*

The majority of the respondents of 18 (45%) were strongly agreed, 20 (50%) were agreed, and the remaining 2 (5%) were somehow agreed. From the above data we could conclude that the Flexible products/ new products that meet customers' needs.

Table 17 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
11. have you think that Premium paid is too low as compared to the benefits derived	No of Respond	-	2	6	20	12	40
	%	-	5%	15%	50%	30%	100%

*(**Source**: own survey, 2019)*

From the total respondents of 2 (5%) were agreed, 6 (15%) were somehow agreed, 20 (50%) Were disagreed, and the remaining 12 (30%) were strongly agreed. From the above data we could conclude that the premium paid is too low as compared to the benefits derived.

Table 18 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
12. Promotes ethical conduct in everything it does	No of Respond	5	7	10	14	4	40
	%	12.5%	17.5%	25%	35%	10%	100%

*(**Source**: own survey, 2019)*

The majority of the respondents of 5 (12.5%) were strongly agreed, 7 (17.5%) were agreed, 10 (25%) were somehow agreed, 14 (35%) were disagreed, and the remaining 4 (10%) were strongly disagreed. From the above data we could conclude that these promote ethical conduct in everything it does.

Table 19 Answers were filled by potential customers of life insurance service:

Factors	Level of Agreement						Total
		SA	A	SHA	D	SD	
13. Attractive and informative media, theme layout, and language of the advertisement is used to increase sales	No of Respond	29	11	-	-	-	40
	%	72.5%	27.5%	-	-	-	100%

*(**Source**: own survey, 2019)*

From the total respondents of 29 (72.5%) were strongly agreed, 11 (27.5%) were agreed. From the above data we could conclude that the attractive and informative media, theme layout, and language of the advertisement are used to increase sales.

CHAPTER FIVE

5. SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, RECOMMENDATIONS, AND SUGGESTIONS FOR FURTHER RESEARCH

5.1. INTRODUCTION

This chapter consists of a summary of the findings of the research, conclusions relating to the Research objectives, suggestions or recommendations on the attitudes of the potential Customers towards life insurance service in Ethiopia and finally areas that need further Research. The research was aimed at assessing the attitudes of potential customers towards life Insurance service in Ethiopia. Data relating to the objectives of study were collected and Analyzed and the findings are presented in chapter four.

5.2. SUMMARY OF THE FINDINGS

This study was aimed at identifying and analyzing the attitudes of potential customers towards Life insurance service in case of Meden Addis Abeba Mercato branch and to give recommendations based on the concepts in the Literature review and the findings of the study. The study targeted 48 respondents and 47 Respondents filled and returned the questionnaires which make the response rate 97.92%. %.

The following information is short summary of data presentation and analysis of the potential customers of life insurance services:

Study findings clearly indicated that out of 40 respondents or potential customers 67.5% were males and the remaining 32.5% were females. This shows that the majority of the potential customers were males. out of the total respondents 15% were found between 18 to 30 years, 30% were found the age group of 31-45 years, 47.5% were found between 46 to 63 years and the remaining were 7.5% there were respondents of above 64 years old. This shows that the majority of the potential customers were between the age groups of 46 to 63 years. Out of the total respondents 12.5% were less than high school level, 32.5% were certificate level, 25% were diploma level, 22.5% First degree level, and the remaining were second degree and above level which accounts 7.5%.

This shows that the majority of the respondents have certificate educational level. Study findings clearly indicated that out of the total respondents 5% were students, 32.5% were service providers, 62.5% were self-employed, and there were no respondents on the other Occupational perspective. This shows that the majority of the respondents were self-

employed. Out of the total respondents 7.5% have monthly incomes of below 1000 birr, 67.5% they have monthly incomes of between 1000 birr to 4000 birr, 20% they have between 4001 birr to 6000 birr, and they have above 6000 birr were 5%. This data shows that the majority of the respondents have monthly incomes of between 1000 birr to 4000 birr. It is possible to understand that out of the total respondents of 40% were strongly agreed, 47.5% were agreed, and 12.5% were somehow agreed. This shows that the majority of the respondents were that some life insurance products are complex to be understood by consumers. The study also established that the total respondents 2.5% were strongly agreed, 25% were agreed, 55% were somehow agreed, and the remaining 17.5% of the respondents were disagreed.

This shows that the majority of the respondents were somehow agreed about the policy wordings, terms and conditions of a product on the market are not clear and understandable. From the total respondents 17.5% were strongly agreed, 42.5% were agreed, 35% somehow agreed, and the remaining 5% were disagreed that the low income earners cannot afford the existing life product. From the total respondents of 15% were strongly agreed, 55% were agreed, 25% were somehow agreed, 2.5% were disagreed, and the remaining 2.5% strongly disagreed. This shows that the majority of the respondents were agreed that the product and the premiums charged do not recognize the needs and economic status of the society.

Study findings clearly indicated that from the total respondents 57.5% were strongly agreed, 37.5% were agreed, 5% were somehow agreed. That the introducing affordable products will maximize number of customers and sales. From the total respondents of 10% were strongly greed, 30% were agreed, 27.5% were somehow agreed, 25% were disagreed, and the remaining 7.5% were strongly disagreed. This shows that the majority of the respondents were agreed that the life insurance buyers are NGO's & rich individuals, because they can afford the price. Study findings clearly indicated that from the total respondents 40% were strongly agreed, 50% were agreed, and the remaining 10% were somehow agreed that the number of life insurance customers is very small compared to the property insurance.

From the total respondents 7.5% were agreed, 22.5% were somehow agreed, 50% were disagreed, and the remaining 20% were strongly disagreed that the promotional and public awareness creation activities are well done. From the total respondents of 37.5% were strongly agreed, 50% were agreed, 10% were somehow agreed, and the remaining 2.5% were disagreed that the current sales of life insurance are not very attractive compared to the

property insurance. The majority of the respondents of 62.5% were strongly agreed, 32.5% were agreed, and the remaining 5% were somehow agreed. This shows that the majority of the respondents were strongly agreed that the Sales will increase if more important features are added to the existing products. Study findings clearly indicated that from the total the respondents of 45% were strongly agreed, 50% were agreed, and the remaining 5% were somehow agreed that the flexible products/new products that meet customers' needs. From the total respondents of 5% were agreed, 15% were somehow agreed, 50% were disagreed, and the remaining 30% were strongly agreed that the Premium paid is too low as compared to the benefits derived. From the total respondents of 12.5% were strongly agreed, 17.5% were agreed, 25% were somehow agreed, 35% were disagreed, and the remaining 10% were strongly disagreed.

This shows that the majority of the respondents were disagreed that these promote ethical conduct in everything it does. From the total respondents of 72.5% were strongly disagreed, 27.5% were agreed. This shows that the majority of the respondents were strongly disagreed that attractive and informative media, theme layout, and language of the advertisement is used to increase sales.

5.3. CONCLUSION

The purpose of this study was to assess the attitudes of potential customers towards life insurance service in case of Meden Corporation Addis Ababa merkato branch. The first specific objective was to know and measure the attitudes of the potential customer towards life insurance service in case of Meden Corporation Addis Ababa merkato branch.

The findings revealed that most of the attitudes of the potential customers not positive, why because of they have no enough knowledge about life insurance services, premiums, and other insurance corporations' Rules related to the life insurance services, some life insurance products are complex to be understood by consumers, policy wordings, terms and conditions of a product on the market are not clear and understandable.

The second objective was to assess the role of insurance corporations to motivate the potential customers to buy life insurance service. The study revealed that the motivation was very low, product and the premiums charged do not recognize the needs and economic status of the society, low income earners cannot afford the existing life product, majority of life

insurance buyers are NGO's & rich individuals, because they can afford the price, the premium paid is too low as compared to the benefits derived.

The third objective was to examine how sales promotion of life insurance services affects the Attitude of customers towards life insurance service in case of Meden Corporation Addis Ababa merkato branch. The study revealed that Promotional and public awareness creation activities were not well done; current sales of life insurance are not very attractive compared to the property insurance which show sales promotion is one of the major factors that can lead to growth of life insurance Business, if it is done through a combination of different methods.

5.4. RECOMMENDATIONS

On the basis of the findings of the study, the following recommendations can be made. The responsible body; like life insurance corporations, government bodies, Medias, and others related businesses must carried out essential works to change potential customers' negative attitude to positive attitude. The corporation must sensitize its members on the best training opportunities to ensure that the services offered to the life insurance customers by the sales staff are value adding and in the best possible way.

The insurance corporation should motivate the potential customers. Product and the premiums charged should recognize the needs and economic status of the society. The corporation should introducing affordable products.

The life insurance companies should ensure proper sales promotion and pricing of life insurance products for value maximization to its customers. The insurance companies should work hard and competitively to ensure penetration of their services and to organize education to members of the public to penetrate their life insurance services.

5.5. SUGGESTIONS FOR FURTHER RESEARCH

Studies need to be conducted using more variables or related topics that seem to be pertinent to the study. The studies should be conducted to investigate the interaction of other variables that influence positively attitudes of potential customers towards life insurance service in Ethiopia. A replication of the study needs to be done using a larger sample so as to give more insight on life insurance services. Other factors that affect the whole insurance industry may also the given an in depth analysis through a similar study.

BIBLIOGRAPHY

Abate Gashaw (2012). Factors affecting profitability of insurance companies In Ethiopia: Panel Evidence. A.A, Addis Ababa University, Masters of Science in Accounting and Finance, unpublished.

Alba, Joseph W. and J. Wesley Hutchinson (1987), 'Dimensions of Consumer Expertise', Journal of Consumer Research

Beck and Webb, (2002) on their study on determinants of life insurance consumption

Browne, M. J. and Kim.K. (1993). an international analysis of life insurance demand, Journal of Risk & Insurance

Conover, Jerry, N. (1982), 'Familiarity and Structure of Product Knowledge', Advances in Consumer Research.Corlett, W.C (1984), 'Central or Peripheral Routes to Attitudes Changes: The Role of Repetition in Television Commercials wear out', University of Lowa.

Hailu Zeleke (2007) Insurance in Ethiopia, Historical Development, Present Status and Future Challenges

Kardes, Frank R. (1988), 'Spontaneous Inference Process in Advertising: The Effects of Conclusion Omission and Involvement on Persuasion Journal of Consumer Research

Kotler, P. (2003) Marketing Management, 11th Edition. Upper Saddle River New Jersey; Pearson Education, Inc

Kotler, P. and Armstrong, G. (2008) Principles of Marketing, 12th Edition, Upper Saddle River, New Jersey: Pearson Education IncLeon G, Schiffman Consumer Behaviour, Prentice-Hall India 8th edition

Mark R. Greene and Paul Swadener (1974), Insurance Insights, Cincinnati, Ohio, South Western Publishing Corporation

Meseret Wondaferaw (2003).Comparative Analysis of the Performance Private and Public Insurance Companies, Unpublished Philip Kotler, Marketing Management Pearson Education 2th edition.

Schiff man, L.G. and Kanuk, L. S. (2000), Consumer Behaviour, 7th Edition., New Jersey: Prentice- Hall, Inc

Sujan, Mita (1985), ‘Consumer Knowledge Effects and Evaluation Strategies Mediating Consumer Judgments’, Journal of Consumer Research

Tajudeen Olalekan Yusuf, AyantunjiGbadamosi, &DallahHamadu (2009), Attitudes of Nigerians towards Insurance Services: An Empirical Study, African Journal of Accounting, Economics, Finance and Banking Research

Zekariyas Mekonnen, 2010 Buyers’ Attitude towards Life Insurance Policy Purchase

WEBSITE:

1. http://www.nbe.com http:// www.google.com.Http://www.eic.comhttp://www.elgi.com

APPENDIX 1

Wolkite University

College of Business and Economics

Department of Management

A Study on the Attitudes of Potential Customers towards Life Insurance Service in maden corporation Marcato branch

Questionnaire to be filled by potential customers of life insurance service

Dear Respondent

First I would like to thank you for your willingness to fill this questionnaire honestly. My name is Ekram Hussen Ali – graduate student of BA degree from Wolkite University. I am conducting a graduation paper on the "Attitudes of potential customers towards life insurance Service in maden corporation marcato branch" as a partial fulfillment of the BA degree. So, I would like to sincerely ask your contribution in answering the questionnaires designed to collect raw data.

Confidentiality

Although this questionnaire requests specific information, this is only for my purpose and will not be passed on to third parties or attributed directly in any public way.

P lease tick (√) the items below that describe you:

1 Gender M □ F □

2. Age Group: 18-30 □ 31-45 □ 46-63 □

3. Education Level: High school□□□ Certificate □ Diploma □ First degree □ Second degree and above

4. Annual Income:

A) Below 1000 birr □

B) 1000 birr – 4000 birr □

C) 4001 birr – 6000 birr □

D) Above 6000 birr □

SA= Strongly Agree=5, A= Agree=4, SHA= Somehow Agree=3 D= Disagree=2 SD= Strongly

Disagree=1

Factors	SA	A	SHA	D	SD
5. Do you agree that the public is well aware of the concept of life insurance?	5	4	3	2	1
6. The policy wordings , terms and conditions of a product on the market are clear and understandable					
7. The share of ELGI's is declining due to the growing competitiveness of other insurance companies.					
8. The products are always revised to accommodate Inflation					
9. The existence of limited types of products in ELGI resulted in low performance of the company					
10. The rate of existing products in general is a bit expensive?					
11. Low income earners cannot afford the existing life product					
12. Majority of life insurance buyers are NGO's & rich individuals, because they can afford the price.					
13. Introducing affordable products will maximize number of customers and sales					
14. The number of life insurance customers is very small compared to the property insurance					
15. Do you agree that promotional and public awareness creation activities are well done					
16. The current sales of life insurance are not very Attractive					

Thank you for spending your valuable time to fill this questionnaire

DECLARA OF ACADEMIC HONESTY

I, Ekram Hussen Ali, declared that this paper entitled “Attitude of potential Customers towards Life Insurance Services in Meden Corporation in case of (Addis Ababa merkato branch)”, is outcome of my own effort and study, and that all sources of materials used for this study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the requirement for Bachelor of Art degree in Management

By: Ekram Hussen ALI

Signature_____

Date_____

Advisor: Mr. Edmealem Besubalew

Signature_____

Date_____

====The End====