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INSURANCE AND WELL BEING

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EDITORIAL

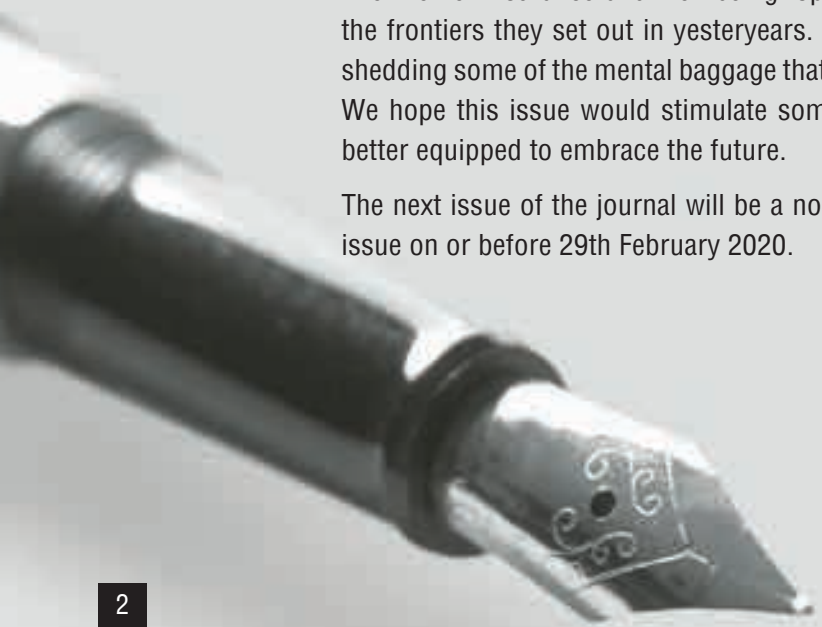
Several years ago Prof. Huebner coined the term 'Human Life value', suggesting that human life was a form of property – a machine, similar to other machine whose function was to generate income. Generations of insurers endorsed this approach, of viewing the human body as a machine. One could think of it as a clock that ran Tick-Tock. Death was when the clock stopped its whirring and signaled a need for replacement value. Disease occurred when the clock malfunctioned and needed to be repaired. Life and health insurers assumed the role of providing funds for [loss] replacement or repair.

Consider this 'machine' called Human life. It's Book Value, as given by the chemicals and other gross items that go into it may be worth a couple of hundred rupees. Practically none of us would agree that this is our worth. We know our body to be a vast network of trillions of cells and molecules, most of whom have a short lifetime. In a sense, our physical body dies and is being recreated every moment of our lives. What lingers and connects the old with the new is memory – every moment we step into a new body, carrying bits and bytes of psychic memory or 'remembered experience'. The central dynamic that permeates and governs all life, including that which throbs in each one of us is Intelligence. The human body, a river of energy and information, is driven by this intelligence. Morbidity, Mortality and Longevity are closely linked to how individuals see, relate and choose to live.

Life insurance (and similarly health insurance) is made of two words - Life and insurance. When customers and the lay public approach the subject, it is life they are concerned about. Insurers on the other hand are obsessed with insurance. Between the two, there is a gap that may be getting wider and deeper as we traverse through the connected and informed 'new world' of this millennium. The question is, who is responsible for bridging this gap. Can it be bridged merely by spreading awareness about 'what is available today'? Does one need to consider a fundamental shift in the paradigms and business models by which insurers operate?

The theme 'insurance and well being' opens new vistas for insurers to think beyond the frontiers they set out in yesteryears. A deep dive into the theme may also help in shedding some of the mental baggage that the industry has accumulated over the years. We hope this issue would stimulate some fresh thinking that enables insurers to be better equipped to embrace the future.

The next issue of the journal will be a non-theme based one. We invite article for this issue on or before 29th February 2020.



Amplify Insurance Growth by Enhancing Experience of Every Customer Everytime.....

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Introduction

Well being or wellness is the condition of an individual or group. A high-level of well-being means that in some sense the individual's or group's condition is positive. According to Naci and Loannidis "Wellness refers to diverse interconnected dimensions of physical, mental, and social well-being that extend beyond the traditional definition of health. It includes choices and activities aimed at achieving physical vitality, mental alacrity, social satisfaction, a sense of accomplishment, and personal fulfilment.

Oxford describes well-being as a state of being comfortable, healthy or happy; and have given several synonyms for well being viz. welfare, good health, happiness, comfort, security, safety, protection, prosperity, profit, good, success, good fortune, advantage, interest, prosperousness, successfulness.

One word that can replace the entire gamut all these synonyms of well-being in an unembellished manner is "Insurance". Yes, insurance cares and comforts, provides security, protection, safety, prosperity, success, good fortune and has its own edge in the society.

In this article, we explore Insurance companies' role in bringing real well-being in India. It also deliberates how Insurance companies strive to add real

value to customers and support their financial well being and regulator's role in making it happen.

Stress about their financial well being is a feeling that many consumers around the world are very familiar with today. According to Aon's Global Financial Well being Study, people are frequently dealing with various forms of debt at the same time as they lack sufficient assets for retirement and face unexpected risks that could result in a major financial setback. While multinational companies are paying attention on well being more broadly, financial well being is less embedded, with 34 % of those surveyed by Aon having a well being strategy in place, but only 14 % respondents having a financial well being strategy.

Firms that work with their employees in the broader sense of well being (that includes financial well being and retirement planning) could see benefits that include lower healthcare spending and improved retirement outcomes for employees, in turn leading to a more engaged and financially confident workforce. Bernhard Klien Wassink, EY's global customer and growth leader for insurance has stated, "We have work to do when it comes to consumer financial well-being"

In the Indianized market only a miniscule of the total population has reached a degree of well-being with special focus to life insurance, it is proposed to approach the role of Life insurance in ensuring well-being of various stakeholders associated with Life Insurance business in a holistic perspective.

Economy Well Being

Though, India is currently undergoing a recession like phase, there is confidence that its Economy will overcome this temporary setback. The Savings trend as a habit of Indian population is a strength of the Economy.

It is estimated that by year 2026, the working population of age group to 25 to 40 years will reach approximately 795.5 million as an added strength to the Indian Economy. Though, 70 % of Indian population is from rural segment, their consumption pattern, choice and preference has undergone rapid change. Technology and internet have given ample scope for rural population to adapt to the changing new technology landscape. This has compelled multinational players, fintechs and insurtechs to spread their wings and focus to reach this rural segment. India's robust economy is expected to sustain the growth in Insurance written premiums. Higher personal disposable incomes would result in higher household savings that will be channelled into different financial savings instruments like insurance and pension policies.

Evolution of Insurance Industry

The evolution of industrialisation triggered the nascent concept of insurance to spread its wings across the globe. Though, the concept of insurance and its spread was felt in western and developed countries, the dominance of insurance was not visibly felt in Indian market. While Indians have been renowned for their savings

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habit from ancient days, majority of the Indian population was unmindful when it came to insurance. This lack of interest and awareness narrowed the spread and penetration of insurance in Indian markets. The low priority for insurance in the minds of Indians proved the myth "Insurance not bought, but, sold" even after nationalisation of Insurance Industry in India was prevailing. Low priority for insurance and low penetration level led to sluggish growth of Indian Insurance industry, as a result of which there was no pressure for product and service

innovation. Post opening of the Indian Insurance Industry and with the advent of private players, flavours of product and service sophistication was touched upon. Though there is an agenda for the Government missionary to bring social security insurance schemes like PMJJBY to cover large chunk of insurable population still there is ample scope for better penetration of life insurance in India. Though cost effective and innovative products along with better pricing can increase the penetration level, due to competition and limited scope of innovation in products and pricing, there is a gross gap in penetration among the Indian masses on a large scale. Innovation and differentiation in service level post sales will be instrumental in bringing a wide-ranging customer experience which will lead to enhanced penetration of life insurance in India.

For more than a decade the penetration level of insurance is stagnant, except for few intermittent small spikes with the advent of ULIP environment.

The insurance industry of India has a strong presence in Indian market with 57 insurance companies of which 24 are in life insurance business and 33 are non-life insurers. In addition to these, there is the sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims. Despite this spread and even after opening the industry to private players, the fact that penetration has still not taken off well is a concern area. Insurance penetration in India is 3.69 during the FY 2017 in which the penetration of Life Insurance is 2.76. This number is constant for many years in India, whereas countries like Japan, China, South Korea, UK are having penetration of more than 6% in Life Insurance segment.

Insurance Industry Well Being

Many private Life Insurers and LIC of India are in the race to understand and engage the modern to customer's insurance needs and are trying to cope up with the expectation of today's consumers who live with a cell phone in their hand. Insurance companies have brought different vendors together to provide insurance well being in Indian way and have built in various comprehensive and integrated solutions for consumers. Shifting from vintage products with some patch work, Insurance companies have started offering clear bundled solutions that are customised to meet the changing needs. The Indian Insurance regulator with key focus towards its mission "to protect the interest of the policyholders" and "to regulate, promote and ensure orderly growth of the insurance industry" has brought in various guidelines including Policyholders Protection guidelines.

Now, the key challenge and differentiator of the Insurance Company is to see how well being can be brought to the customers within the purview of the laid down guidelines. Only efficient service as a key differentiator to outshine the competition is the option open for Insurance companies. Let us see how this differentiation can be achieved by insurance companies towards well being of the policyholders, the industry and the nation as a whole.

Service a Key Differentiator for Well Being

"A brand is no longer what we tell the customer it is – it is what customers tell each other it is " - Scott Cook

Shep Hyken, Customer Service Expert and New York Times bestselling Author, has stated that Customer service is the experience we deliver to our customer. It's the promise we keep to the customer. It's how we follow through for the customer. It's what and how we make them feel when they do business with us. This saying also aptly applies to customer experience in insurance industry.

The span of the journey of customer experience in life insurance is for a considerably longer period than other products. Delivering a world class service experience and ensuring the customer's changing need in this long journey is a real challenge for life insurance companies.

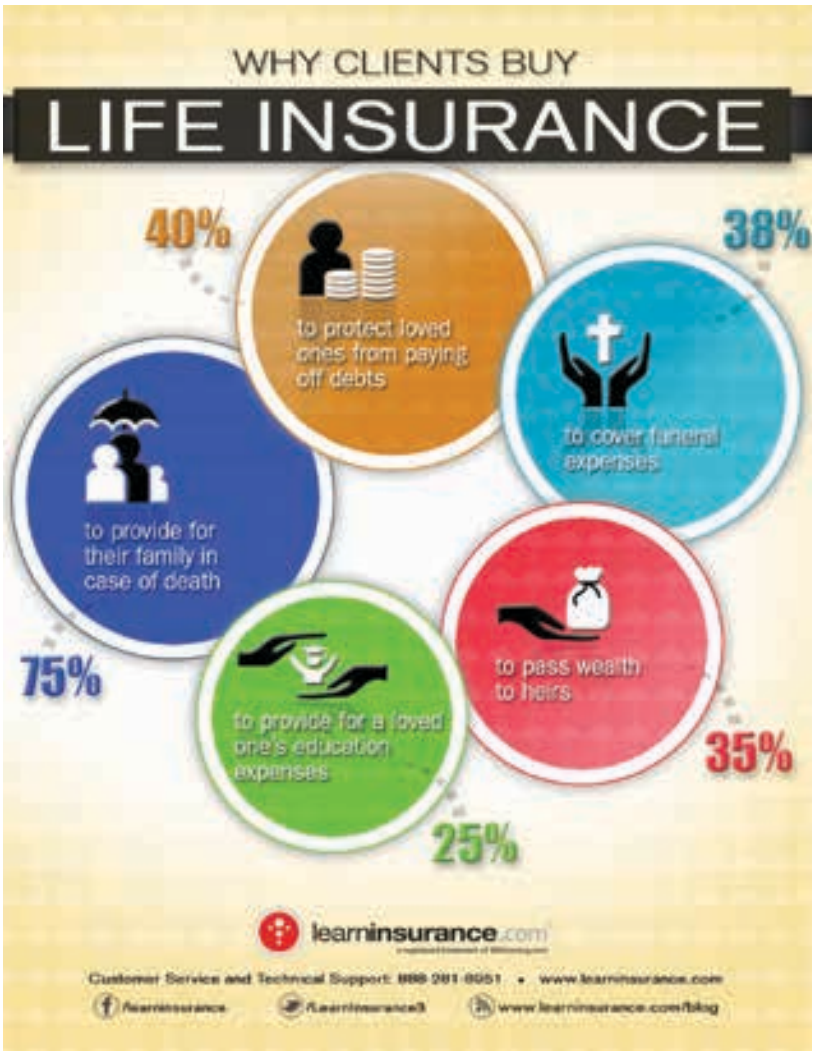
A brief overview of evolution of insurance industry, insurance penetration, the maturity level reached in gaining better customer experience, and how conventional policy servicing and claims management can be redefined to a new framework of a Customer Advocacy model is dealt with in this article.

The Journey of Life Insurance, post sales, is a long expedition where service at each touch point with the

Why Clients Buy Life Insurance

customer will impact the decision to continue the policy and advocate the experience to one's surroundings. Better Claims Management is vital as it is the reciprocation of the trust the policyholder has in the life insurer. Life Insurers should use claims management as an opportunity to honour the promise and obligation to the customer in a well fashioned manner without any hassles and with ease and sophistication. Better technological advancement can lead to better policy and claims management which will be leveraged to achieve better business penetration. Upcoming digital and social media's exposure to bring in a world class customer experience level in Indian Life Insurance Industry is briefly touched upon in this article.

A brief understanding as to why customers buy life insurance will give a fair and underlying idea on the concept of customer experience management.



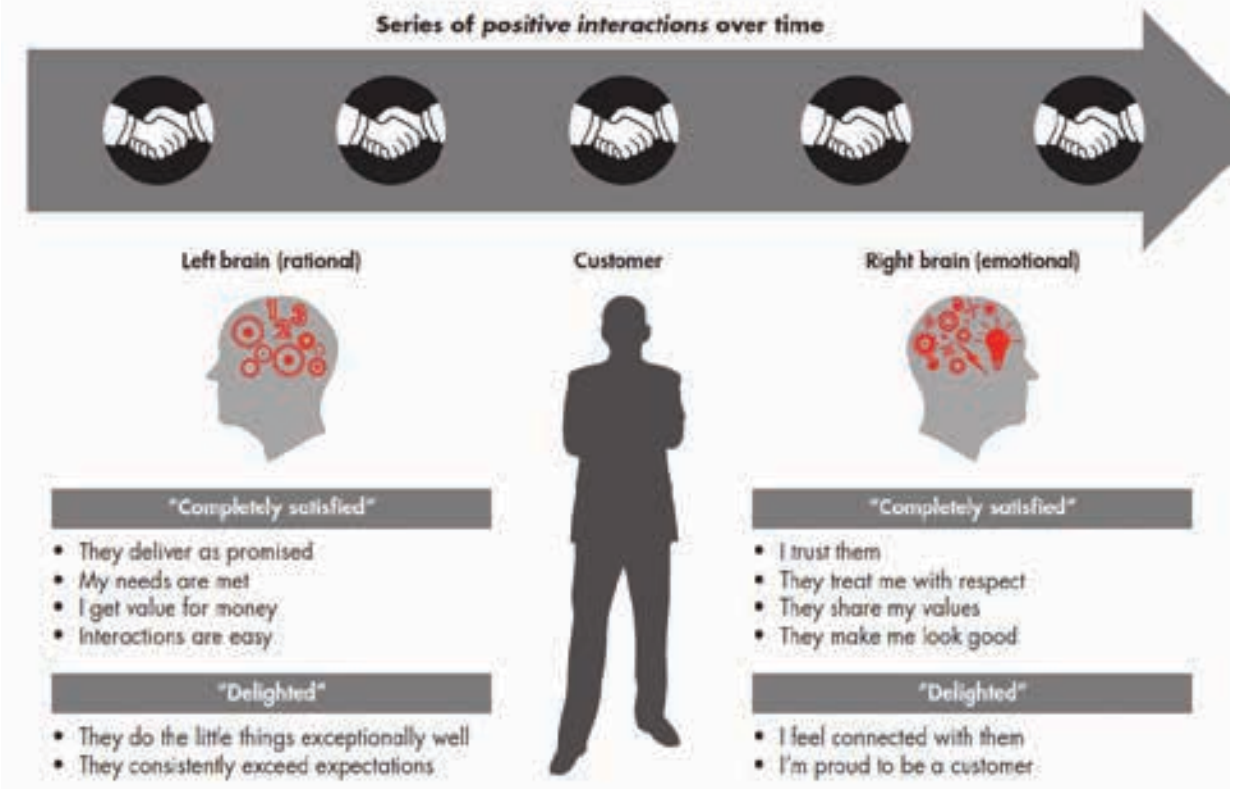
Source: Lean Insurance

A recent study by lean insurance revealed that 75 % of life insurance policyholders buy life insurance to provide funds to their family in case of death, 40 % to protect loved ones from paying off debts and 38% to cover funeral expenses, 35 % to pass wealth to their heirs and 25 % to provide for their loved one's education and combination of these wishes.

Well Being of Positive Interaction in Insurance Services

As can be seen from the below picture, left brain is more rational and it ensures that promise is delivered as value for money, with consistency in exceeding expectation. This will apply for most consumer products. But as Life insurance is bundled with emotions, values and sentiments, the emotional quotient of the right brain will have more impact on customer experience. Hence, Life insurers need to maintain trust, transparency. Across the journey of the policy life insurance companies should respect and value the sentiments of the customer. At each touch point and at each milestone in getting service, the customer should feel proud of his/ her choice about his decision of getting the product and being a part of the brand. This feel should be elongated and should be preserved continuously throughout the journey of the policy which is termed as a series of positive interactions overtime.

Figure 2: A series of positive interactions goes beyond "completely satisfied"



Major Challenges in Well Being in Insurance Industry

- Journey of a life insurance policy is quite long and in this long span meeting the emotions, sentiments, values and changing needs is a key requirement for a life insurance company. Personalised touch with technological intelligence and continuous and timely transformation can overcome this complexity.

Though technology is in progressive mode, personalised selling of life insurance still dominates the Indian insurance industry.

The business of insurance is related to the protection of economic value. Human beings have a tendency to protect themselves against uncertainties of future and risks. It is assurance against risks or events or losses. In India though the savings rate is high, people tend to invest more on fixed deposits and gold.

Some trends that may arise in the future include

- Insurance will be dynamic and will cover end-to-end customer journeys
- Insurance will be highly customized and relevant to each customer individually
- Interactions will be "phygital" – a mix of physical and digital, though increasingly becoming more and more digital
- Insurers will partner with multiple different service providers to offer end-end services meeting customer needs and not just products

Technology advances are transforming different industries at an ever-increasing pace. Insurance industry will not be isolated. These advances will be a lot more potent as they will have widespread applications across different aspects of the insurance business including sales, underwriting, claims and customer service.

If this were not enough, the rapidly evolving macro-economic landscape – lower interest rates, evolving customer behaviour, impact of digital adoption, changing competitive landscape and the dynamic regulatory situation will

keep the C-suite busy in developing and adapting strategies to leverage the opportunities and stave off the challenges.

Social Well-Being of Insurance

Over the years, the industry has undergone fundamental shifts such as rapid expansion, rebalancing of the distribution mix, transitions of product mix, digital transformation, capital inflows, and approach towards customer-centricity. As a result, Industry has shown creditable growth both in new business premium collection and new policies sold. In FY2018, Industry reported 11% growth in new business premium collection with the help of both Private Players and Life Insurance Corporation. Private life insurers enjoyed a healthy growth of 18% during financial year.

Despite under penetration and low sum assured in life insurance segment, the industry has a considerable amount of potential to grow exponentially in upcoming year. Life Insurers'' ability to innovate products matching risk profile of policyholders, reengineering the distribution, focus on adopting digital tools to reduce cost to serve, making sales and marketing more responsible and answerable, and regulatory support to encourage transparency and accountability offers more avenues in the wake of this fast-growing economic environment.

Life insurance industry is supported by government policy actions and reform measures which are aimed at financial inclusion, clean up and consolidation of banking sector, more foreign investment friendly measures, better tax compliance, and digital connectivity. Additionally, the regulator has issued various regulations/circular for the life insurance sector such as IRDAI (Payment of commission or remuneration or reward to insurance agents and insurance intermediaries) Regulations, 2016, IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017, Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017, IRDAI (Protection of Policyholders' Interests) Regulations, 2017, IRDAI Master Circular (Unclaimed Amounts of Policyholders), 2017. Insurance companies have invested its funds as per the directions of IRDAI across various sectors in India to lubricate Indian Economy and play a key economic factor in India.

The IRDA has ushered several changes in the regulatory framework, which are expected to further the changes in the way the industry conducts its business and engages with its customers. Demographic factors such as growing middleclass, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance.

Sustained efforts towards creating awareness and working to enhance the industry's reach will lead to fruition of the objective of having a country of individuals who are financially protected.

The insurance industry has been at the forefront of economic development in India. Gross premiums have grown at a CAGR of 7.2% over the last decade, pushing the country's sector into the league of larger insurance economies globally. During this period, the behaviour of customers has also changed significantly, with 20–25% of them now using digital channels to understand and compare insurance products. Moreover, with the rapid adoption of the Internet of things (IoT) and other devices, enterprises have become more connected and aware. The connected world and rise of digital technologies are ushering in a more precise, data-driven era, creating huge opportunities for insurers to demonstrate their value and to reap the financial rewards of doing so. However, today's customers are being prompted with relevant information even before they have identified a need. They also have greater access to information whenever and wherever they want it, thus intensifying competition for insurers. The lack of brand loyalty in the insurance industry is compounded by the expectation of exemplary customer service that is seamlessly delivered across a range of communication touch points. Post liberalisation, the insurance industry in India recorded significant growth owing to solid economic growth and higher personal disposable incomes in the country. Currently, there are 24 life insurance, 25 non-life insurance and six health insurance companies in the Indian market that compete on prices and services to attract customers. The industry has been spurred by product innovation and vibrant distribution channels, along with targeted publicity and promotional campaigns by insurers. In 2015, the government introduced the Pradhan Mantri Suraksha BimaYojana (PMSBY) and Pradhan Mantri Jeevan Jyoti BimaYojana (PMJBY) to bring more people under the insurance

cover. In the future, increasing life expectancy, favourable savings and greater employment in the private sector are expected to fuel demand for pension plans. The Indian insurance sector is set to achieve significant growth in the coming years. A favourable demography, initiatives like the Pradhan Mantri Jan-DhanYojana (which is aimed at enhancing financial inclusion), rising financial literacy, and increasing domestic savings as a result of rising per capita incomes are expected to support the growth of the insurance sector.

The Indian insurance industry had a CAGR of 10.49% over the past 11 years. . Despite multiple challenges, the life insurance industry has the potential to grow by 2–2.5 times by 2020, supported by long-term trends and fundamentals underlying household savings.

Road Ahead towards Insurance Well Being

The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers. India with 3.42 per cent penetration rate in the insurance sector offers greater penetration potential when compared to global average of 6.2 per cent.

The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US$60 billion. The factors driving that growth may include:

Growing economy and purchasing power: The demand for insurance products is likely to increase due to the exponential growth of household savings, purchasing power of the middle class and the country's working population. The working population (25–60 years) is expected to increase to 795.5 million in 2026. This changing demographic changes, with upcoming Gen Y potential customers cannot be reached only with mere innovative products and pricing. At each policy servicing journey and with better claim management, there is a compulsion for life insurance companies to compete with the expectations of these Gen Y population to advocate the brands.

Growing interest in insurance, innovative product offerings and distribution channels have aided the growth of the industry. Further, the increasing penetration of the Internet has also accelerated demand. The Indian insurance market is a huge business opportunity waiting to be exploited. Despite being the second most populous nation, India currently accounts for less than 1.5% of the world's total insurance premiums and about 2% of the world's life insurance premiums. The country is the fifteenth largest insurance market in the world in terms of premium volume, with the potential to grow exponentially in the coming years.

Let's delve deeper into the areas that can boost the potential for future growth.

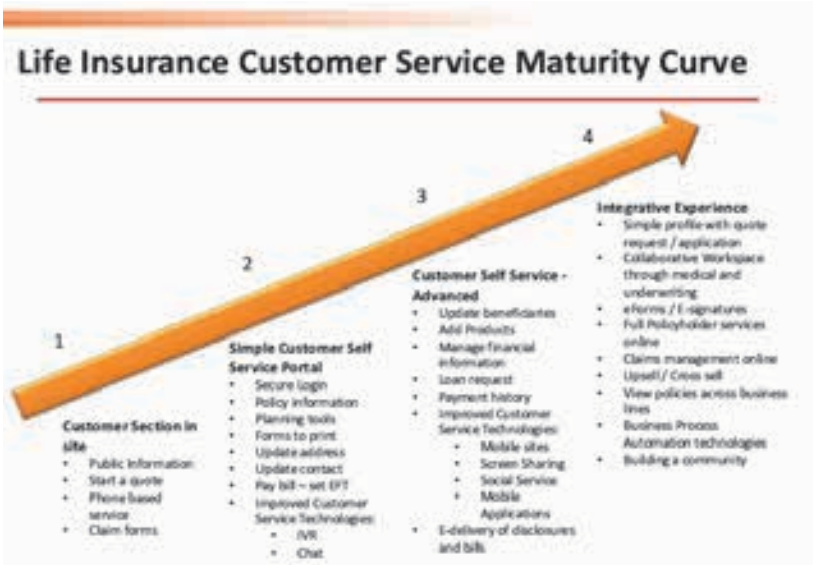
- The policyholders who relied on intermediaries feel there is gross gap in personalised post sale service. Insurance companies have to proactively step in and should see how this gap of orphaned policies can be well touched upon.
- Frequent regulatory changes and gaps in readiness by life insurers to meet this change due to scalability of volumes handled by life insurance companies and system vulnerability is an ongoing challenge for Insurance Industry. This technological intransigence has to be addressed by the

The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers. India with 3.42 per cent penetration rate in the insurance sector offers greater penetration potential when compared to global average of 6.2 per cent

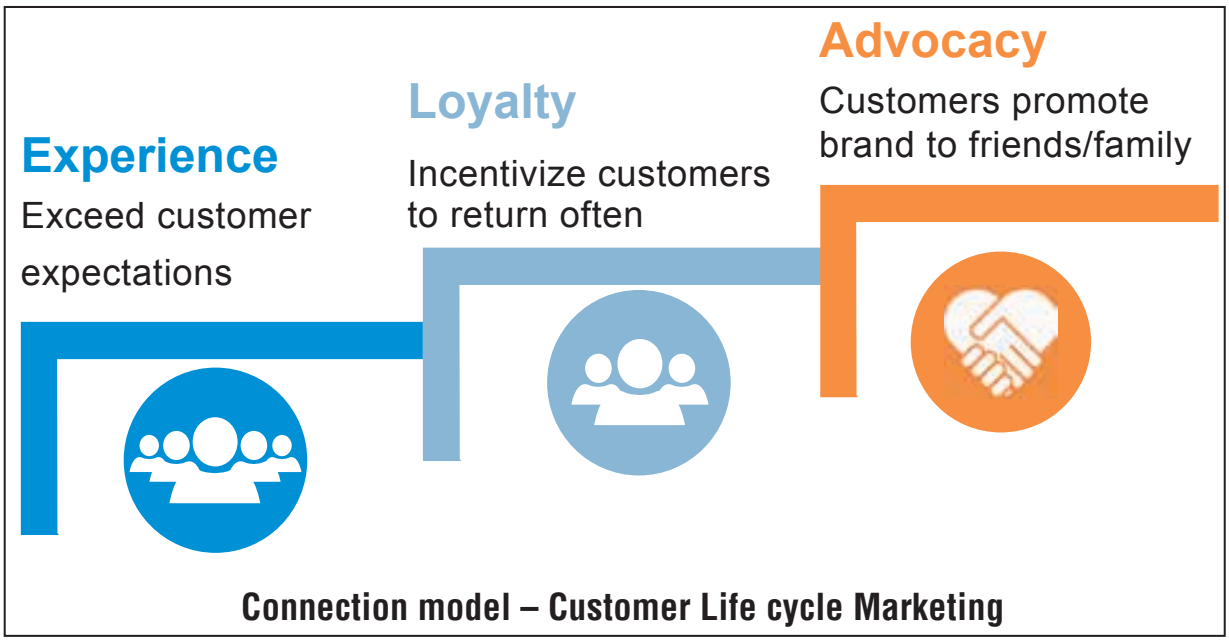
The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US$60 billion.

insurers by changing their core systems to be more flexible and intelligent to meet the changing requirement.

- There is a consistent gap between the services provided in life insurance companies and changing needs /expectation of customers due to digital transformation and advancement. This calls for gaining more speed and vibrancy in the insurance industry to meet th upcoming demand and expectations of new generations customers.
- Some of the other ongoing challenges which are unique to life insurance industry and should be proactively managed include Growing competition, low persistency, lack of scope for product innovation and giving a better product mix, lack of awareness of the benefits of need based selling to distributor and policyholder, pricing of the product, giving better returns to policyholders, huge capital infusion for continuous changes for technological and digital development, managing big data and adhering to data and cyber security norms, growing fraudsters and influx of bad lives into the system and high span of break break-even time and low profit margin in which insurers operate
- Customer engagement for insurance well being : By overcoming the above challenges life insurance companies, have managed to build conviction, trust, satisfaction, loyalty, goodwill, commitment and a delightful experience in servicing the customers.



Transformation of Life Insurance players from call centre service to building a mammoth of integrative service experience like providing e forms, e signatures, e services, viewing all polices across the business lines is being extensively managed to bring in a better customer experience in life insurance industry. The following picture shows that Life insurance Customer Service Maturity Curve has reached its peak steeply.Life insurance companies reached the above maturity level by overcoming challenges by spending huge money and expertise. Now, the challenge before the life insurance companies is to sustain this maturity level, go further steep high and proactively manage customer experience to exceed expectations in order to enhance brand promotion and brand image and brand value and to penetrate to new market avenues.



Connection model – Customer Life cycle Marketing

Customer Advocacy Model for Insurance Well Being

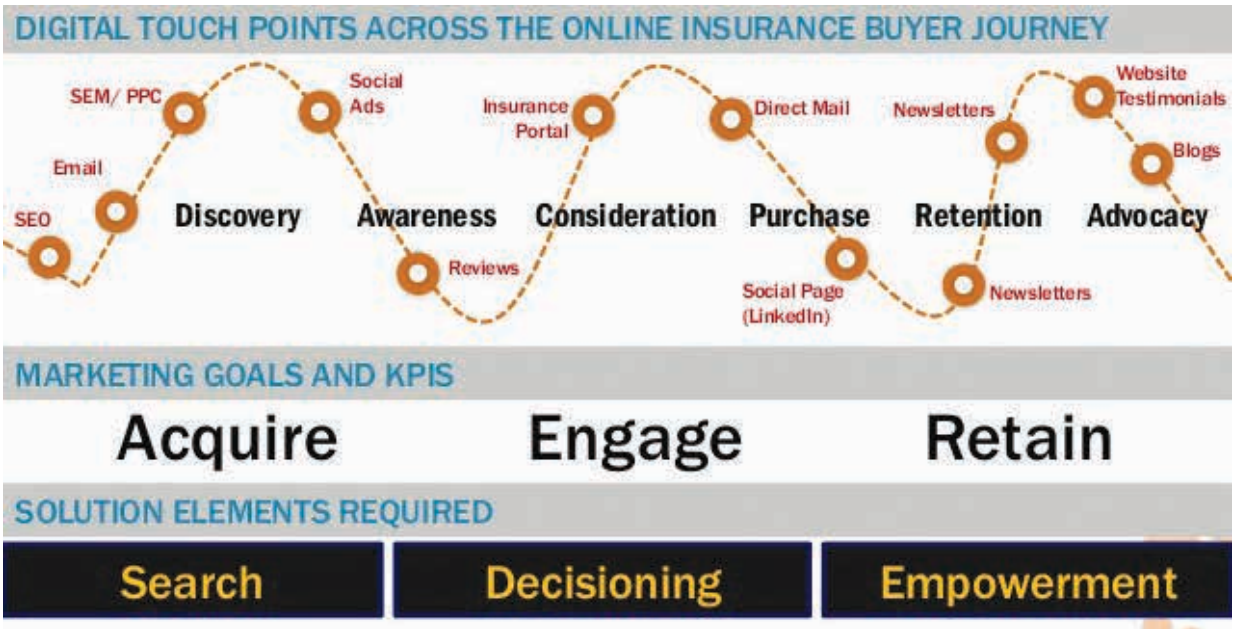
The following Advocacy model in encashing of customer's experience to customer loyalty and create a better customer advocacy model will enable life insurance companies to proactively manage customers expectations and also can expand their business horizons.

To create and better Advocacy model life insurance companies need to adapt to the following Customer Life cycle model as a cyclic and continuous activity. The customer life cycle model starts with creating awareness to research and comparison, selection, sale, customer experience and engagement, retention and loyalty programme and spread by word of mouth. Continuous focus and vision of top management and deploying its technology and research tools is vital to gain a better customer experience under this model.

Customer Life cycle marketing which can lead to better Customer Advocacy modelSuccessful implementation of the above Customer Life cycle Marketing model will result into a better customer advocacy model where customer will promote brand to friends and family.

How Digital touch points can use to promote Advocacy model

After acquiring customers, engaging the customers continuously through interactive digital media and empowering customer with better digital experience and retaining the customer will lead to better digital advocacy curve. In this process, Life insurance companies will be empowered to nurture cross selling with progressive social profiling of customers.



Customer experience journey and Customer Loyalty curve

In the following diagram Customer experience journey begins with need generation in social media and after exploring the choices available. Customer's consideration and engagement with the company lead to moment of purchase. Post purchase decision customer service experience provided by the companies and research capabilities using the transaction pattern and social profiling of the customer the companies can enhance their service interventions and product innovations. The most important point in this process is if the customer experience is best in class, the loyalty curve will bend more towards moment of purchase again and again by the customer and his/her friends and relatives. When this is accomplished, the life insurance companies can gain the advantage of skipping the loop of need generation and initial consideration and engagement and evaluation and can gain a competitive edge. On the other hand, the companies who are not effective in using such a tool will get into the loop of need generation along with similar competitors and may or may not succeed in getting the customer in their books and may lose the competitive advantage.

Customer experience Journey and Loyalty curve

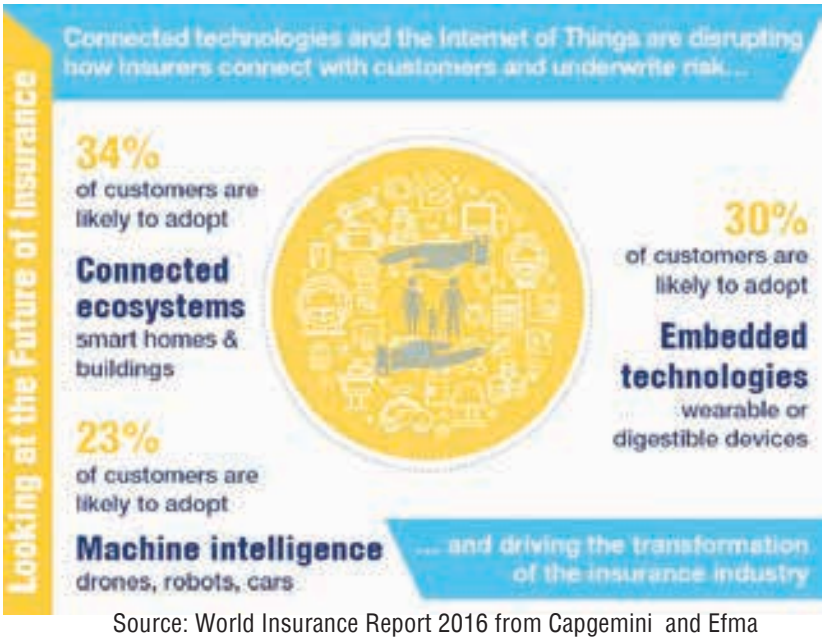
Capgemini in a study on leveraging social media across insurance life cycle has brought out that nearly 70 % of Insurers are already utilizing social media while a majority of the others plan to develop a social media strategy in the near future. Among the insurers who are currently leveraging social media, 85 % use it primarily for branding and image building.

Accenture in a study on reimagining insurance distribution has stated that leading insurers are taking customer

intimacy to a whole new level. 63 % prioritize the use of customer data for need based selling.

Looking at the Future Well Being of Insurance

Looking at the future of Insurance, World Insurance Report 2016 from Capgemini and Efma has reported that 34 % of customers are likely to adopt connected ecosystems, smart homes and buildings, 23 % customers are likely to adopt Machine intelligence and 30 % of customers like to adopt embedded technologies.



Source: World Insurance Report 2016 from Capgemini and Efma

Source : CMO council 2011 variance in social brand experience report

Customer engagement for insurance well being: By overcoming the above challenges life insurance companies, have managed to build conviction, trust, satisfaction, loyalty, goodwill, commitment and a delightful experience in servicing the customers.

Transformation of Life Insurance players from call centre service to building a mammoth of integrative service experience like providing e forms, e signatures, e services, viewing all polices across the business lines is being extensively managed to bring in a better customer experience in life insurance industry.

Profile of the Social Customer well being

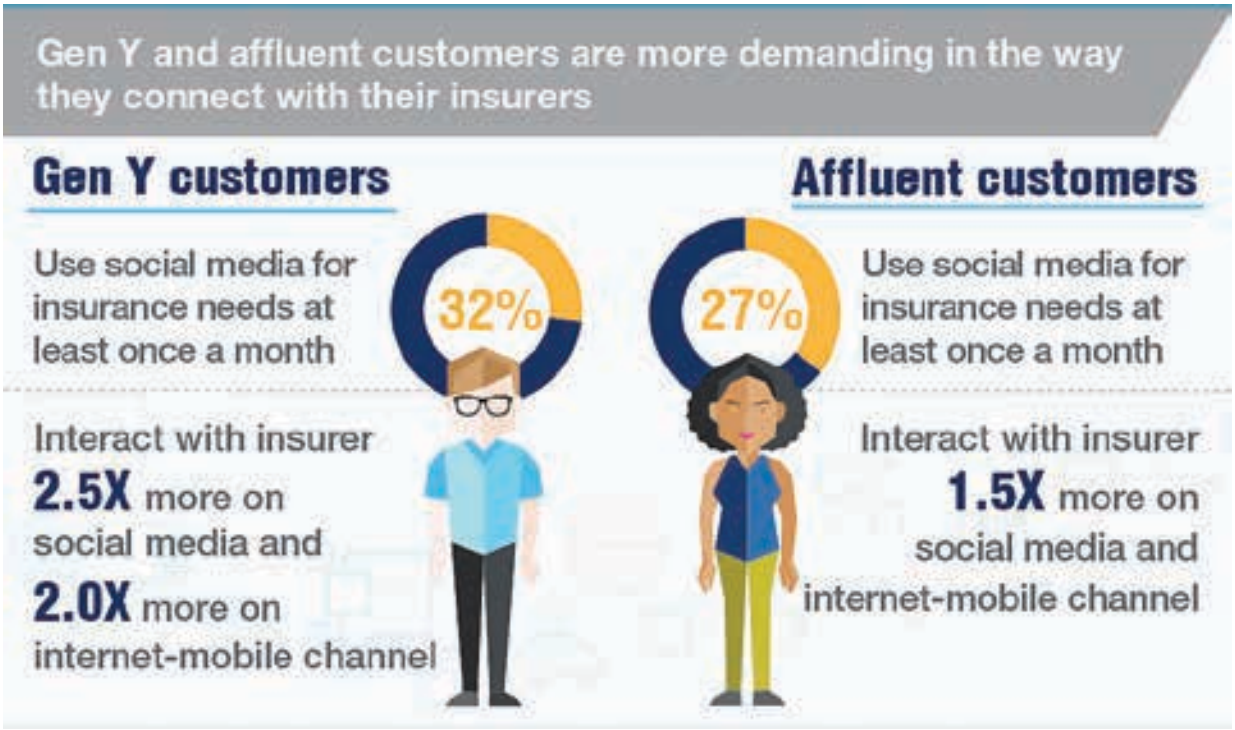
A study of social of social customers by CMO council 2011 variance in the social brand customer report reveals that 80 % of customers are more like to try new things based on friends' suggestion on social media. 72 % expect a reply within 24 hours when they connect a brand online for service or support, 49 % like brands on Facebook because they are a loyal customer and 61 % expect to interact with other customers and share experiences whey they like a brand on Facebook.

Increasing customer expectations for well being

Modern day customers are expecting the following tools to enrich their customer experience

Demanding Gen Y customers: Gen Y (i.ecustomers born between 1982 to 2002) customers are dominating the life insurance market space and they are potential insurable population and clients for life insurance companies. Insurance companies need to Focus on Gen Y customers and study their pattern of interactions and align to them so as to outperform the completive edge.

As can be seen from the following table 32% Gen Y customers use social media for insurance needs and 27 % affluent customers use social media for insurance needs at least once in a month. Life insurance companies need to accelerate themselves to the changing demand of these customers and enhance their capabilities to instantly connect with these customers.



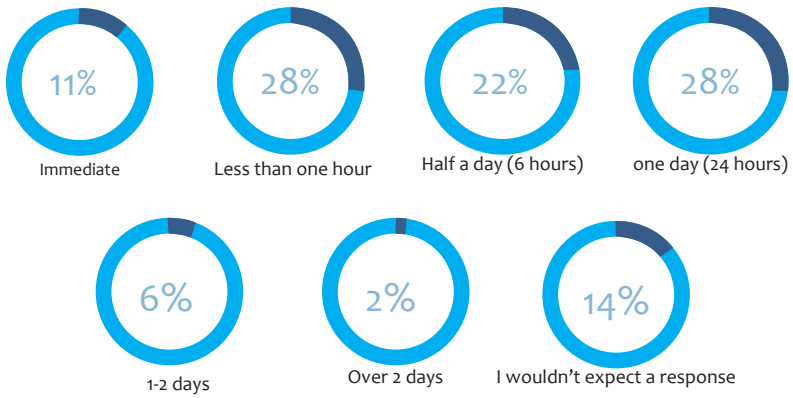
Social response time expected by customer

11 % of customers expect immediate social respone time and 28 % less than half an hour and 22 % within half a day and 28% within 24 hours. Interestingly 14 % do not expect any response. Life insurance companies should gear up their systems and processes to meet these expectations.

SOCIAL RESPONSE TIME EXPECTATIONS HIGH

Not Responding in a Timely Fashion. is NOT an Option

We have seen over and over again the damage inflicted upon a brand by not responding in a timely manner if at all to their customers request for assistance it is important to engage over social media and to manage the customers expectations.



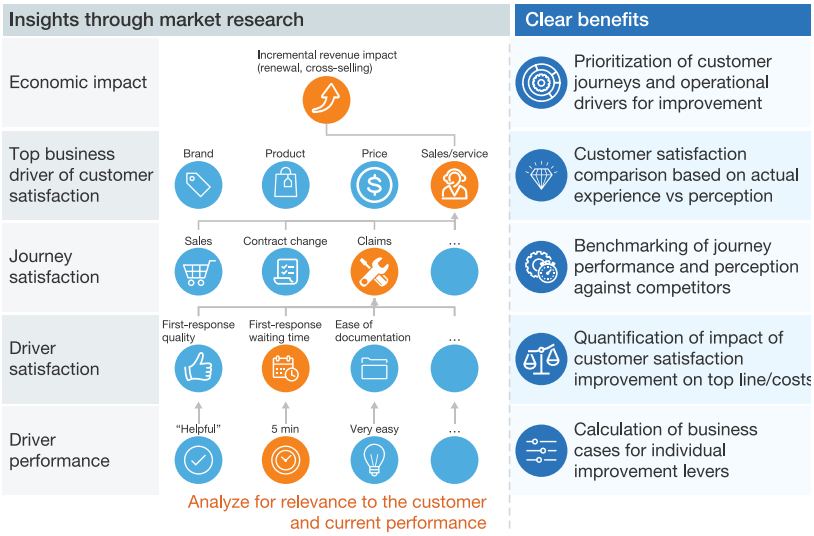
End to End Economic Model

McKinsey&Company has brought out an economic model which clearly narrates the benefits of prioritization of the customer journey for overall improvement and how perceptions are managed against actual experience. This model exhibits that the top business drivers to determine customer satisfaction are brand, product, pricing and pre- sales and post sales service. The journey satisfaction depends upon managing post sales dissonance, how easy the claim process is; the driver performance depends upon the attitude, culture and response time taken and ease of the process will lead to overall economic impact for the organisation. Clear benefits out of the model are prioritization of customer journey and operational drivers for improvement, customer satisfaction comparison on actual experience vs perception, benchmarking of journey performance and perception against competitors, quantification of impact of customer satisfaction improvement on top line/ costs, calculation of business cases for individual improvement levers.

Conclusion

Life insurance companies need to creatively strategize how they can create more and more loyal communities and how they can take these communities from Lack of awareness to Like and from **L**ike to Love and from Love to Loyalty in order to conquer new markets. Life Insurance Companies need to remember the following two great sayings for well being of the insured population

An end-to-end economic model generates insights and guides the improvement process.



Source :McKinsey&Company

The first one is at the sourcing stage and it is by Ben Feldman "Don't sell life insurance. Sell what life insurance can do" and the second one to be remembered at servicing life cycle of a policy by Howard Wight "Life Insurance is a combination of caring, commitment and common sense"

Life insurance companies need to choose unique customer engagement tools and platforms to ensure the relationship exists and enriches throughout the journey of insurance.

No matter what platform life insurance companies choose to build better customer experience management, the platform should offer a solid set of metrics to track the effectiveness and the impact of the engagement activity. The key here is to engage with the platform that allows for a strong tie into life insurance customer sentiments and it should be a continuous activity for a long period Life Insurance companies need to plan ahead to keep members engaged and interested, go an extra mile to build strong relationships with them and show them that customers are cared for in a real sense, and the company never takes them for granted. Long-term commitment from life insurance companies can build long-term loyalty from customers and fans. If the entire article is to be conceptualised to one line again the quote of Scott Cook has to be repeated "A brand is no longer what we tell the customer it is – it is what customers tell each other it is " - Scott Cook. It is obvious that life insurance companies has already understood and assimilated this quote and have put things in place to bring out a world class customer experience. Let the Life insurance companies stop managing campaigns and start building customer experience movements and venture into untapped potentials. It is the need of the hour. The future of the life insurance industry lies in ushering a world class customer experience.

Emerging Role of Insurance as Protection Measure

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The basic premise of insurance is to bring back the insured to the same position in which she/ he was before the accident / calamity / unforeseen event took place. Such unforeseen event may result in loss to life, property, health, liability arising out of business / activity of individual. Accidents in normal life of individual(s) are taking new shapes in the form of cyber attacks. We are thus vulnerable in this uncertain world. Insurance can thus be a saviour for millions of people.

Though the non-life insurance industry of India which has a density of just $20 (Density in insurance industry means average per capita spent) has a loss ratio of 89%, by virtue of having the world's second largest, there is a huge mismatch and gap with its life insurance market having just 2.61% share of the world insurance premium with the non-life insurance at a more miserable position 1.1 per cent.

The penetration figures (Life Insurance: 2.74% and Non-Life Insurance: 0.97%) are equally poor.

Maslow's hierarchy of human needs, the physiological needs describes hunger, clothing and shelter as the first level of needs. *Thereafter comes the second level of need i.e. Safety,* where insurance figures. Unfortunately while a large part of Indian population is still struggling for the first level of need (food, clothing and home) the Government is trying to take care of their well being through various insurance schemes.

The other side of population i.e. those who have crossed the "first level of Hierarchy of needs" are supposed to

take care of their security needs on their own through various measures (savings, investments etc. also accords low priority to insurance.

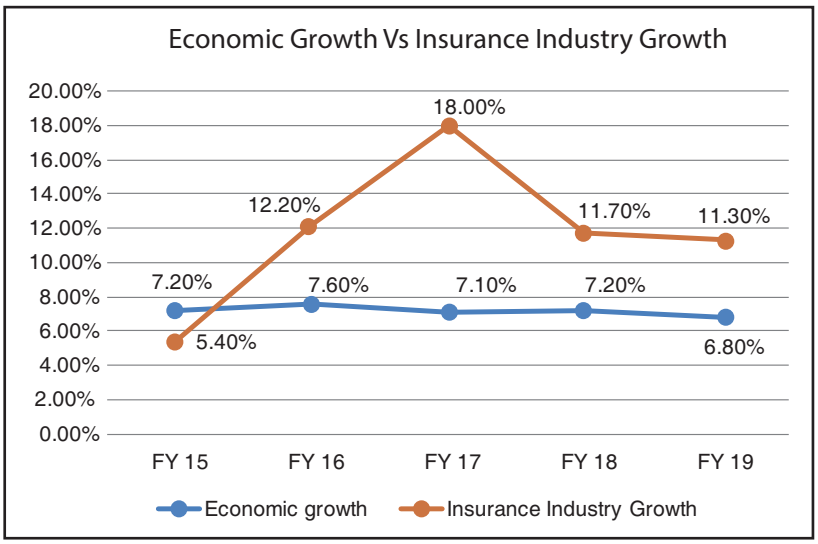
We all know **Life insurance** is not just a means to provide job opportunities to millions, making available huge fund for investment in infrastructure and providing peace of mind to insured and his family but also the means to bring back a family from the brink of disaster to in the case of untimely death of the bread winner, adding to well being of society at large.

In the area of **non-life insurance** a *motor policy* provides peace of mind from risks such as theft, damages in accident, third party liability etc. which ultimately results in financial well being against the small premium that she / he has paid.

Similarly a ***home insurance policy*** apart from giving peace of mind for insured ensures well being for his belongings. A ***money insurance policy*** or ***fidelity guarantee policy*** keeps the insured / employer safeguarded.

In recent times the insurance industry has seen more growth than in other sectors as can be seen in Exhibit 1 below when compared with economic growth during last 5 years:

Exhibit 1 below when compared with economic growth during last 5 years:



Each product of insurance i.e. Life Insurance as well as General insurance is aimed at protection of individual, families and society at large. Health Insurance as a well being measure is being discussed a bit more in detail since it's directly related to:

--- Protection in case of illness / accident

--- Well being of insured and his family

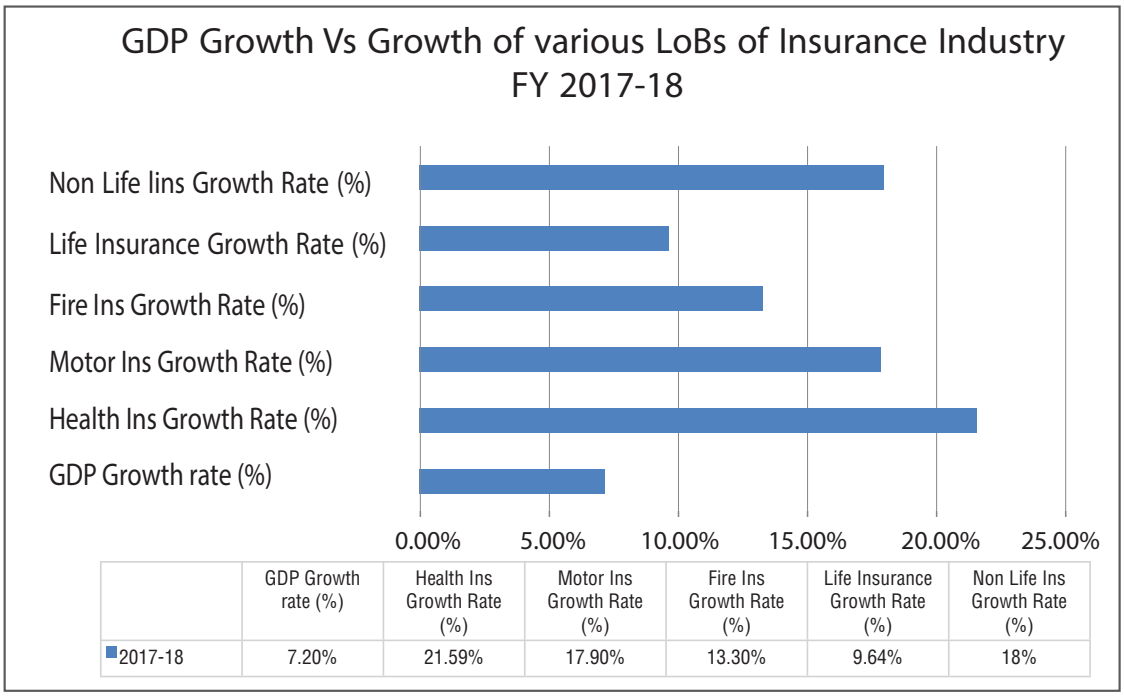
--- Well being of insurance company, TPAs, Doctors, Hospitals and Nursing staff.

Health insurance is a protection given to individuals / families in case of accident / illness resulting in hospitalization. The growth of Health insurance in recent times as compared to other lines of business is a proof that more and more individuals are buying this insurance to enhance security / well being.

> Though the non-life insurance industry of India which has a density of just $20 (Density in insurance industry means average per capita spent) has a loss ratio of 89%, by virtue of having the world's second largest, there is a huge mismatch and gap with its life insurance market having just 2.61% share of the world insurance premium with the non – life insurance at a more miserable position 1.1 per cent.

As can be seen in Exhibit 2, Health Insurance which relates to direct well being of individuals has grown almost three times when compared with the growth of GDP. However, this high growth can also be attributed more to Government initiatives. The bitter fact is that OOP (Out of Pocket) Expenses has led to economic turmoil of families in past but the importance of health insurance as one of the means for well being has still not been understood by people at large. There are a total of 4 PSUs, 21 Pvt. Insurers and 7 SAHI (Stand Alone Health Insurance) Comapanies engaged in selling Individual and Group Health Policies. The number of individual health policies sold till date is 30 million only while 675 million individuals have no health coverage at all.

Exhibit 2: *Growth of Insurance Industry / Major LoBs (Lines of Business) and GDP*



	GDP Growth rate (%)	Health Ins Growth Rate (%)	Motor Ins Growth Rate (%)	Fire Ins Growth Rate (%)	Life Insurance Growth Rate (%)	Non Life Ins Growth Rate (%)
2017-18	7.20%	21.59%	17.90%	13.30%	9.64%	18%

Exhibit 3: *Distribution of population covered under various health schemes AND Voluntarily covered/ Retail Policy Holders vis a vis Out of Pocket Expense to meet emergency arising out of Hospitalization*

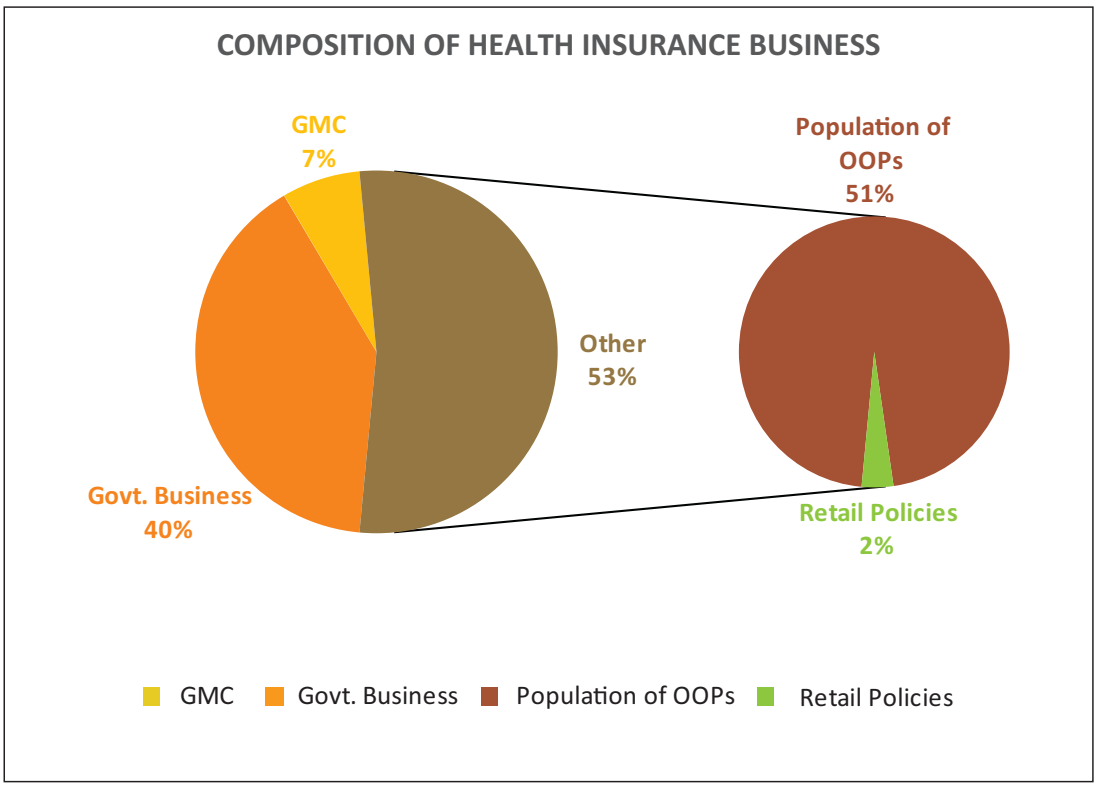


Table 1 : *Distribution of uninsured & insured population in India*

	Mln
Population of India (2017)	1339.18
Govt. Business	540
G M C	89.4
Retail Policies	33.3
Population of OOPs	676.48

So one can conclude that there is ample scope to cover a large uninsured population and bring them under the ambit of well being through health insurance. This can be achieved through:

IEC: Innovation, Education and Communication

I (Innovation): Innovative products (Bite Size or Sachet products) are gaining popularity. For instance Dengue insurance at low cost is a simple health product available at affordable cost is becoming a hot saleable health product. Lesser distribution costs by using digital mode is making sachet products (e.g. dengue insurance, mobile insurance, cycle insurance and even pet insurance) as popular products for new age insurance companies leading to enhanced well being through insurance and helping in furthering penetration levels.

E (Education): Clarity and simple wording of product features is important to educate customers to match the needs of buyers of insurance products. From the role of regulator in defining various terms with regard to coverage and exclusions to the role of intermediaries as well as insurers from understanding the need of the insured to educate them to buy the right product is important. In recent times, the regulator has further simplified health insurance products by giving clarity on pre existing terms, waiting period etc.

C (Communication): Communication about product with regard to diseases covered, waiting period, details of policy from a licensed and educated distributor, plays a key role so that insured does not feel cheated and money spent on insurance meets the desired objective. Insurance companies need to design simplified products with easy to understand features.

Insurance as a wellness Measure in Times of calamity

Every year different parts of our Country go through calamities such as Phailin and HudHud, leading to loss of life, crop, vehicle, home, factory, workshop, godown. Those having the foresight to have insured themselves are able to return to their previous life styles owing to insurance claims. Such calamities result in losses in different parts of the country periodically. The poor are hit the most as they have no life insurance cover, no home insurance cover and no health cover.

This has led to the Government itself coming up with several schemes to protect the vulnerable sections of society and launched schemes like PMFBY (Pradhan Mantri Fasal Bima Yojana), an insurance scheme to take care of farmers when the crop gets destroyed impacting the yield or earning.

Every year different parts of our Country go through calamities such as Phailin and HudHud, leading to loss of life, crop, vehicle, home, factory, workshop, godown. Those having the foresight to have insured themselves are able to return to their previous life styles owing to insurance claims. Such calamities result in losses in different parts of the country periodically. The poor are hit the most as they have no life insurance cover, no home insurance cover and no health cover.

Likewise, the PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana), an easy and affordable life insurance scheme to compensate families in case of untimely death by providing a sum of INR 2 lacs for an annual premium of INR 330 only. Add to this another scheme of PMSBY (Pradhan Mantri Suraksha Bima Yojana) for a Personal Accident Cover of ₹ 2 lacs for a mere premium of ₹ 12/- annually which transcends to ₹ 1/ pre month offering minimal protection for survival of any family. Several other benefit schemes are being run

Table 2: *Major Government Insurance Schemes and their Performance*

Name of Govt scheme	Enrolment(In Millions)		Claims Paid		Remarks	Scheme detail(s)
	FY 18	FY 19	FY 18	FY 19		
PMJDY (Pradhan Mantri Jan Dhan Yojana)	314.43	353.9	Life : 88%; Accident: 81%	Life : 88%; Accident: 70%	FY 18 claims are dated 23.07.18. FY 19 claims are as on 21.06.19	Account holders under PMJDY enjoy an accidental cover of INR 2 lacs and life cover of INR 30,000 without paying any premium.
PMSBY(Pradhan Mantri Suraksha Bima Yojana)	134.09	154.7	95%	79%	FY 18 Claims are dated 23.05.18. FY 19 claims are as on 31.03.19	Personal Accident cover of 2 lacs with an annual premium of Rs. 12/- which is renewable every year.
PMJJBY(Pradhan Mantri Jeevan Jyoti Bima Yojana)	53	59	95%	93%	FY 18 Claims are dated 23.05.18. FY 19 claims are as on 31.03.19	A life insurance scheme which provides coverage of 2 lacs against payment of annual premium of Rs. 330 which is renewable every year.
PMFBY(Pradhan Mantri Fasal Bima Yojana)	48.5	33.3*	83%	60%	* Only Kharif 2018	Launched on 18th Feb. 2016 this is an insurance service for farmers for their yields.
AB – PMJAY (Ayushman Bharat Pradhan Mantri Jan Arogya Yojana)	**	29.49	**	3.32 million claims submitted	Scheme launched on 23rd Sept 2018	AB - PMJAY Scheme is designed to provide medical cover of 5 lacs per family to SECC .0class. Premium to be borne by GoI.

by Central and State Governments to take care of the bottom of the pyramid population.

The ambitious universal health scheme AB-PMJAY launched on 1st Sept 2018 aims to cover 5.4 billion citizens and is the most prestigious scheme of the Government. This is a health insurance scheme providing coverage of upto INR 5 lacs for those under the SECC (including the BPL families) and the entire premium burden is borne by the Government. Ayushman Bharat or AB- PMJAY is the world's largest health insurance scheme implemented in collaboration running on insurance and trust models or a combination of both models.

A snapshot of some important Government insurance schemes their performance so far is summarized under Table 2.

Despite the Government's efforts, a lot needs to be done and this can only done by ensuring greater communication. The earlier we understand the role of insurance in our financial and personal well being, the earlier we move towards a secured society.

Insurance has to move from category of "Push" products to the category of "Pull" Products. From an option of a tax saving to a tool of meeting security needs it needs to move further. Each partner needs to play its role seriously by the stakeholders- the Government, the Regulator, Insurance Companies, Distribution Channels and other service providers related with this sector to create a visible impact as per the expectation of end customer to make insurance synonymous with well being.

Holistic Well Being Through Life Insurance

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You can't pour from an empty cup. Take care of yourself first

Well being is the state of being comfortable, healthy & happy. Well being is not just the absence of any illness, it has subjective and objective dimensions as well.

The **Objective** approach defines **well being** in terms of quality of life indicators such as material resources (e.g. income, food, and housing) and social attributes (education, health, political voice, social networks and connections).

The **Subjective** approach defines **well being** in terms of pleasure, happiness and self-satisfaction. This includes decision making personal perspectives, feelings, opinions etc.

Holistic well being is a combined outcome of physical, emotional and financial well being. **Physical well being** refers to health and fitness, **emotional well being** refers to generating emotions that lead to good feelings, **financial well being** refers to managing the finances for wealth creation to secure current as well as future financial needs.

Recently *Cigna International* has conducted a survey on health, personal and family well being across 23 different markets. As per **360 Well-Being Survey 2019**[1] *"Stress levels in India remain very high compared to other developed and emerging countries such as the USA, UK, Germany, France and Australia"*. As per the survey

- Close to **82%** Indians are suffering from stress on account of work,

health and finance-related concerns

- Age wise data analysis reveals that: **87%** of millennial respondents said they were affected by some level of stress as compared to **89%** of those in age band 35-49 and **64%** to those over 50 year's age
- Gender wise data analysis reveals that **85%** of Indian men and **82%** of Indian women reported higher levels of stress

Stress is our body's reaction to a challenge or demand. Mostly it has negative connotations. But sometimes it can be positive as well, especially when it helps in achieving something or avoiding any danger.

Stress is an outcome of an intense slit throat competition, souring expectations, unfulfilled dreams, unplanned work schedules, improper work life balance, sedentary life style etc. It has a huge financial impact on the individuals.

Money, Work & Poor Health are identified as the three major causes of stress.

People adopt different ways and means to handle and cope with the stress. They make resolutions around health and wellness. Resolutions are resolutions only, who cares?

360 Well-Being Survey 2019 also suggests that:

- **54%** of insurance owners feel ready to look after the financial well-being of their family, versus **38%** for non-insurance owners
- **59%** of insurance owners feel more financially independent vs **42%** of non-insurance owners

Besides showcasing the importance of financial security, the importance of holistic well being through adequate financial protection is also being reinforced.

Government of India has been proactive in ensuring well being of people in the country. In this direction many initiatives or new schemes have been launched from time to time. Some of the schemes launched by Government of India are: *Ayushman Bharat Yojna, Pradhan Mantri Jan Suraksha Bima Yojna, Pradhan Mantri Jan Aarogya Yojna, Pradhan Mantri Jeevan Jyoti Bima Yojna and Atal Pension Yojna.*

Insurance companies also work for the well being by protecting people from possible aftershocks of a financial crisis.

The outcome is not that encouraging, as despite all these efforts:

- Only **18%** of the urban population and **14%** of rural population have access to some form of insurance2
- Insurance penetration stands at **3.69%** of GDP, out of which Life Insurance penetration is **2.76%**[2]
- Only **2%** of health expenditure is covered by insurance2

This can be seen as an opportunity as well as a challenge.

As per the statistical data available our per capita income has estimated to grow by **10%** from ₹ **9580** per month **in FY 17-18** to estimated ₹ **10,534** per month by **FY 18-19** [3]. This means people will have higher spending power.

Stress is our body's reaction to a challenge or demand. Mostly it has negative connotations. But sometimes it can be positive as well, especially when it helps in achieving something or avoiding any danger.

Stress is an outcome of an intense slit throat competition, souring expectations, unfulfilled dreams, unplanned work schedules, improper work life balance, sedentary life style etc. It has a huge financial impact on the individuals.

This in combination with the available underpenetrated & untapped market as shown above, creates a huge business opportunity.

Typically following types of Insurance products are available in the Indian market:

- *Pure Term Insurance*
- *Credit Life Insurance*
- *Health Insurance*
- *Annuities*
- *Unit Linked Insurance Plans*
- *Traditional Endowment & Income*

Plans

- *Whole Life Plans*
- *Accidental, Disability & Critical Illness cover through riders*

A customer only thinks of insurance in the wake of going through a life change or as a protection from the impacts of unfortunate events. The products mentioned above are available for the last so many years and are doing their bits to ensure well being through financial protection. Present circumstances necessitates a shift from providing mere financial protection to helping prevent their occurrence as well.

Incidences of Life style diseases like Diabetes & Coronary Artery disease is on the rise, Insurers can act as a fulltime support to medical care using technology. Personal medical monitoring devices and wearables allow customers to track health information such as weight and BMI, heart rate and pulse, blood sugar, exercise activity, and more. With these devices connected through an app, the insurer could transfer data to a medical practitioner for ongoing monitoring. Should concerns arise, not only could the insurer provide support to make medical appointments or expedite treatment, but also to arrange transportation to the doctor or hospital. Lifestyle supports, such as recommending healthy meal plans, giving tips or reminders, or providing discounted gym memberships can also assist customers to lead healthier lives and improve their well being[4].

Innovation is the need of this hour. Developing a product which can take care of the financial burden caused by the conditions like Alzheimer's, Parkinson's and permanent disabilities resulting out of any terrorist activities could help improve holistic well being.

There are challenges as well. The vast geographical spread, cultural diversity and lack of awareness are the major challenges.

"We can't control everything that happens, but we can change experience of those things"

Increase in our adoptability to the latest technologies, availability of many new devices, strong electronic media, better data handling & processing capabilities and use of social media can be the key enablers for overcoming these challenges.

The way forward is through:

- Product innovations.
- Use of technology for increasing awareness, identifying appropriate products, providing prompt customer services.

As a matter of basic financial common sense, we must ensure people have adequate health and life insurance. This will create a strong pull in the market and help increase physical, financial and emotional well being.

This can be only possible through a strong collaboration of Government agencies, different service providers, regulators, financial institutions and insurance companies.

"Doing Good, Feeling Well. Doing Well, Feeling Good"

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Insurance and Well Being: Interdependencies, Conflict Areas and Way Ahead

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Abstract

Well being has become an important part of everyone's life nowadays and changing life style is impacting the same enormously. Insurance companies are trying to provide the similar care which is been demanded. The objective of the article is to understand the concept of Insurance and well being and their interdependencies. The article also speaks about the similarities, differences between insurance and well being and also the transition from the old, less demanding customer to new, more demanding customer.

Keywords

Insurance, Well being, Personalised care, Sick care, Technology.

Introduction

There was time when people were actually happy with their financial risk covered by their insurance provider but the time has changed. Customers are now expecting more of a personalised care from their insurance provider than only covering their financial losses. The standard of living of the people has increased after the globalisation. People are asking for well being, instead of 'sick care'. The focus is shifting from curing any disease to preventing it in the first place. Well being or wellness is a partially explored area and there is much scope to work on. The insurance companies have started to offer wellness programs through their policies, like fitness related activities, various yearly packages like Trekking,

Marathon Participation, Trackathon etc. Now it is the time that the care should move from 'Generalised to Personalised' and this article speaks on the same aspect.

Insurance

Insurance in simple terms is a contract between two parties to cover the risk. In Insurance an Insurer covers the risk of the insured or policyholder for some compensation in return, which is known as Premium. A big pool of all the risk is created and based on that, the risk for a single person/entity is minimized.

Insurance can be defined as, "An arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium". Insurance industry has been divided in two broad headings, such as Life Insurance and General Insurance (Non-life Insurance). The broad headings also offers multiple products and they are as follows:

Well Being

Well being also known as Wellness; it is the condition of an individual or group. It highlights the condition as positive or negative for an individual or a group depending on their level of well being. Wellness refers to diverse and interconnected dimension of Mental, Social, Psychological and Physical well being that is beyond the traditional definition of health. It includes choices and activities aimed at achieving social jubilation and a sense of achievement.

Well being provides a way to understand what's needed and how best we can improve our lives in a complex world. The most crucial and the most important impact of well being is on one's health as it allows a person to stay healthy and also to keep him with the society which helps him in keeping happy. However, many indicators that measure living conditions fail to measure what are people's thoughts and feelings about their lives, such as the quality of their bond with others, their positive emotions and resilience, the realization of their potential, or their overall satisfaction with life. Well being can be helpful in following ways

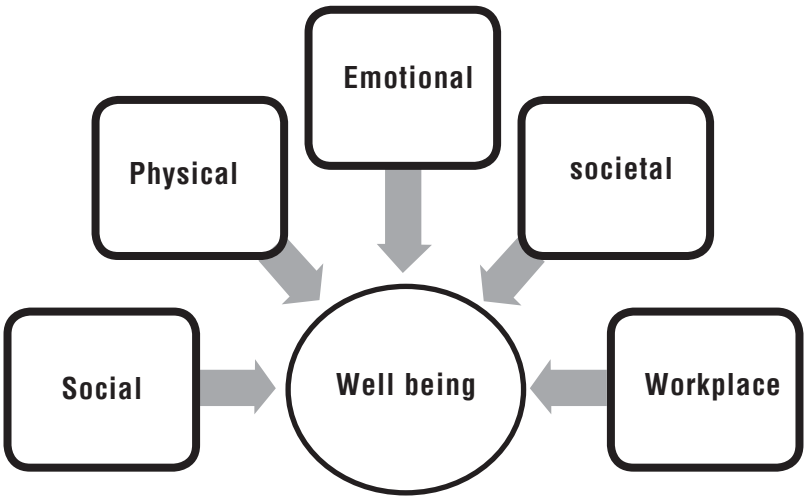
1. Well-being integrates physical health (body) and mental health (mind) resulting in more holistic approaches in prevention of disease and promotion of health.
2. Well-being can provide a common ground that can help policy makers to shape and compare the impact of different policies.
3. Measuring, promoting and tracking well-being can be useful for multiple stakeholders involved in prevention of disease and promotion of health.

- **Life Insurance**
  - Whole Life Assurance
  - Term Assurance
  - Annuity
  - Health Insurance
  - ULIP

- **Non-Life (General) Insurance**
  - Motor Insurance
  - Health Insurance
  - Fire Insurance
  - Marine Insurance
  - Travel Insurance
  - Commercial Insurance
  - Crop Insurance
  - Miscellaneous Insurance

There was time when people were actually happy with their financial risk covered by their insurance provider but the time has changed. Customers are now expecting more of a personalised care from their insurance provider than only covering their financial losses. The standard of living of the people has increased after the globalisation. People are asking for well being, instead of 'sick care'. The focus is shifting from curing any disease to preventing it in the first place. Well being or wellness is a partially explored area and there is much scope to work on.

Diagram I. Types of Well being



(Source: https://www.cdc.gov/hrqol/well being.htm)

Correlation Between Insurance and Well Being

Nowadays Insurance companies are focusing on providing multidimensional services to their customer, which not only includes settling the claims in time but also providing value added services such as Wellness related applications, Smart health packages, speedy resolution of queries and many more. Following are some of the areas which are standing as a bridge between the Insurance industry and Well being of the customer.

1. Wearable technology

Wearable technology facilitates the insurance provider to understand the behaviour of the user and also to identify that what are the areas which needs to focus on when the customer comes for next renewal. This technology is being used on a huge scale nowadays to offer better packages to the customers. It will not only help the user financially but also helps in making a healthier lifestyle.

2. Health wellness programme

Lot of research has taken place which confirms that wellness programs help a person to actively engage in their work life. Users of Health wellness benefits are more likely to be healthy than non-users. Both health and financial wellness programs correlate with better mental health programs. The findings of the literature also suggest that financial and physical health are often intertwined, and the employers who help their employee has best chance of achieving the benefits of the wellness program that they offer.

i.e. ICICI Lombard has started a program called as #Do The Difficult for their employees, which covers

a. Risk Assessment

b. Active participation in professional sporting events like marathons,

c. Gym, yoga memberships

d. Quitting tobacco usage etc.

3. Health check-ups

Health check-ups are an important part of any policies, especially when it is a retail policy. Health check-ups are organised in major corporates on regular basis, the purpose behind these sort of packages is to keep in mind of the health of their employee for any corporate. There is a direct link between employee's health and productivity of the organisation. Other than the regular health check-ups, organisation also organizes various events, i.e. yoga day; to keep the employees healthy and fitness oriented.

4. Claims settlement

Claims are the most important part of the insurance journey for any policyholder and it is a place where majority of the times problems arises. The problems can be of many types, for example; less amount settled for claims, claims rejected due to non-submission of some documents, long wait for claim settlement. Due to all these factors, it hampers the mental health of a policyholder and also impacts on his/her well being. Many insurance companies are coming up with new technologies for speedy settlement of the claims to make the process easier, like Artificial Intelligence and use of Telematics.

Grey Areas Between Insurance and Well being

1. Ambiguity about the roles

There is a very thin line between Insurance and Well being which many times intersect with each other but when we talk about providing services to the new set of customer, we have to make both work parallel to each other

and offer such services. There can't be non-clarity about the roles as both are mutually inclusive. Insurance without Well being is a car without a driver, which means the car will look good but without driver it will be of no use. There is an immediate need of attention to looking out for options to collaborate on large scale so that the customer can experience more of a personalised experience.

2. Lesser use of technology

Currently the Insurance companies are trying to incorporate the new set of ideas which will boost the technological growth of the respective organisation but the pace is very slow. Looking at the needs and demand of quality services from the customer, they should be focusing on increasing the pace. The ultimate focus should be on making the process easier for the user and at the same time it should be feasible for all the insurance companies to follow, so that it can reach to masses.

3. Mass care

From the beginning, the focus has been on the masses and designing products which will satisfy the best interest of the larger group of people, but nowadays people are ready to pay extra for personalised experience. It includes services offered by the insurance company to the user after understanding his/her best interest so that the user should not feel that he / she is under a larger umbrella but has access to a more customized umbrella.

Road Ahead

1. Technological advance

The use of Information Technology is on rise in the insurance industry, almost all the companies are investing heavily on technology because of the benefits associated with it. Technology is not only making the process easier for the insurance sector but also facilitating them to explore new areas. Following are the areas where technology will help to grow the overall insurance industry.

a. The claim settlement process has become easier with the use of Artificial Intelligence. It will not only speed up the claim settlement but also remove any mental trauma associated due to excess waiting period.

b. The Big data in improving the claim processing capabilities will be helpful. It enables the insurance companies to identify and report the events at a fast and efficient way.

c. Cyber insurance will help in preventing any cyber risk and keep the data secured.

d. Usage based insurance will help the insurance companies in handling of claim capabilities and enable them to better perform the segmentation of customer.

2. Personalised care

People are living longer and often with one or more chronic conditions. They have more technology at their fingertips than ever before and are demanding more personalisation in service they receive. These factors have sparked a healthcare revolution. Earlier one focused on keeping people fit and healthy, rather than just treating them when they are sick. Health care is moving from 'sick care' to 'well care'. This means that health care provides, health insurance payers and wellness partners are starting to deliver personalised health journeys based on holistic view of each individual – for example their lifestyle choices, social environment influences etc. And it's all designed to help people keep fit and well.

3. Habit based health packages

Good health is the key to a happy and fruitful life; it is also the most neglected asset. Our lifestyle today is ridden with unnecessary stress, irregular working hours, and poor eating habits, late night partying and inadequate rest. All these coupled with high pollution levels result in physical and psychological health problems. Due to the problems associated with the lifestyle, it is a time for wellness providers to come up with the habit based health packages. These packages will deal with the lifestyle related issues, following are some of the areas that needs to be taken into consideration for solving the lifestyle related diseases

i. Alcohol Risk Assessment

ii. Obesity Assessment

iii. Stress Assessment

iv. Diet Assessment

Above are the kind of assessment which are needed to understand the area that we are lagging and needs to focus on to achieve the overall well being.

4. Emotional Quotient

Emotional Quotient is the capability of individuals to recognize their own emotions and those of others, discern between different feelings and label them appropriately. This is a new area

that the wellness provider should focus on. When we talk about the emotions of an individual and in order to understand the same, it is important to develop EQ. The emotional quotient is a managerial capability to help employees to feel that "I care for you", similar approach is needed when we are taking well being into consideration.

5. Transparency

People are far more likely to engage in their health if they understand their current state of health, what their future might hold and how to get on the path to wellness. This means understanding what the next steps of their health journey involve. One will be fully interested if he/she knows the way their treatment is working, similarly if people understand about the working of their insurance provider more closely and they can see the transparency then the process of personalisation will be much easier. Only then all can enjoy the best possible quality of life and live it to the full.

Conclusion

Insurance is now no longer a contract between two parties to mitigate the financial losses of the policyholder arising due to uncertain event but it is focusing on becoming more of a one to one care to help the customer in every aspect. When we talk about personalised care, it should be different for each and every one, one should feel the difference in a positive way. To end this article with a quote from Jim Rohn, Author and motivational speaker, "Take care of your body. It's the only place you have to live."

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What is Business Interruption Insurance?

If a physical loss or damage to property covered under Std Fire policy causes total or partial stoppage of production activity & it leads to Reduction in Sales Turnover then any loss of Gross Profit suffered during the Interruption period becomes payable under this policy subject to condition that loss under MD policy is admissible under the MD policy. This condition is known as **Material Damage Proviso**.

The upper limit of payment shall be the sum insured of policy.

Coverage as per policy

This Policy covers Loss of Gross Profit arising out of reduction in Sales Turnover due to interruption or interference of business activity due to a loss or damage to insured property at the insured premises by a peril not excluded under the policy

Understanding the flow of events

a) Material Damage Policy
b) Indemnifiable Loss
c) Interruption in production process
d) Reduction in Sales Turnover
e) Loss of Gross Profit

Who can take this Policy?

1) Any person having Fire M.D. policy in force.
2) Unit should be earning Gross Profits.
3) Net loss situations can also be covered but No policy to be given to risks with Gross Loss.

Gross Loss situation will arise when T.O. of the risk is not sufficient to meet out the manufacturing expenses

What we pay?

If the loss is otherwise admissible we pay for

1) Loss of Gross Profit suffered during the IP

plus

2) Increased Cost of Working (if incurred) to avoid BI loss

Less

3) Savings in Std Charges during the max. IP

Major Exclusions

BI policy does not pay if the loss or damage to the insured property is caused due to

a) Wilful act or wilful neglect or gross negligence of the Insured or his responsible representatives.

b) Any restrictions on reconstruction or operation imposed by any public authority.

c) War, Invasion, act of foreign enemy, hostilities or Warlike Operations (whether war be declared or not), Civil War.

d) Mutiny, Civil Commotion assuming the proportion of or amounting to a popular-rising, military rising, insurrection, rebellion, revolution, military or usurped power.

e) Lack of sufficient capital for timely restoration or replacement of property lost, destroyed or damaged

What is Interruption Period?

It is the period which starts from the date of loss & ends when the business achieves the same Production levels / Sales TO where it was prior to a Loss at insured premises.

What is Indemnity period?

It is defined as the period beginning with the occurrence of the damage and ending not later than….. Months as defined in policy during which the business results are affected due to a loss admissible under the MD policy.

In other words it ends on the date when business resumes pre-accident levels of production / Sales Turnover but not later than the end of IP as defined in policy.

Factors affecting the Indemnity Period

a) Time required to repair the affected building and/or Machinery.

b) Availability of alternate premises

c) Lead time for replacement / repair of machinery

d) Possibility of repairs within town/ state / country

e) Availability of raw materials & labour.

Important definitions

Fixed Expenses / Standing charges

These are the expenses which remain unchanged irrespective of production levels like rent, taxes, minimum demand charges, power and water charges, repairs & maintenance, depreciation, interest, royalty, office and administration overheads etc.

Variable expenses / Manufacturing Cost

These expenses vary with production levels. When there is No production, No variable expenses.

e.g. Material cost (R.M, consumables, Packing material, stores etc) Direct expenses like Power, fuel, freight, discounts, handling charges)

Semi- Variable Expenses

There are the expenses which can be categorized under both categories.

e.g. Power, Labour cost, maintenance expenses.

What is Gross Profit?

It is the amount by which the Sales T.O. Exceeds the Manufacturing cost. Hence if the sales TO is 'X' and Manufacturing expenses are 'Y' then Gross Profit in simplest form shall be **'X – Y'**

What is Gross Loss?

In case the Sales Turnover is not sufficient to meet out the Manufacturing cost the Shortfall is known as Gross Loss. No LOP Policy to be given.

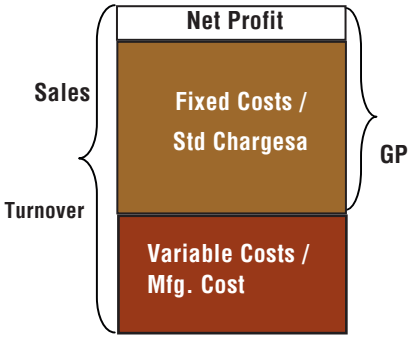
Fundamentals of Business Interruption Insurance

Turnover = Net Profit + Fixed cost + Variable cost

Gross profit = Std charges + Net Profit (Addition method)

Gross Profit = Turnover – Variable Cost (Difference method)

Gross Profit = Std charges – Net Loss (when risk suffers net loss)



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It is the amount by which the Sales T.O. Exceeds the Manufacturing cost.

What is Gross Loss?

In case the Sales Turnover is not sufficient to meet out the Manufacturing cost, the Shortfall is known as Gross Loss. No LOP Policy to be given.

What is Net Profit?

It is the amount by which the Gross profit exceeds the standing charges of the company. i.e. Net Profit = Gross Profit – Standing charges.

What is Net Loss?

In case the gross profit earned is not sufficient to meet out the Standing charges of the firm, the amount by which standing charges exceed the Gros Profit is Net Loss.

Hence Net Loss = Standing charges – Gross profit (BI policy can be given)

How to Fix Sum Insured?

Policy sum insured represent the estimated Annual Gross Profit duly adjusted as per the trend and IP of business.

How to calculate Annual Gross Profit - 2 methods

1) Addition method

G.P = Net profit + Standing charges

or

G.P.= Standing charges – Net loss

Standing charges alone should not be covered.

2) Difference method

G.P = (T.O. + Closing stocks) – (Variable exp. + Op. stocks)

or

G.P = T.O. – Variable exp. + Increase in Inventory

or

G.P = T.O. – Variable exp. – Decrease in Inventory

Example

ABC Company wants to take BI fire policy from 1st April 2019 for a period of 6 months. Calculate the policy sum insured by both Methods based on following information assuming no growth to the business. Also compute policy premium if the premium rate is 2.25%.

FY 1st April 18 to 31st March 19

Depreciation	- 12 crs
Bank interest	- 8 crs
Factory rent	- 11 crs
Power	- 25 crs
Gardner expenses	- 1 crs
Office maintenance	- 3 crs
Canteen expenses	- 5 crs
Discounts allowed	- 11 crs
Income from Sale of shares	- 4 crs
Loss in sale of property	- 2 crs
Total Salaries & Wages	- 15 crs
Total Repairs & Maintenance	- 7 crs
RM & Other consumables	- 30 crs
Annual Sales TO	- 200 crs
FG stocks as on 1st April 18	- 120 crs
Incentives to Marketing	- 5 crs
Packaging expenses	- 12 crs
Freight charges on purchase of RM	- 15 crs
Salaries to office staff	- 2 crs
FG stocks as on 31st March 1980 crs	
Office electricity expenses	- 2 crs
Net Profit	- 3 crs
Rental income from Residents	- 6 crs

Solution

a) Net sales TO

= Sale TO – discounts – Incentives to Mktg.

= 200 – 11 – 5 = **184 crs**

b) Variable Expenses

= Power (25 -2) + Wages (15 – 2) + RM 30 + Packaging 12 + Repairs & Maintenance (7 – 3) + Freight 15 = **97 crs**

c) GP = TO + Clg. Stocks – VE – Op. Stocks = 184 + 80- 97 – 120

= **47 crs (Difference Method)**

d) GP (Addition Method)

= NP + Std Charges = 3 + (Dep 12 + Intt 8 + Rent 11+ Gardner 1+ Off. Main. 3 +

Canteen 5 + Salaries to off. Staff 2 + Off. Elect. Exp. 2) = **3 + 44 = 47 crs**

e) Premium for 6 months

= 70% of annual premium because policy is issued for a period of six months = 470000x2.25x70%
= **7,40,250**

Fixation of Sum Insured

a) For indemnity period of 12 months or less (3 / 6 / 9 months) – Sum insured should be Annual gross profit.

b) For indemnity period more than 12 months (Max 36 months) –Sum insured to be proportionately increased. e.g.

Eg. For 18 months – 1.5 times, 24 months – 2 times and so on.

TURNOVER – Following 3 types

a) FINANCIAL YEAR TURNOVER

This is defined as the Turn over during the entire financial year of the risk.

b) ANNUAL TURNOVER

Annual turnover is defined as the turnover during the 12 months immediately before the date of damage. This is used in computing adequacy of sum insured.

c) STANDARD TURNOVER

The turnover during that period in the twelve months immediately before the date of the damage which corresponds with the indemnity period.

Rate of Gross Profit

The rate of gross profit earned on the turnover during the financial year immediately before the date of the damage" i.e. G.P. / Fy T.O

Trends & Adjustment Clause

It says that while computing the figures of STO, ATO and ROGP, some adjustments shall have to be made for the trend of the business or special circumstances which affect the business so that the adjusted figures, so arrived represent the true values as nearly as practicably possible.

Average clause

If the estimated sum insured of the policy is found lesser than the sum required to be insured, the admissible Loss under the policy is reduced proportionately.

Under Insurance (U.I). factor

$$= \frac{\text{Sum Insured}}{\text{Sum required to be insured}}$$

Sum required to be insured = R.O.G.P. x A.T.O. x I.P (in yrs)

Loss payable = Admissible loss x UI factor.

Increase in Cost of Working (Icow)

It is the additional expenditure reasonable & necessarily incurred with the sole intensions to avoid or minimize the reduction in TO and to mitigate the Loss of GP.

It is however, limited to Loss of GP thereby avoided which is known as **Economy Limit**

Limit of ICOW (Economy limit) = Rate of gross profit x Reduction in turnover thereby avoided.

Examples of ICOW

a) Bonus payment to contractor for early completion of Building repairs and for quick delivery of new machines.

b) Additional cost to a competent contractor other than the lowest tenderer.

c) Additional payment to Machinery supplier for giving priority over other orders.

d) Hiring of Generator in case of damage to Transformer.

e) Additional cost in buying alternate equipment more readily available than that destroyed in accident.

f) Additional over time payment to outside contractors or to own staff for speedy resumption of production activity.

How to calculate Underinsurance on ICOW (Increased Cost of Working)?

If all Standing Charges of the business are not insured under the policy then net payable amount of ICOW shall be reduced proportionately by applying the UI factor to be calculated as under.

UI factor = (NP + Insured Std Charges) / (NP + All Std Charges)

Net paid amount = ICOW (subject to Economy limit) x UI

Policy Excess

BI policies carry a compulsory Time Excess (Min 7 days of Std Gross Profit).

Intention of excess is to avoid small losses and to take some share of loss in major claims beyond 7 days.

Excess Amount = 7 days of Std TO x ROGP

Reinstatement premium (RI)

As per the policy terms, following payment of a loss the sum insured of the policy gets reduced automatically by the claimed amount.

In order to maintain full sum insured through the policy period, it is mandatory to deduct RI premium from

the final payable loss equivalent to the premium on prorata basis from DOL till expiry of policy.

This deduction is credited to premium account for Reinstatement of sum insured till expiry of policy.

Steps for Computation of BI Loss

1) Find out the interruption period for which the Insurers are liable to pay the loss.
2) Find Estimated TO which Insured would have produced had the loss not taken place.
3) To find out this, you will have to apply trends, adjustments & other circumstances clause on STO to arrive at the most reasonable figure of estimated TO in step 2 above.
4) Find the actual TO insured has generated during the IP. It can be nil also if there was complete stoppage of production during the IP.
5) Find out Reduction in TO by subtracting Actual TO from Estimated TO during the IP
6) Apply ROGP on this RITO to derive Loss of GP during the IP
7) Add ICOW if incurred
8) Apply UI on ICOW if all standing charges are not insured.

   (Not applicable when GP is calculated on Difference method basis)
9) Reduce saving in Standing charges if any, during the maximum IP
10) Apply Average clause i.e. Underinsurance as explained
11) Apply policy deductible as already explained for 7 or 14 days of Std GP as defined in policy)

Loss computation Exercise 1

Compute the BI loss based on following information

a) Policy sum insured – ₹ 100 crs with an IP of 18 months
b) Policy period 1st April 17 to 31st March 18 (matching with financial year)
c) Date of loss 1st July 17 & Date of recovery of business 31st Oct 17
d) TO during the period from 1st July 16 to 31st Oct 16 = 200 crs
e) TO during the period from 1st July 16 to 30th June 17 = 900 crs
f) TO during 1st April 16 to 31st March 17 = 650 crs
g) Gross Profit earned during the period 1st April 16 to 31st March 17 = 60 crs
h) Actual TO during the period from 1st July 17 to 31st Oct 17 = 40 crs
i) Policy has a TE of 7 days of std GP

Solution 1

Interruption period = from 1st July 17 to 31st Oct 17 4 months

Annual TO = 900 crs

Fy TO (16-17) = 650 crs

TO growth = (900 – 650)/650*100

= 38% (approx.)

Standard TO = 200 crs

Estimated TO during the interruption period = 200 * 138% = 276 crs

Actual TO during interruption period = 40 crs

Reduction in TO duting the IP = 276 – 40 = 236 crs

> As per the policy terms, following payment of a loss the sum insured of the policy gets reduced automatically by the claimed amount.
>
> In order to maintain full sum insured through the policy period, it is mandatory to deduct RI premium from the final payable loss equivalent to the premium on prorata basis from DOL till expiry of policy.
>
> This deduction is credited to premium account for Reinstatement of sum insured till expiry of policy.

ROGP = 60 / 650 *100 = 9.2%

Loss of GP during IP = RITO * ROGP = 236 * 9.2% = 21.70 crs

Check Adequacy of sum insured

Sum required to be insured = ATO*ROGP*IP

= 900 * 9.2% * 1.5 = 124 cr7s

Policy sum insured = 100 crs

Payable loss = 21.7 *100/124 = 17.50 crs

Let us assume that Poliicy was issued with TE of 7 days of Std GP

Std GP for 7 days = 7 x (Per day STO) x ROGP

= 7 x 200 / 120 x 9.2% = 1.07 crs

Net Loss Payable

= 17.50 – 1.07 = 16.43 crs

Loss computation Exercise – 2

Compute the BI loss based on following information

a) Policy sum insured – ₹ 80 crs with an IP of 15 months

b) Policy period 1st April 17 to 31st March 18 (matching with financial year)

c) DOL - 15th Sept. 17 & Date of recovery - 14th June 18 = (9 months)

d) STO = 250 crs (TO during 15th Sept 16 to 14th June 17)

e) ATO = 1200 (TO during 15th Sept 16 to 14th Sept. 17)

f) Fy TO (16 -17) = 1000 crs

g) Actual TO generated during IP = ₹ 25 crs

h) ICOW incurred for mitigating RITO = ₹ 50 lacs

i) Loss of TO avoided by incurring ICOW = ₹ 8 crs

j) GP earned during previous FY 16 -17 = 60 crs

k) ROGP = 60 / 1000 = 6%

l) Loss of GP thereby avoided = 8 crs x 6% = 48 lacs

m) Saving in Standing charges = 75 lacs

n) Time excess 14 days of Std GP

o) Growth trend = (ATO – Fy TO) /Fy TO = (1200 – 1000)/1000 = 20%

Solution

Adjusted Estimated TO during IP = STO x trend = 250 x 20% = 300 crs

Actual TO (during IP of 9 months) = 25 crs

RITO = 300 – 25 = 275 crs

ROGP = 60 / 1000 = 6%

Loss of GP = RITO x ROGP = 275 x 6% = 16.50 crs

Add ICOW (subject to Loss of GP avoided) = 0.48 crs

Less savings in Std charges = 0.75 crs

Net Loss of GP (16.50 + 0.48 – 0.75) = 16.23 crs

Sum Required to be insured = ATO x RIGP x IP = 1200 x 6% x 1.25 = 90 crs

UI factor = Sum Insured / Sum Required to be insured = 80/ 90

Loss after UI = 16.23 x 80/90 = 14.43 crs

Less Time excess = TE x (Per day STO) x ROGP

= 14 x 250 / 270 x 6% = 0.77 crs

Final assessed loss = **14.43 – 0.77**

= 13.66 crs

What is Contingent Business Interruption?

This extension covers Business Interruption loss arising out of physical damage to a property located outside the insured's premises. This means the insured may recover production loss even though there is no MD loss in his premises.

Following 3 extensions are available under CBI cover.

1) Supplier's premises extension
2) Customer's premises extension
3) Failure of Utility extension (Electricity, Gas and Water)

1) Supplier's premises extension

This extension covers Loss of Gross Profit at Insured's premises due to interruption in production arising out stoppage of supply of Raw material because of an accident at supplier's premises which caused by a peril covered under the MD policy of Insured.

It is to be understood if a MD loss at supplier's premises is caused due to floods which triggers a production loss at Insured premises, then it shall be payable only if flood peril is covered under the Insured MD policy.

Currently, as per GIC directives, it is permitted to extend coverage only for First tier (direct) suppliers. No coverage for 2nd or 3rd tier suppliers is available

- For Inland Named & 1st tier suppliers,

  - Limit 20% of BI sum insured & Flexa + AOG cover.

- For Inland Unnamed Suppliers & Foreign Named Suppliers – Limit 10% & Flexa cover only
- For Unnamed Foreign Suppliers - No Cover

2) Customer's Premises Extension

This extension pays for the consequential loss suffered by Insured caused due to non acceptance of supplies by Customer as a result of the operation of the insured perils at their premises. As per GIC directives

- No coverage to be given to 2nd Tier Customers.
- For Inland, Named & 1st tier Customers, - Limit 20% of BI Sum insured & Flexa + AOG cover.
- For Inland Unnamed Customers & Foreign Named Customers – Limit 10% & Flexa cover only.
- For Unnamed Foreign Customers - No Cover.

3) Failure of Utility Supply extension (FOUS)

3a) Failure of Electricity Supply (FOES)

This covers Loss of BI resulting from interruption of business at Insured premises due to failure of electric supply at the terminal ends of the electricity service feeders (Sub station) provided the failure is caused due to damage of property of Substation by the operation of an Insured peril.

Coverage is restricted only upto the last leg of Power Supply

Maximum Indemnity is limited to 60 days (17% of BI value)

Loss under this extension shall be payable if the interruption exceeds 24 hrs.

3b) Failure of Gas Supply (FOGS)

This covers Loss of BI resulting from interruption of business carried on by the insured at the premises arising out of failure of Gas supply at terminal end of Gas Supply Undertaking / Compressor station from where the insured is receiving gas supply due to damage to property of Gas Supply Undertaking / Compressor station caused by operation of Insured peril.

Maximum Indemnity is limited to 60 days (17% of BI value)

Loss under this extension shall be payable if the interruption exceeds 24 hrs.

3c) Failure of Water Supply (FOWS)

This covers Loss of BI resulting from interruption of business carried on by the insured at the premises due to failure of water supply at the terminal ends at the said premises directly due to Damage to property at Water Supply Undertaking / Pumping station from where the insured obtains water supply.

Maximum Indemnity is limited to 60 days (17% of BI value)

Loss under this extension shall be payable if the interruption exceeds24 hrs.

4) Prevention of Access cover

This extension covers Loss of GP suffered by Insured due to reduction in Turnover on account of interruption of production process due operation of Insured peril within the radius of 5 kms from Insured premises causing prevention of access to Insured premises.

This coverage is normally allowed for a period of 4 weeks over & above the policy Time excess.

Example:

If the access to the Insured premises is cut off due to flooding of road occurring within 5 kms from Insured premises, the consequent production loss at Insured premises caused by non supply of RM & other supplies shall be paid if STFI peril is not deleted from the policy coverage.

Various Clauses Available in BI Policy

1) Alternative Basis Clause

It is agreed and declared that, whenever found necessary, the term 'Output' may be substituted for the term 'Turnover' and for the purpose of this policy 'Output' shall mean the sale value of goods manufactured by the 'Insured' in the course of the business at the premises.

That means if the policy is issued on 'Turnover' basis & if the surveyor find it difficult to make loss assessment on 'Turnover basis', he may suitably replace the specification by "Output basis" so as to provide true indemnity to insured.

Provided that: Only one such meaning shall be applicable at the time of BI claim for computation of payable loss.

2) Departmental Clause

If the business is conducted in departments where independent trading results can be ascertained, Loss of GP shall be calculated separately for each department affected by the loss.

But this would be subject to condition that if the Sum Insured under the policy is found less than the sum total of all values produced by multiplying

If the business is conducted in departments where independent trading results can be ascertained, Loss of GP shall be calculated separately for each department affected by the loss.

But this would be subject to condition that if the sum Insured under the policy is found less than the sum total of all values produced by multiplying the rate of gross profit with respective Annual Turnover of each department (whether affected or not) then, the payable amount shall be reduced proportionately." That means it would attract Under insurance.

the rate of gross profit with respective Annual Turnover of each department (whether affected or not) then, the payable amount shall be reduced proportionately." That means it would attract Under insurance.

In nut shell, this shall mean

Insured must have more than one production blocks or units in one compound.

Each Dept./section/production block must have proper accounting system to evaluate their respective rate of Gross profits / Annual TO etc.

The loss of GP shall be computed based on Accounting figures of affected section / dept. but the adequacy of sum insured shall be checked by comparing the declared SI with sum of values arrived by applying the ROGP to the respective ATO of each dept whether affected or not.

In absence of this clause, the loss shall be computed based on the overall average values of ROGP & RITO

This clause can also be used in case of Group companies where a single policy is taken by the "Holding company" provided financial accounts are maintained independently by each company,

In such cases each group company (subsidiary) shall be considered as Department and the single BI sum insured is declared as combined BI value for all group companies.

Example of Departmental clause

Let us assume that a Risk has 3 departments / Blocks & Block 'A' suffers a loss then loss shall be computed based on individual block 'A' values of ROGP & RITO. Now let us see How to apply munderinsurance on assessed loss If the Policy sum insured is ₹ 40 crs, and ROGP & ATO for each block are as under

Block A – ROGP 10% & ATO is ₹ 60 crs
------ GP = 6 crs

Block B – ROGP 15% & ATO is ₹ 160 crs
----- GP = 24 crs

Block C – ROGP 20% & ATO is ₹ 250 crs
------ GP = 50 crs

Total GP of all blocks = ₹ 80 crs

Hence, we shall apply Under Insurance to the extent of 40/80 i.e 50% on Loss suffered at Block 'A'

3) Accumulated Stock Clause

Where the insured maintains sufficient stock of finished goods depending upon the nature of Industry, the Insurers may attach the following Clause to the Consequential Loss (Fire) Policy issued on Turnover Basis

"While computing BI loss, if any shortage in turnover due to the damage is postponed by utizing the accumulated stocks of finished goods from the Insured's warehouses, necessary adjustments shall be made."

That means the Reduction in sales value of Inventory consumed in maintaining the sales TO shall be added to actual RITO during the remaining indemnity period.

Example Case 1

ABC Company suffered a major loss which stopped their production activity in toto. It was found that in order to maintain supplies to their customers Insured utilized 100 MT of rs stored in FG godown to avoid reduction in TO during the Interruption period of 3 months. We have assumed that Insured resumed production after 3 months well within the selected IP of 12 months.

Now in absence of this clause, surveyor would have denied payment of loss based on the fact that there was no RITO which is the prime most condition

for admissibility of BI loss under the policy.

However, in this case despite no production inside the plant, the stocks were utilized to maintaining the sales TO during the IP. Hence, ₹ 50 crs shall be considered as RITO for the purpose of calculations of BI loss & the loss shall be paid accordingly.

Example Case 2

However, if despite using accumulated stocks, Insured was unable to avoid complete RITO i.e. Inventory was not sufficient to maintain the TO throughout the IP. In that situation the reduction in Inventory level i.e. ₹ 50 crs shall be added to the actual RITO for final computation of BI loss.

Ex: ABC company takes a BI policy with 9 months IP & with Accumulated Stocks clause. A loss takes place on 1st Jan resulting in total shut down of production activity. Plant restarts & restores production levels on 15th July after complete repairs of P/M. Here, Insured could maintain sales & avoided RITO by utilizing stocks of FG of ₹ 50 crs only till 31st March.

Under these circumstances if actual RITO during the period 1st April to 15th July is 150 crs then for computation of loss Total RITO shall be taken as 150 + 50 = ₹ 200 crs.

4) Professional Accountant's cost/ Auditor's fee clause

This clause reads as under

"The company shall pay the reasonable charges paid by insured to their professional accountants for producing such particulars or details of any proof, information or evidence as may be required by Insurers in the course of processing the BI claim."

This is subject to condition that total of final BI claim and Professional account's cost should not exceed the sum insured of BI policy.

It must be clearly understood that this extension does not cover the cost of preparation / arranging for details/accounts etc for the purpose of processing the claim to the insurer.

5) Fines and Penalty clause

In some trades / business, the manufactured goods are to be supplied to customers positively before an agreed date and a provision is made in the contract of sales/supplies for payment of fines/damages in the event of delay in supplies.

Under this clause the Insurer shall pay for Penalty and Fines for which insured becomes legally liable to pay for non completion or late completion of orders solely due to an incident at insured premise caused due to operation of insured peril."

6) New Business clause

This clause is used where the BI cover is granted in the very first year of operation. In order to process the claim occurring before completion of first year's trading results, the terms ROGP, ATO and STO are modified as under

Rate of gross Profit

The GP earned on the TO during the period from date of commencement of business till date of loss.

Annual T.O

The proportional equivalent for the period of twelve months of the TO realised during the period from date of commencement of business till date of loss.

Example: If the loss has taken place after 3 months from commencement of policy, the ATO shall be 4 x actual TO for 3 months period.

Standard TO

The proportionate equivalent for the period equal to the indemnity period of the TO realised during the period from date of commencement of business till date of loss.

Example: If the loss takes place after 3 months of commencement of policy & the IP selected is 6 months then STO will be 2 x actual TO for 3 months period.

Policy Memo, Special Exclusions & Policy Specifications

Memo 1 : Goods manufactured at other Premises Locations

If during the INDEMNITY PERIOD goods are manufactured other than the Insured premises with the intension of maintaining the TO, the sale value of the goods so manufactured shall be brought into account in arriving at the OUTPUT during the INDEMNITY PERIOD.

Example: If by incurring additional expenses of 50 lacs, Insured is able to get his goods manufactured at other premises worth ₹ 10 crs then while computing the Loss of GP, ₹ 50 lacs shall be paid as ICOW & ₹ 10 crs shall be added to actual TO during the IP thereby reducing the RITO & consequent Loss of GP.

Memo 2: Underinsurance on Iuncreased Cost of Working

If all Standing Charges of the business are not insured under the policy then net payable amount of ICOW shall be reduced proportionately by applying the UI factor to be calculated as under.

UI factor = (NP + Insured Std Charges) / (NP + All Std Charges)

Net paid amount = ICOW (subject to Economy limit) x UI

Example

ABC company has taken BI policy for a sum of ₹ 50 crs with following break up of GP

Net Profit = 15 crs & Std charges = 35 crs

In order to maintain RITO during the IP Insured incurs an additional expenditure of ₹ 5 crs as ICOW. As per books of accounts it was found that actual std charges were to the extent of ₹ 40 crs in place of ₹ 35 crs as declared by Insured.

Hence, as per Memo 2 payable ICOW shall be calculated as under

Modified ICOW = 5 x (15+35)/ (15 + 40) = 4.55 crs

Memo 3 - Return of Premium Clause

If at the end of policy it is found that actual Annual GP is lower than estimated GP declared in policy on which the premium has been collected, there will be a refund of premium in respect of excess premium collected by the insured company. This refund shall however be subject to following conditions.

a) Annual G.P. is declared within 12 months from expiry of policy.

b) Max. refund is 50% of premium collected.

c) If a claim is paid, it is added to the G.P. declared with the result – refund is reduced.

Example:

A Business Interruption policy was taken for ₹ 100 crs at a premium of ₹ 7.50 lacs @ 0.75%o. After the expiry of policy it was declared that actual Gross profit earned for the FY was ₹ 80 crs. Therefore, the actual premium should have been ₹ 6 lacs. Under these circumstances Insured would be entitled to get a refund of excess premium of ₹ 1.5 lacs.

Special Exclusions Under BI Policy

There are 2 special exclusions

a) Restrictions imposed by any public authority on re-construction / restoration of operations

Example

Pharmaceutical companies are required to take FDA approval before restart of plant operations after a major loss. In some cases Insured suffers BI loss due to delayed start of plant for want of necessary approvals from competent authorities.

b) Lack of sufficient capital for timely restoration or replacement of property destroyed or damaged.

Policy Specifications

1) Turnover basis specification

This specification is most suited to Industries where multiple products are manufactured like Toiletry / Pharma or Bulk Drug Units/ Electric generation etc. Here we compute sales in terms of monetary value i.e. INR.

Under this Loss of Gross Profit is calculated by applying the ROGP to the amount by which the Sales TO during IP shall fall short of STO.

The standard definitions for the terms like Std TO, Annual TO Fy. TO and ROGP as discussed in Part 1 shall apply.

2) Output basis specification

Most suited to Industries where single or same types of products are manufactured like Zinc, Aluminum & Steel plants, Glass & Cement Industries. In this we compute sales in terms of Weight i.e. MT or Million MT per annum.

Under this specification Loss of GP is calculated by applying the ROGP to the amount by which the Output during IP shall fall short of Std Output.

The modified definitions of these terms shall read as under.

a) Financial Year Output

This is defined as the Output during the entire financial year of the risk.

b) Annual Output

Annual Output is defined as the Output during the 12 months immediately before the date of damage. This is used in computing adequacy of sum insured.

c) Standard Output

The Output generated during the

period in the previous financial year before the date of loss which corresponds with the indemnity period.

3) Revenue basis

Applicable to Service Industries like Hotels, Architects, Cinema theatres etc where there are nil or negligible amount of working expenses. Under this the calculation of BI loss is done based on Loss of revenue during the Indemnity period.

Under this we pay "Loss of Gross Revenue" + ICOW where "Loss of Gross Revenue" is the amount by which the "Gross Revenue" earned during the IP in consequence to loss, shall fall short of "Std Gross Revenue". The modified definitions of these terms shall read as under.

a) Annual Gross Revenue

"Annual Gross Revenue" is defined as the Revenue earned during the 12 months immediately before the date of damage. This is used in computing adequacy of sum insured.

b) Std Gross Revenue

It is the "Gross Revenue" generated during the period in the previous financial year before the date of loss which corresponds with the indemnity period.

4) Difference Basis

This specification is used where the "Gross Profit" is calculated by "Difference Method" basis that means

GP = (TO + closing stocks) – (Sp. Working expenses / Variable Exp. + Op. stocks)

Here, Loss of GP is calculated by applying the ROGP to the Reduction in TO during the Indemnity period. This can be calculated by subtracting the actual TO from Anticipated TO during the IP had the loss not taken place.

Specified Workings Expenses / Variable expenses:- Following are few examples

a) All Purchases (less Discounts Received) – RM, Lubricants etc.

b) Proportionate Wages i.e Wages paid to production labour.

c) Power used in production block

d) Consumable Stores;

e) Freight inward

f) Packing Materials

Factors Persuading the Customers for Buying Micro Insurance Policy (A Study with Reference to Kollam District, Kerala)

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Abstract

In India, liberalisation of the economy, has created new opportunities for insurance to reach the vast majority of the poor, including these who are working in the informal sector. Micro insurance in India has valuable lessons for the rest of the world, particularly in the Regulation of the Insurance industry. Unlike micro lending – the better known side of micro finance-micro insurance has been a hard sell among the world's poor. The reasons include lack of understanding of how insurance products work, general reticence of the poor to part with what little financial resources they have, and a shortage of localized risk management knowledge among providers. Micro insurance depends on innovation and co-operation. The present research paper brings to limelight to factors influencing the customers for buying micro insurance policy in Kollam district, Kerala.

Keywords

Micro insurance, low income group, service quality attributes.

Introduction

Insurance affords safety and security. In case of life insurance, payment is made when death occurs or the term of insurance is expired. Insurance is not charity because insurance is not possible without premium. Micro

insurance means the insurance to the low income people, is different from insurance in general as it is a low value product. There are several types of micro insurance such as life insurance, health insurance, property insurance, crop insurance, disaster insurance, etc.

Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policy called micro insurance policy to promote insurance coverage among economically vulnerable sections of society. A risk covered under micro insurance policy is a general or life insurance policy. Micro insurance business is done through the intermediaries like nongovernment organization (NGOs), self-help groups (SHGs) and micro finance institutions (MFIs). There are IRDA's regulations on micro insurance. For instance, the IRDA has stipulated that persons should pass an examination to be certified by fit for serving as insurance agents. The IRDA has defined the rural sector; in order to fulfill the norms of the IRDA, all insurance companies have designed products for the poorer sections. Both public and private insurance companies are adopting similar strategies of developing collaborations with several civil society associations. The present paper covers only micro life policy.

Literature review

According to Anuradha Rajivan (2007) the hand work of few NGOs and MFIs have caused recognition of micro insurance schemes and values for the poor. Anand Pejawar (2010) opines that there is an increasing emphasis on prompt customer service and adds that insurance companies have to be innovative in finding new ways of rendering it. The study of Arman Oza (2006) finds out the appropriate channel for distributing micro insurance product. Basant Sahu (2014) reports that MFI as distribution channel of micro insurance is found to be effective in reducing operating cost. George Walker (2008) says about the catastrophe micro insurance which behaves like a peril in earthquake situation at micro insurance level. Kumar (2005) identifies that 93.8 per/ cent of the respondents covered under the study consider that the insurance policies are indispensable for risk coverage and also for future economic strengthening of the family. Mishra and Mishra (2010) explain that latest provisions of insurance legislation beginning from the amended Insurance Act 1993, to IRDA Regulation, 2002. Ramachandran(2004) analyses the recommendations of the IRDA committee headed by A.C. Mukherji who submitted the report in 2003.

Statement of the Problem

Micro insurance, the low cost insurance policies that cover the lives, health, crop and property of the most vulnerables, are being seen as a central way of providing social protection to the increasing number of people affected by natural disasters. A specific risk includes the risk related to economic crisis, namely, the death of the breadwinner. For the sake of providing social protection to the vulnerable group, the micro life policy must cover virtually all the members of this group. Here lies the problem for the micro insurance companies of known the service quality features which persuade the potential buyers to invest in the micro life policy.

Object of the study

To examine the factors persuading the customers to invest in micro insurance in Kollam district, Kerala.

Hypothesis

H_0: There is no significant difference in the factors(service quality attributes) influencing the respondents to invest in micro insurance.

H_0: There is no difference in respondents' rating to the attribute nearness to insurance company for the factor four different levels of ages.

Data and methodology

The study mainly depended on primary data which were collected by conducting a sample survey of 400 customers of micro insurance policy in Kollam district, Kerala. The survey was conducted in 2016. Stratified sampling method was used for the selection of samples. The sample size ws determined by Kukeran formula. Relevant statistical tools such as mean, standard deviation, t-test, one way ANOVA and MANOVA were used for the analysis of survey data.

Result and Discussion

Table 1 portrays the demographic profile of the respondents

	Characteristic	F	% to Total
Age (years)	25-35	63	15.75
	36-45	128	32.00
	46-55	146	36.50
Education level	56 and above	63	15.75
	Primary level	92	23.00
	Secondary level	167	41.75
	Diploma	29	7.25
	Graduate	112	28.00
Area of residence	Urban	61	15.25
	Semi Urban	61	15.25
	Rural	278	69.50
Number of family members	1	18	4.50
	2	79	19.75
	3	214	53.50
	4	89	22.25
Annual income below (in Rs.)	50,000	42	10.50
	51,000-70,000	85	21.30
	70,001-90,000	101	25.30
	90,001 & above	172	43.00

Source: Primary data

Factors persuading the customers

There are several service quality attributes / factors of micro insurance policy. While some customers consider certain factors, some others would consider other factors of the insurance policy. These attributes may be provision for loan, affordable amount of premium, flexible premium, satisfactory service of agents, and so forth. The present study brings to limelight the mean score with test of significance for the various service quality attributes that persuaded the respondents to buy micro insurance policy. Table 2 shows the distribution of policy holders by their responses to service quality attributes that prompted them to invest in micro insurance policy with mean opinion score and test of significance.

H_0: There is no significant difference in the influence of service quality attributes on investment in micro insurance.

In India, liberalisation of the economy, has created new opportunities for insurance to reach the vast majority of the poor, including these who are working in the informal sector. Micro insurance in India has valuable lessons for the rest of the world, particularly in the Regulation of the Insurance industry. Unlike micro lending – the better known side of micro finance- micro insurance has been a hard sell among the world's poor. The reasons include lack of understanding of how insurance products work, general reticence of the poor to part with what little financial resources they have, and a shortage of localized risk management knowledge among providers.

Table 2 Mean score of factors influenced to buy policy with test of SQ Attribute

SQ Attribute		Strongly agree	agree	Neutral	Disagree	Strongly disagree	Mean	SD	t	Sig.
Nearness to insurance co.	N	49	119	100	62	70	3.04	1.28	0.585	0.559
	%	12.25	29.75	25.0	15.5	17.5				

SQ Attribute		Strongly agree	agree	Neutral	Disagree	Strongly disagree	Mean	SD	t	Sig.
Provision for loan	N	62	70	89	70	109	2.97	1.42	-3.315	0.001
	%	15.5	17.5	22.25	17.5	27.25				
Affordable premium	N	126	148	71	36	19	3.82	1.12	14.586	0.000
	%	31.5	37	17.75	9	4.75				
Flexible premium Payment	N	112	157	74	32	25	3.75	1.13	13.178	0.000
	%	280	39.25	18.5	8	6.25				
Less penal provision	N	111	148	78	40	23	3.71	1.14	12.411	0.000
	%	27.75	37	19.5	10	5.75				
Agents' satisfactory service	N	97	144	107	26	26	3.65	1.11	11.695	0.000
	%	24.25	36	26.75	6.5	6.5				
Agents' frequent contact	N	86	150	78	54	32	3.51	1.2	8.519	0.000
	%	21.5	37.5	19.5	13.5	8				
Sound infra-structure of insurance co.	N	72	90	91	63	82	3.02	1.39	-0.216	0.829
	%	18.09	22.61	22.86	15.83	20.6				
Heavy advt. of insurance co.	N	67	86	92	72	83	2.96	1.38	-0.653	0.514
	%	16.75	21.5	23	18	20.75				
Speedy redressal of grievances	N	69	92	86	70	83	2.99	1.39	-0.216	0.829
	%	17.25	23	21.5	17.5	20.75				
Helping attitude of insurance co.	N	88	86	87	58	91	3.11	1.43	1.469	0.143
	%	22	21.5	21.75	14.5	20.25				

Source: Primary data result calculated

It is of clear manifestation from the above table that the mean opinion score for the attribute nearness to insurance company is 3.04 which is found to be just average and the significance level of one sample t-test is above 0.05. The result indicates that nearness to insurance company is only an average attribute, i.e. not a significant one in persuading the respondents to buy insurance policy. The same result is obtained for the service quality attributes of sound infrastructure of insurance company, heavy advertisement of the insurance company, speedy redressal of grievances and helping attitude of insurance officials, that is, these attributes are not the important ones in persuading the respondents to invest in the micro insurance policy.

In respect of the other six service quality attribtes, namely, provision for loan, affordable amount of premium, flexibility in premium payment, satisfactory service of agents, agents' frequent contacts with buyers, and less penal provision the mean scores are found to be above 3.00 and the P-value of the t-test is less than 0.05. It means these attributes are significant ones in persuading the respondents to invest in micro insurance policy:

Performance of ANOVA and MANOVA to find the relationship between above service quality attributes and demographic variables:

The relationship between the service quality attributes of micro insurance policy, namely, nearness of insurance company, loan facility, affordable premium, agents' contact and so forth, and the respondents' demographic variables (as presented in Table1) at different levels was tested by ANOVA and MANOVA. Here, the following null hypothesis was tested by (one way) ANOVA.

H0: There is no difference in respondents' rating to the attribute nearness to insurance company for the factor age at different levels.

Similar null hypothesis for the other nine attributes for the factor age was tested by ANOVA (one way).

There was also the performance of multivariate analysis of variance (MANOVA) to test the following null hypothesis.

Ho: There is no difference in the mean score of 10 dependent variables (nearness to insurance company and the other attributes) for the five demographic variables.

Table 3 presents mean opinion score about rating for nearness to insurance company for the different levels of age with test of significance.

Table 3 (mean score) Rating for Persuading factors of investment in policy with test of significance

Influencing factor	25-35 years		36-45 years		46-55 years		Above 55 years		ANOVA		MANOVA	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Nearness to insurance coy.	2.90	1.40	3.01	1.27	3.00	1.20	3.32	1.35	1.416	0.238		
Loan provision	2.56	1.33	2.55	1.42	2.79	1.42	3.35	1.37	5.586	0.001		
Affordable premium amount	3.67	1.22	3.70	1.17	4.00	1.00	3.76	1.15	2.231	0.084		
Flexible premium	3.57	1.19	3.63	1.25	3.94	1.00	3.73	1.08	2.698	0.46		
Agents Satisfactory service	3.54	1.23	3.60	1.11	3.72	1.05	3.70	1.14	0.716	0.543	2.179	0.000
Heavy advt.	3.19	1.42	2.59	1.38	3.02	1.35	3.30	1.25	4.974	0.002		
Agents' contact	3.60	1.28	3.53	1.22	3.41	1.17	3.60	1.14	0.500	0.683		
Sound infrastructure	3.15	1.39	2.74	1.42	2.99	1.35	3.52	1.31	4.784	0.003		
Speedy redressal of grievances	3.13	1.49	2.88	1.35	2.97	1.38	3.08	1.41	0.462	0.709		
Insurance staff helping attitude	3.43	1.38	2.84	1.41	3.03	1.41	3.51	1.46	4.166	0.006		

Source: Primary data result calculated.

The analysis reveals the mean score with test of significance by ANOVA and MANOVA for the factor four different age groups of respondents. From the above table it is evident that taking micro insurance policy due to flexible premium payment, provision for loan, heavy advertisement of insurance company, sound infrastructure of the company and helping attitude of insurance officials significantly vary for different age groups as significance levels are less than 0.05. Flexibility in premium payment is found to be more attracted by 46-56 year age group policyholders (mean score=3.94), loan provision is more attracted by >56 age group policyholders (mean value = 3.35), heavy advertisement of insurance company (mean value = 3.30), sound infrastructure (mean value = 3.52) and helping attitude of insurance officials (mean score = 3.51) are attracted more by policyholders from age group of policyholders >56 years. All other factors are found to be equally important for policyholders from all age groups.

When all the persuading factors are taken together it can be seen that there exists significant difference in regard to age groups as the significance level of MANOVA is less than 0.05. It can be concluded that the factors persuading in taking the policy are significantly different in age groups of policyholders.

Educational Qualification

The analysis has brought to surface the mean value with test of significance for variance by ANOVA and MANOVA for the different level of policyholders' educational qualification. From Table 4 it can be seen that the policyholders' rating for the persuading factors provision for loan, heavy advertisement of insurance company, speedy redressal of grievances and helping attitude of insurance officials significantly vary for educational qualification as significance levels are less than 0.05. Heavy advertisement of insurance company and loan provision are found to be more attracted by primary level of education mean value=3.43 and mean value=3.59 respectively; speedy redressal of grievances and helping attitude of insurance officials are more attracted by policyholders having technical qualifications like ITI and diplomas. All other influences are found to be equally important for policyholders of four different levels of education.

Table 4 Mean value for influences by educational level with tests of significance

Inflencing factor	Educational level								ANOVA		MANOVA	
	Primary level		Secondary level		Diploma		Graduate					
	Mean	SD	Mean	SD	Graduate	SD	Mean	SD	F	Sig.	F	Sig.
Nearness to insurance co.	3.24	1.23	2.89	1.25	3.24	1.30	3.04	1.36	1.593	0.191		
Loan provision	3.37	1.40	2.72	1.42	3.10	0.98	2.25	1.33	11.685	0.000		

Inflencing factor	Educational level								ANOVA		MANOVA	
	Primary level		Secondary level		Diploma		Graduate					
	Mean	SD	Mean	SD	Graduate	SD	Mean	SD	F	Sig.	F	Sig.
Affordable premium amount	3.71	1.15	3.90	1.10	4.00	0.93	3.72	1.16	1.138	0.334		
Flexible premium	3.72	1.24	3.75	1.09	3.79	1.05	3.76	1.15	0.035	0.991	2.385	0.000
Agents Satisfactory service	3.39	1.20	3.73	1.01	3.79	1.42	3.71	1.07	2.084	0.102		
Heavy advt.	3.43	1.24	2.84	1.41	2.90	1.29	2.75	1.38	5.185	0.002		
Agents' contact	3.41	1.28	3.54	1.19	3.28	1.03	3.60	1.19	1.274	0.283		
Sound infrastructure	3.13	1.38	2.87	1.39	3.33	1.36	3.06	1.40	1.297	0.275		
Speedy redressal of grievances	3.08	1.23	3.07	1.41	3.41	1.12	2.68	1.50	2.861	0.037		
Insurance staff helping attitude	3.26	1.37	3.11	1.43	3.83	0.97	2.78	1.49	4.224	0.006		

Source: Primary data. Result calculated

Performance of MANOVA reveals that the influencers of micro insurance vary significantly for the educational level of policyholders the significance level is less than 0.05. It means there is no significant agreement among the policyholders of different educational qualification in rating the persuading factors of investment in micro insurance policy.

Family size

The investigation unveils the mean value with test of significance of ANOVA and MANOVA for the different levels of policyholders' number of family members. It is clear from table 5 that rating for micro insurance policy for flexible premium payment, agents' satisfactory service, agents' contact, and helping attitude of insurance officials significantly varies for the number of family members as significance levels are less than 0.05. Flexibility in premium payment is more attracted to policyholders having three family members (mean value =3.91); satisfactory service of agents as well as frequent contact of agents is more attracted to policyholders having three family members; and helping attitude of insurance officials in attracted to policyholders having four family members. All other variables are found to be equally important to policyholders having different number of family members.

Table 5 Mean score for influencers by number of family members with significance test.

Persuading factor	No. of family members								ANOVA		MANOVA	
	1		2		3		4					
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Nearness to insurance co.	2.61	1.24	3.06	1.14	3.06	1.30	3.06	1.37	0.684	0.562		
Loan provision	2.33	1.14	2.84	1.33	2.86	1.51	2.55	1.30	2.054	0.106		
Affordable premium amount	3.33	1.37	3.70	1.05	3.94	1.06	3.72	1.22	2.554	0.055		
Flexible premium	3.61	1.29	3.57	1.16	3.91	1.09	3.55	1.15	3.391	0.018		
Agents Satisfactory service	3.06	1.00	3.47	0.89	3.74	1.11	3.71	1.26	2.983	0.031	3.058	0.000
Heavy advt.	2.39	1.42	2.72	1.41	3.08	1.42	2.98	1.20	2.369	0.070		
Agents' contact	2.39	1.50	3.44	1.12	3.60	1.19	3.57	1.13	6.021	0.001		
Sound infrastructure	3.06	1.16	3.04	1.35	2.93	1.37	3.21	1.52	0.829	0.479		
Speedy redressal of grievances	2.67	1.50	2.96	1.23	2.96	1.38	3.13	1.52	0.598	0.617		
Insurance staff helping attitude	2.11	1.53	2.82	1.30	3.2	1.43	3.29	1.42	4.804	0.003		

Source: Primary data. Result calculated

As significance value of MANOVA (0.000) is far less than 0.05, reject the null hypothesis (at 95% confidence level) and conclude that all persuading factors of micro insurance are different for the levels of family size. This very well agrees with the finding of a strong association between the number of family members of respondents and their intention of purchase of policy.

The study brings to limelight the mean value for tests of significance with ANOVA and MANOVA for the different levels of policyholders' annual income. Table 6 shows respondents' rating for investment in micro insurance policy for nearness of insurance company, heavy advertisement of insurance company, speedy redressal of grievances and helping attitude of insurance officials significantly varies for annual income as p value is less than 0.05. Nearness to insurance company is found to be more attracted to annual income group of Rs.70,001 to Rs.90,000 and Rs.90,001 and above groups (mean score=3.94). Heavy advertisement of insurance company is found to be more liked by Rs.90,001 and above annual income group(mean score=3.15); speedy redressal of grievances(mean value=3.42) is attracted to policyholders of annual income group of Rs.90,001 and above. All other persuading variables are found to be equally important for policyholders from different annual income groups.

Table 6 Mean value for influencers by annual income with tests of significance

Persuading factor	Amount of annual income								ANOVA		MANOVA	
	Below Rs.50,000		Rs.50,001 – 70,000		Rs.70,001 – 90,000		Rs.90,001 & above					
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Nearness to insurance co.	2.36	1.14	2.86	1.20	3.20	1.27	3.20	1.31	6.003	0.001		
Loan provision	2.19	1.35	2.86	1.40	2.81	1.55	2.83	1.34	2.547	0.056		
Affordable premium amount	3.90	1.03	3.62	1.28	3.88	1.12	3.85	1.05	1.082	0.357		
Flexible premium	3.95	1.10	3.66	1.26	3.67	1.14	3.78	1.07	0.793	0.498		
Agents Satis factory service	3.76	1.08	3.58	1.08	3.62	1.15	3.67	1.12	0.282	0.838	1.264	0.002
Heavy advt.	2.43	1.33	2.84	1.40	2394	1.42	3.15	1.32	2.346	0.019		
Agents' contact	3.74	0.99	3.44	1.22	3.65	1.17	3.41	1.24	1.696	0.167		
Sound infrastructure	2.67	1.39	2.92	1.39	3.16	1.35	3.07	1.41	1.468	0.223		
Speedy redressal of grievances	2.48	1.57	3.06	1.33	2.83	1.35	3.16	1.37	3.242	0.022		
Insurance staff helping attitude	2.29	1.49	2.85	1.50	3.12	1.41	3.42	1.29	8.515	0.000		

When all the dependent variables are taken together it can be seen that there exists significant difference in regard to annual income level as the significance level of MANOVA is less than 0.05. Hence it maybe concluded that the factors persuading for taking micro insurance policy are significantly different for different levels of annual income.

The analysis also reveals the mean value for tests of significance with ANOVA and MANOVA for the three different areas of residence of policyholders.

Table 7 exhibits respondents' rating for investment in micro insurance policy for nearness to insurance company, provision for loan, affordable amount of premium, and the like with tests of significance. It is evident from the table that the rating for the factors affordable amount of premium, heavy advertisement and speedy redressal of the company significantly vary for the places of residence as significance levels are less than 0.05. Affordable amount of premium is found to be more attracted to rural policyholders (mean score=3.90), heavy advertisement has more attracted semi urban policyholders (mean score= 3.59) and speedy redressal of grievances has attracted more the policyholders from urban areas. All other variables are found to be equally important for policyholders from urban, semi urban and rural areas.

But when rating for all the persuading factors are taken together, it can be seen that there exists significant difference for place of residence as the p-value of MANOVA is less than 0.05. So, it is concluded, that ratings for taking micro insurance policy are significantly different in urban, semi urban and rural areas of residence.

Suggestions and conclusion

The investigation unveils that affordable amount of insurance premium, flexible

Table 7 Mean value of rating for influences by area of residence with test of significance

Persuading factor	Urban		Semi Urban		Rural		ANOVA		MANOVA	
	Mean	SD	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Nearness to insurance coy.	2.93	1.28	3.34	1.18	2.99	1.30	2.173	0.115		
Loan provision	2.79	1.44	2.98	1.19	2.71	1.46	1.059	0.348		
Affordable premium amount	3.80	1.22	3.44	1.22	3.90	1.06	4.208	0.016		
Flexible premium	3.95	1.09	3.66	1.18	3.72	1.13	1.299	0.274	2.208	0.001
Agents Satisfactory service	3.46	1.04	3.89	1.39	3.64	1.05	2.323	0.99		
Heavy advt.	2.69	1.26	3.59	1.32	2.87	1.38	8.490	0.000		
Agents' contact	3.48	1.31	3.49	1.09	3.52	1.20	0.025	0.971		
Sound infrastructure	2.98	1.42	3.30	1.42	2.96	1.38	1.440	0.238		
Speedy redressal of grievances	3.34	1.36	3.31	1.32	2.83	1.41	5.644	0.004		
Insurance staff helping attitude	3.34	1.41	3.36	1.27	3.00	1.46	2.882	0.057		

premium payment, agents' satisfactory service, frequent contact of agents with the policyholders and less penal provision are the pre-eminent factors in persuading the respondents to take micro insurance policy in Kollam district. So, the insurance companies may be concerned about these variables for the furtherance of micro insurance.

The performance of analysis of variance reveals that the influencers of subscribing for micro insurance policies vary significantly in regard to age, educational level, number of family members, areas of residence and levels of annual income of family members of respondents. This pinpoints that insurance officials as well as insurance agents have to concentrate on those levels of age, education, size of family members, areas of residence and annual income of respondents where there is more market potential for micro insurance.

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Distribution Channels and Micro-Insurance Growth: A Case of Mbale District

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Abstract

Distribution channels are believed to be key in the growth of micro-insurance. However, this has not been the case for insurance companies in Mbale district. In this regard, this study on the evaluation of the contribution of distribution channels to micro-insurance growth was carried out in Mbale district with aided by a cross sectional survey design taking into account both qualitative and quantitative aspects. Results of the study indicated a fairly strong positive relationship between use of direct selling, micro finance institutions (MFIs) and banks; vis-à-vis micro-insurance. Also, findings revealed that distribution channels accounted for 0.5% growth in micro-insurance growth in Mbale district. The study further concluded that there was a decimal contribution of distribution channels which was insignificant to micro-insurance growth in the district. The study recommends among other things, efforts to diversify the use of distribution channels in order to improve on micro-insurance growth.

Keywords

Distribution Channels, Micro-Insurance, Growth.

1.0 Introduction

The term micro-insurance typically refers to insurance services offered primarily to clients with low income and limited access to mainstream insurance services and other means of effectively

coping with risk, Micro-insurance Network (2011). According to the Africa Micro-insurance Landscape Study (2015), Micro-insurance providers in Africa are covering 61.9 million people, recording a 40% increase from 2012 and accounting USD 647 million in Gross Written Premiums (GWP). Micro-insurance growth has been tremendous, for instance According to the 2012 IRA market statistics, only 90,105 people had micro-insurance covers. 2.61M people had micro-insurance products in 2014 compared to 34M people in South Africa (the largest at the time in Africa) according to the Africa Micro-insurance Landscape study (2015). The 2018 Insurance Regulatory Authority's (IRA) Annual Market Report indicated over 24 million gross written premiums just from the only Micro-insurance company (Grand Micro-insurance Company) licensed at the time, while other insurance companies continued to sell micro-insurance products together with other main stream insurance products, thus indicating a promising growth of micro-insurance products. Therefore, micro-insurance presents a unique business opportunity for insurers to expand their product portfolios and extend their market penetration by serving a wider customer base. While little was mentioned about contributions of various distribution channels to the growth of micro-insurance in particular, the 2018 IRA report showed that bancassurance contributed 26 billion, brokers, 273.17 billion, mobile technology 5 billion and insurance agents among others however, the best channel for micro-insurance products was not highlighted. On the other hand, according to Fin scope (2018), only 1% of Ugandan adults (0.22 million) including micro-insurance buyers have insurance cover. More than half of insured adults have health insurance. Although most adults earn money from farming, there was no uptake of crop/ livestock insurance. Fin Scope survey 2018 also revealed that 37% of adults (6.8 million) experienced unexpected expenses in the last 12-month period.

However, the distribution of micro-insurance products presented a challenge to the growth of micro-insurance explaining why policies are in pipeline by the IRA to reduce on the cost of distributing micro-insurance products and encouraging the use of digital platforms in distribution of micro-insurance products, IRA report (2018).

Although several insurers have adopted different distribution channels, micro-insurance in upcountry areas like Mbale has remained low compared to Kampala, IRA report (2017). Several efforts by the Insurance Regulatory Authority, Uganda Insurers Association, International Labour Organization and Financial Sector Deepening Uganda through awareness conferences, surveys with the aim of increasing the growth of micro-insurance yet again, the low uptake of micro-insurance products persists evidenced by only 24 million gross written premiums from just one micro-insurance organization, IRA report (2018).

IRA recognizes that low penetration orchestrated by costly distribution channels was a huge challenge for the industry and required coherent strategies particularly in extending insurance to the untapped market segments which includes the low-

The term micro-insurance typically refers to insurance services offered primarily to clients with low income and limited access to mainstream insurance services and other means of effectively coping with risk, Micro-insurance Network (2011). According to the Africa Micro-insurance Landscape Study (2015), Micro-insurance providers in Africa are covering 61.9 million people, recording a 40% increase from 2012 and accounting USD 647 million in Gross Written Premiums (GWP). Micro-insurance growth has been tremendous, for instance According to the 2012 IRA market statistics, only 90,105 people had micro-insurance covers.

income market segments, Financial Sector Deepening Uganda (2018). The study therefore sought to find out the best distribution channels and their contribution to the growth of micro-insurance in Mbale District.

1.1 Objectives of the study

1.1.1 General objective

The purpose of the study was to examine the contribution of different distribution channels to the growth of micro-insurance in Mbale District.

1.1.2 Specific Objectives

i. To establish the best distribution channel in promotion micro-insurance products in Mbale District.

ii. To assess the relationship between the distribution channels used and micro-insurance products sold in Mbale District.

iii. To investigate the contribution of distribution channel on micro-insurance growth in Mbale District.

1.2 Research Questions

i. What is the best distribution channel used in promotion of micro-insurance products in Mbale District?

ii. What is the relationship between the distribution channels used and micro-insurance products sold in Mbale District?

iii. What is the contribution of distribution channels on micro-insurance growth in Mbale District?

1.3 Scope of the study

The study took place in Mbale district mainly in Mbale

municipality located in Eastern Uganda. This was because Mbale was counted among upcountry areas where largely insurance penetration was low compared to Kampala as per the 2017 IRA market statistics report.

The content for the study was limited to establishing the best

distribution channel used in promotion micro-insurance products; the relationship between the distribution channels used and micro-insurance products; and the contribution of distribution channel on micro-insurance growth in Mbale District. The study was conducted for one month from 22/07/19 to 22/08/19.

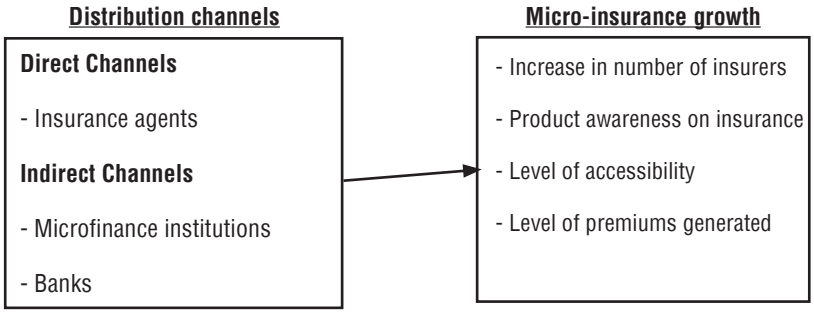
1.4 Justification of the study

The rationale for the study was to find out the best distribution channel for micro-insurance products. The International Labour Organization, Insurance Regulatory Authority, Insurance Institute of Uganda and many other players put up efforts to strengthen the protection of the financially handicapped groups of people through provision of tailor made (micro-insurance products) whose evaluation called for the study. The study was intended to increase awareness about the value of micro-insurance products and unveil the **benefits of micro-insurance products.**

1.5 Significance of the study

The study was intended to help increasing the micro-insurance uptake in Uganda which was below 1%. It would help in highlighting key distribution channels that insurance players could pick and use to grow their micro-insurance premiums in the insurance industry.

1.6 Conceptual framework



Source: Mutua (2017)

1.7 Theoretical framework

The agency theory: An agent is an individual or entity acting on behalf of any organization. An agency relationship occurs when the principal of a certain business entity contracts another group or person commonly known as an agent to carry out day today activities and make decisions on behalf of the principal. In the case of product and service distribution for example, the agency relationship can be defined by the relationship between suppliers and buyers, Ketchen & Giunipero(2004). The agency theory explains the relationship between two principals for instance shareholders, managers and agents. In this relationship, the principal delegate hires an agent to perform tasks on their behalf, an expression of what truly happens in the insurance industry of Uganda where MFIs, banks through bancassurance arrangement, and insurance agents have an understanding

with insurance companies to sell and market micro-insurance products on their behalf, IRA (2018). In return, these agents/agencies earn a commission from insurance companies. According to the agency theory, with preference and different interests between contracting principals and agents, conflicts may arise due to subjective needs. It is important for any organization dealing with product and service distribution to consider the agency theory because it provides opportunities on how risks can be avoided. It also provides an avenue where the threat of opportunism can be minimized along the supply chain, Mutua (2017).

2.0 Literature Review

Theoretical review

The distribution of micro-insurance products has been built on different theories and models across the globe, and many scholars have argued that for any organization to ably distribute its products to a wider section of clients, they should first identify the cost of distribution and level of accessibility by its intended or prospective customers, Craig Churchill (2006). Scholars contend that various insurance schemes containing some community-based elements have been experimented with throughout the world. For instance, Uganda at a time had tried systems governed and managed by hospitals involving community groups in the design of benefit packages and collection of premiums, (Dierrennic et al.,). Proponents of the community based model of micro-insurance delivery argue that the model that is commonly used in west Africa mainly used in health insurance, Tabor(2005) helps in improving access to health care through risk-sharing and resource pooling, the model is not for profit, there are mutual interest organizations based on groups who share common characteristics among others.

Other scholars have advanced the Charitable insurance model upon which the distribution of micro-insurance products is centered. They argue that the model covers a wide range of institutional options, which all share two important features: (i) being non-profit and (ii) not putting the risk on the insured. It is especially the first feature that distinguishes this model from the partner-agent model (this is at least true for the insurers side), and from some healthcare provider-driven models where the prime objective is to increase utilization of their facilities, Craig Churchill (2006).

However, proponents of the agency theory argue that as long as there has been insurance, there have been agents to sell it. For instance, agents selling 'industrial insurance' at factory gates in American cities in the early 1900s made Metropolitan Life Insurance Company, the largest in the world at that time. Scholars argue that under this model, micro finance institutions whose workers begun selling micro-insurance products to their own clients and those outside their institutions which later became a basis for MFIs to formerly lobby insurance companies to sell products on their behalf under the arrangement known as the partner-agent model of micro-insurance distribution. As a matter of fact in Uganda, the American Insurance Group (AIG) was the first company to have an understanding with FINCA Uganda to distribute micro-insurance products to its clients on their behalf, Craig Churchill (2006). The partner-agent model that supports the agency theory seems to work best when insurance is directly related to the products of the agent institution for instance credit life in Uganda that is attached to a loan facility, simple products in all respects together with skilled agent's field staff. While the agency theory has been appreciated to have driven the premiums of insurance companies upwards, the flaws in it could be addressed relatively easily through training and capacity building of both risk carriers and delivery channels and insurers working closely with other distribution channels for them not to put eggs in the same basket, Craig Churchill (2006). The study adopted the agency theory to help enrich it given the fact that the distribution channels under investigation fall under the ambit of an agency highlighted by the theory much as the theory was bent towards MFIs and individual agents yet again in the Ugandan context, a host of banks were licensed as bancassurance agents, IRA annual report (2018).

Parag Shil (2013) identifies three distribution models (partnership, agency and micro-agent models) for micro-insurance and highlights benefits that each brings to the growth of micro-insurance. Parag Shil

(2013) believes that with just a single partnership agreement, it is possible to sell micro-insurance to over a quarter of a million low-income people yet requiring fewer skills, less additional infrastructure, maximized synergies among others than the in-house model. In the Ugandan context, the 2018 IRA annual report indicated 26 billion gross written premium contributed by bancassurance and over 24 million in premium from micro-insurance products sold by one and only Micro-insurance organization (Grand Micro-insurance organization) thus making commendable strides towards the industry's growth. Furthermore, Micro-insurance Network Africa landscape full report (2015) investigated about different distribution channels and their contribution to micro-insurance growth, in this study, it was revealed that the leading distribution channel was agent/broker followed by MFIs and lastly member organizations by 27%, 14% and 3% respectively. However, there were efforts to investigate the same channels in Uganda to establish their contribution to micro-insurance growth. In its customer satisfaction and needs assessment report (2016) report, agents are a key customer care point as 57% of them acknowledged receipt of complaints from policy holders thus their relevancy in linking micro-insurance buyers to the insurers.

Smith et al. (2010) acknowledges that Staff members in branches of financial institutions interact with clients and, if they are adequately trained and incentivized, they can increase clients understanding of insurance. However, Posey and Yavas (1995) noted that earlier studies had shown that insurers using the independent agency system have higher costs than those employing a direct writer system.

Mutua (2017) noted a factor increase in the extent to consideration of selected distribution strategies by micro-insurance companies interviewed would lead to an increase in product uptake. Holding other factors constant, considering the nature of products while selecting a distribution strategy would increase product uptake by 52%, there was therefore a positive relationship between consideration of nature of product uptake as shown by the regression coefficient and significant value 0.001. Holding other variables constant, considering customer profile while selecting a distribution channel for micro-insurance products would increase micro-insurance growth by 29%.

3.0 Methodology

The researcher used a descriptive cross-sectional survey. The design was used to obtain a snapshot of the prevailing characteristics of the variables under study and produce some quantitative and qualitative descriptions of the aspects under study, Kraemer and Pinsonneault (1992). The timing of the design was such that majority of the intended respondents were available for the study. While the design could be limited by the influence of the researcher, quality assurance procedures ensured that different persons engaged in different roles right from data collection, entry, analysis and reporting. Also, the design being inherently affected by the changing times, recommendations included carrying out more studies of the same after a given time in search for new trends in the industry. The sample size of 306 was reached at from the population of 1,300 by applying a formula of Taro Yamane (1967) and hence the corresponding proportions.

$$n = \frac{N}{1+N(0.05)2} = \frac{1,300}{1+1,300(0.05)2} = 306$$

The unit of analysis were insurance companies, MFIs and banks that sell micro-insurance products. Quantitative data was obtained by random administration of 88 questionnaires to insurance agents and Loan Officers proportionately while qualitative data was obtained through interviews with Key informants (managers of banks, MFIs and insurance companies and later, FGDs were held with 202 micro-insurance buyers to gain deeper insights into the study.

Sources of data included primary sources that is to say respondents as categorized above.

Five Research assistants were recruited and trained. After developing the research instruments, they were pilot tested. Ten randomly selected customers were asked to complete the questionnaire and suggest if they found problem in filling the questionnaire. They completed the questionnaires and forwarded their comments, the researcher used their feedback to

correct some errors. Finally, the Questionnaires were distributed equally to respondents selected.

Qualitative data generated from KIIs and FGDs was audio-recorded, transcribed verbatim and the scripts translated into English. Analysis grids were then created using thematic areas and emerging insights.

Quantitative data from questionnaires was cleaned, checked for outliers, missing data and normality. Data was then analyzed with the help of SPSS software through which descriptive statistics and cross tabulation by various demographic characteristics were obtained.

Findings from qualitative and quantitative research were triangulated in the analyses and presented in the report to give an overall picture. Findings were presented in different formats using tables, pie charts where necessary. Cross tabulations were used to correlations between variables. Data obtained from FGDs was summarized and presented in a narrative format. Data generated was interpreted and some outstanding quotations from FGDs are illustrated in the report to illustrate attitudinal or perceptual inclinations.

4.0 Results

4.1 Demographic data of respondents

The demographic data included data from the marketers/agents and Loan officers who completed the questionnaires.

4.2. Sex distribution of the respondents

Majority (70%) of the respondents were males while 30% of them were females. This was a true reflection of the proportion of men and women engaged in marketing, insurance and banking sectors. This can be confirmed by Ssemakula(2018) and Mutua(2017) in their studies.

4.3 Age Distribution of respondents

Majority (72%) of the respondents were in the age bracket of 25-34 years of age. These were mainly young people in their prime years of service. Another 24% of the respondents were in the age bracket of 35-44 years of age. These were a more experienced, a lot of respondents who had served the companies for a substantial period of time. This implies that they were conversant with what happens in the companies and data collected from them can be taken as reliable and authentic data. However, 4% of the respondents were between the ages of 15 — 24 years. These were adolescents who had little experience in the service.

4.4 Education levels

Results revealed that majority (55%) of the marketers/agents were holders of Diplomas while 30% of them were holders of certificates. At least 11% of them had Advanced-level and 4% had Ordinary-level of education. Level of education often determines ones understanding of several issues in the work place. Since majority were well education, it is believed they understood well the dynamics of what goes on in the insurance companies and the data they provided can be taken as reliable.

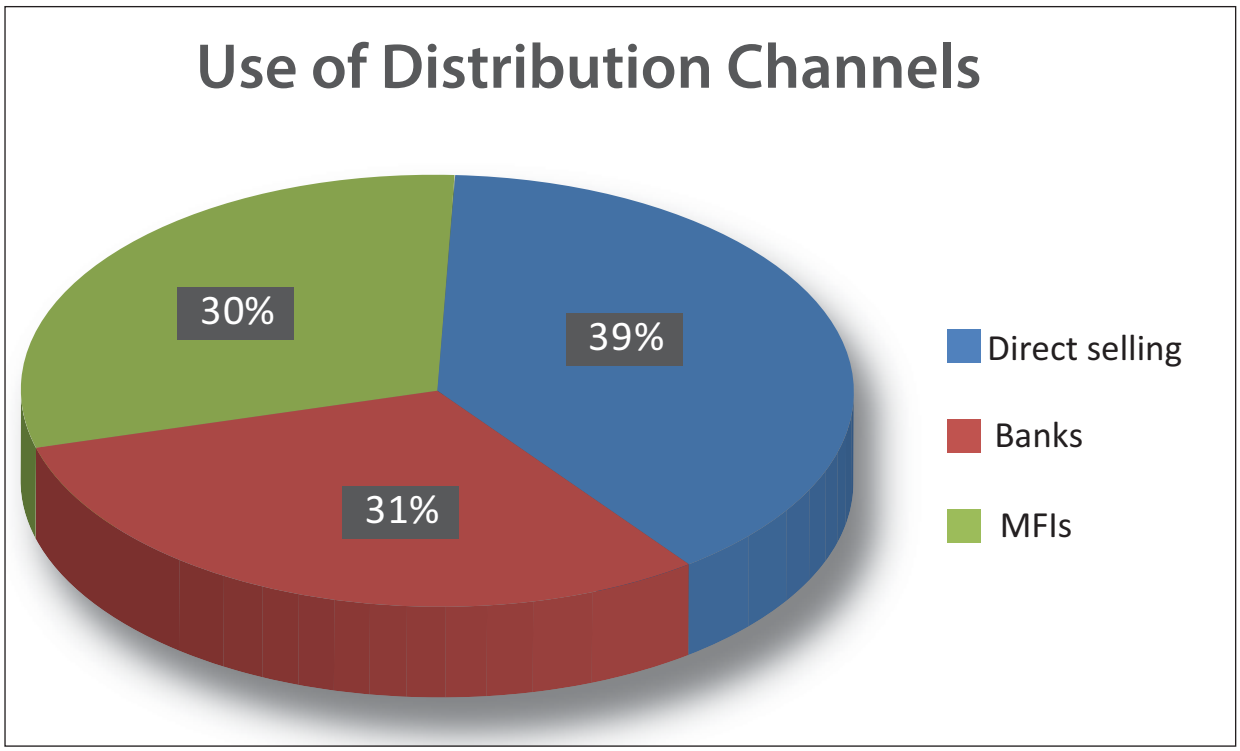
4.5 Distribution of customers by business portfolio

It was revealed that majority (53%) of the Insurance companies had 400 and above micro-insurance business portfolio (clients) while 28% had less than 100. Another 12% had between 100-200 business portfolios while only 7% had between 200-300 business portfolios.

4.6 Best distribution channel in promotion of insurance products in Mbale

Objective one of the study sought to establish the best distribution channel in the promotion of insurance products in Mbale District. Data collected through completion of questionnaires was analyzed and is presented in Figure 4.5 below.

From data in Figure 4.5, it was revealed that direct selling was a more frequently (39%) used channel in the promotion of insurance in Mbale District. This is followed by use of banks at 31% and finally the MFIs with 30%.



Source: Primary data (2019)

The above results are in tandem with results obtained from micro-insurance buyers. This followed the twenty focused group discussions held with the buyers in which majority agreed to have bought micro-insurance products directly from insurance agents and the rest from banks and MFIs. This coincided with results from interviews with buyers of micro-insurance products where most of them preferred using insurance agents. Some were quoted saying, '…we use agents because they frequently visit us'. The findings are in agreement with the Micro-insurance Network Africa report (2015) in which it revealed that agents as a distribution was the leading distribution channel with the widest range of premium generation and products offered followed by MFIs and other financial institutions. The findings were still in consonant with those of the same Micro-insurance Network Africa report of 2013. When asked about whether or not they channel their claims through agents, the micro-insurance buyers acknowledge it citing the level of trust and accessibility to these agents thus their frequency of use than any other channel.

4.6 Relationship between the distribution channels used and micro-insurance products sold in Mbale district

Objective two of the study sought to establish the relationship between the distribution channels used and micro-insurance products sold in Mbale District. In order to obtain the relationships, it was necessary to obtain descriptive statistics about promotion of micro-insurance from direct selling, banks and MFIs before running the Pearson Correlations. The results of the Pearson Correlations for each channel used are presented below.

4.6.1 Direct selling and micro-insurance promotion

Table 4.1 presents the Pearson Correlation between use of direct selling and promotion of micro-insurance in Mbale District.

Table 4.1: Relationship between use of Direct Selling and MI Promotion

The Pearson correlation was found to be 0.352 implying a fairly moderate positive relationship between use of direct selling and micro-insurance in Mbale District.

Table 4.1: Relationship between use of Direct Selling and MI Promotion

		Direct Selling	Micro-insurance
Direct Selling	Pearson Correlation	1	.352
	Sig. (2-tailed)		.072
	N	27	27
Micro-insurance	Pearson Correlation	.352	1
	Sig. (2-tailed)	.072	
	N	27	27

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

The Pearson correlation was found to be 0.352 implying a fairly moderate positive relationship between use of direct selling and micro-insurance in Mbale District.

4.6.2 Micro finance institutions and micro-insurance promotion

Table 4.2 presents the Pearson Correlation between use of micro finance institution and promotion of micro-insurance in Mbale District.

Table 4.2: Relationship between use of MFIs and MI Promotion

		MFIs	Micro-Insurance
MFIs	Pearson Correlation	1	.020
	Sig. (2-tailed)		.892
	N	47	47
Micro-Insurance	Pearson Correlation	.020	1
	Sig. (2-tailed)	.892	
	N	47	47

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

The Pearson correlation was found to be 0.020 implying a very weak positive relationship between use of MFIs and micro-insurance in Mbale District.

4.6.3 Banks and micro-insurance promotion

Table 4.3 presents the Pearson Correlation between use of banks and promotion of micro-insurance in Mbale District.

Table 4.3: Relationship between use of Banks and MI Promotion

		Banks	Micro-Insurance
Banks	Pearson Correlation	1	.497**
	Sig. (2-tailed)		.008
	N	27	27
Micro-Insurance	Pearson Correlation	.497**	1
	Sig. (2-tailed)	.008	
	N	27	27

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

The Pearson correlation was found to be 0.497 implying a moderate positive relationship between use of banks and micro-insurance in Mbale District..

The researcher used a descriptive cross-sectional survey. The design was used to obtain a snapshot of the prevailing characteristics of the variables under study and produce some quantitative and qualitative descriptions of the aspects under study, Kraemer and Pinsonneault (1992). The timing of the design was such that majority of the intended respondents were available for the study. While the design could be limited by the influence of the researcher, quality assurance procedures ensured that different persons engaged in different roles right from data collection, entry, analysis and reporting.

4.6.4 Overall relationship for the three distribution channels

Table 4.4 presents the Pearson Correlation between use of a combination of the three distribution channels and promotion of micro-insurance in Mbale District.

Table 4.4: Relationship between use of Direct Selling, MFIs and Banks and MI Promotion

		Distribution Channels	Micro-Insurance
Distribution Channels	Pearson Correlation	1	.602**
	Sig. (2-tailed)		.001
	N	27	27
Micro-Insurance	Pearson Correlation	.602**	1
	Sig. (2-tailed)	.001	
	N	27	27

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

The Pearson correlation was found to be 0.602 implying a fairly strong positive relationship between use of direct selling, MFIs and banks; and micro-insurance in Mbale District.

4.7 Contribution of distribution channels on micro-insurance growth

Objective three of the study sought to investigate the contribution of distribution channel on micro-insurance growth in Mbale District. In order to obtain the contribution, a linear regression was run between the descriptive statistics from the distribution channels with those for micro-insurance growth. The results are presented in the following tables.

Table 4.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.069[a]	.005	-.017	.997
a. Predictors: (Constant), Distribution channels				

The R Square value was found to be 0.005 which is equivalent to 0.5%. This implies that distribution channels account for 0.5% growth in micro-insurance growth in Mbale District.

Table 4.6: Contribution of Distribution Channels used towards MI Growth

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.215	1	.215	.217	.644[b]
	Residual	44.721	45	.994		
	Total	44.936	46			
a. Dependent Variable: Micro-Insurance growth						
b. Predictors: (Constant), Distribution channels						

5.0 Conclusion and Recommendations

5.1. Conclusion

From the results above, the three distribution channels have a notable contribution to the growth of micro-insurance in Mbale district given the results from the regression above. This has been spearheaded by the insurance agents, banks and microfinance institutions respectively. It was found out that majority of the clients offered by microfinance institutions are in form of SACCOs whose members had little knowledge about insurance and as a matter of fact, some of them did not know they were insured.

5.2. Recommendations

Findings on Objective One indicated that direct selling or use of insurance agents was the leading distribution channel followed by banks and then the MFIs. This calls for more efforts to boost the weak distribution channels through measures like assigning personnel to work directly and or monitor clients obtained from banks and microfinance institutions. Drawing from the KII interviews' findings where most of the insurance Managers decried of high agents turn over, there is need for a host of incentives to be employed by insurance companies to retain their competent agents.

Findings on Objective Two indicated that whilst agents contributed tremendously to micro-insurance growth than banks, banks displayed the strongest relationship of all and still MFIs were the weakest in their relationship with

micro-insurance growth. However, Craig Churchill (2006) in his study has indicated heavy reliance on a community based model in West Africa and India especially by the help of mutual health organizations, regions that were heavily reliant on the community based and partner-agent models registered much success. This, therefore, calls for efforts to strengthen MFIs, for instance, through developing micro-insurance products that are easy to understand and deliver to their clients as many self-help groups in form of savings and investments in Uganda's rural areas are uninsured formally but rather informally to cope with life's eventualities thus a virgin area to be tapped by insurance companies, FSDU report, (2018). Establishment of agencies in rural areas by leveraging on SACCOs and rural development banks in rural areas.

Diversification of distribution channels and models as more focus should be put on use of technology to reduce on costs of doing business yet again reach a large section of buyers. This was because findings on objective three indicated an insignificant contribution of the three selected distribution channels to micro-insurance growth. Investigating factors for negligible adoption and sell of micro-insurance products especially by general insurance companies, use of mobile technology in growing micro-insurance were among identified areas for further research that the study identified.

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Factors Influencing Adoption of Agriculture Insurance by Farmers in Eastern Uganda: A Study of Mbale District

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Abstract

The study investigated factors that hinder Adoption Agriculture Insurance by farmers in Mbale district despite many risks they face. However, factors hindering adoption of agricultural insurance included lack of understanding of insurance, high premium and small farm size. The study recommended that insurers and other stakeholders should help farmers understand the necessary details of Agricultural Insurance including procedure of insuring their enterprises and its benefits. Farmers should be encouraged to form groups given that most of them have small farms thus less than three acres that makes them not cost-effective to pay for insurance services. This is because it is easier for insurers to deal with groups rather than individual farmers. The process of compensation of framers who incur losses should be expedited urgently by insurers as long delays in compensation will frustrate farmers who have bought insurance services and discourage farmers who have not used insurance services from adopting insurance services.

1.0 Introduction

Globally, Agriculture is subject to a wide range of risks. These are generated by extreme weather events like droughts, floods, unseasonal rainfall and extreme temperatures. These in turn are brought about by climate change and economic factors such instability in prices of agricultural produce. Agricultural Insurance has an important role to play

The study investigated factors that hinder Adoption Agriculture Insurance by farmers in Mbale district despite many risks they face. However, factors hindering adoption of agricultural insurance included lack of understanding of insurance, high premium and small farm size. The study recommended that insurers and other stakeholders should help farmers understand the necessary details of Agricultural Insurance including procedure of insuring their enterprises and its benefits.

in managing climatic and other risks at individual farmer level Developing countries are most vulnerable to climate change related impacts in the form of extreme weather events. The regions of Africa and Asia have become the focal point of any study to explore the mechanism of managing and coping with losses and damage due to climate extremes (Chandra, et.al 2016). Uganda's agriculture sector which is the mainstay of economy for a majority of Ugandans has been associated with many risks including weather hazards, unstable prices, drought, pests and diseases thereby hampering its growth (Platform for Agricultural Risk Assessment, 2015). This prompted the government to unveil a Shillings 5 billion Agriculture Insurance Premium Subsidy Scheme for an initial five-year period in partnership with a consortium of 10 insurance firms (Uganda Insurers Association, 2015). This was intended to boost uptake of agriculture insurance policies for both crops and livestock and investment in the agriculture sector, high productivity and farmer's increased access to credit. Despite the high risks farmers face and the introduction of government subsidy, some farmers are still reluctant to embrace the new product. The study investigated reasons why farmers are reluctant to embrace the new product despite the many risks that they face in the production process and the availability of government subsidy. Recommendations are made to increase uptake of Agriculture Insurance by farmers.

1.1 Objectives of the Study

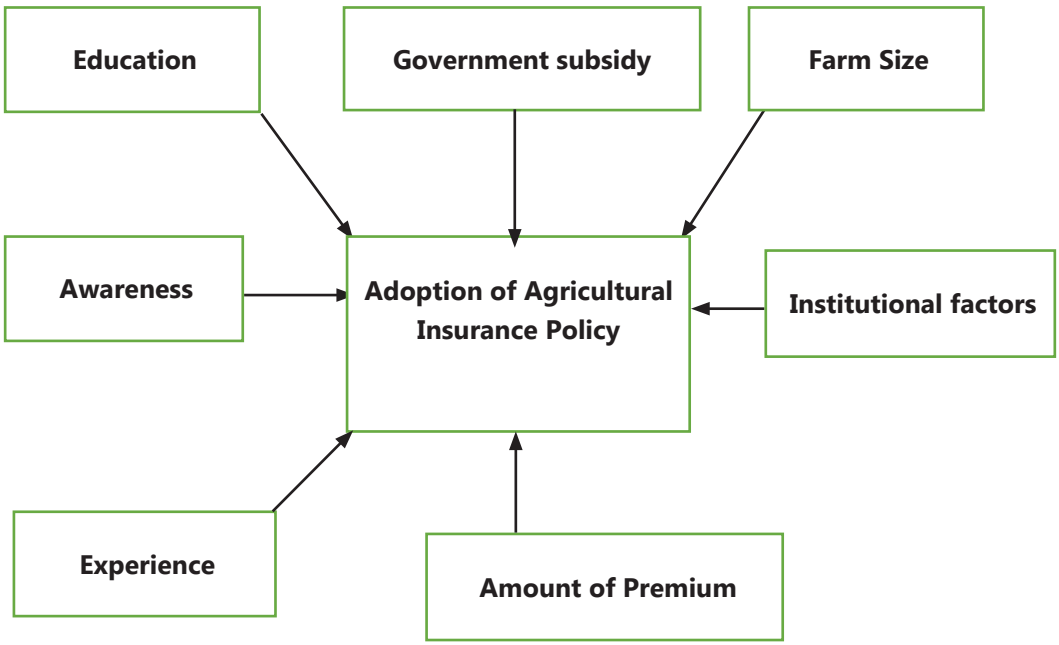
Specific Objectives

The specific objectives of the study were to:

1. Identify farmer related characteristics that hinder their adoption Agriculture Insurance.
2. Identify external issues that constrain the adoption of agricultural insurance by farmers.
3. Make recommendations to improve adoption of the Agriculture Insurance by farmers.

1.2 Conceptual Framework

Key factors that influence adoption of agricultural insurance include farmers personal characteristics comprising awareness of insurance policy, farmers education, perception of level of risk and experience influence farmers' decision to adopt agricultural insurance. Farmers who are informed about insurance are likely to adopt than those who are not aware. The more educated a farmer is, the more he is likely to understand the value of insurance and decide to buy insurance policy than the less educated farmers. The more experienced a farmer the more he is likely to buy agricultural insurance because they have the capacity to conduct an accurate assessment of risks of his/her investments. Economic factors comprising amount of premium, government subsidy and farm size influence the decision to adopt agricultural insurance. The lower the amount of premium, the more likely is the farmer to adopt insurance compared to a situation of higher premium because it is affordable. In addition, the larger the farm the more is the likelihood of adoption of insurance because big farms are associated with large operations and higher risks. Institutional factors like dissemination of information on insurance to farmers and training of farmers by insurance companies have influence on adoption of insurance. Dissemination of information would generate awareness about insurance and is more lileky to encourage a farmer to purchase insurance policy than lack of dissemnation. Similarly, training of farmers on insurance procedure is likely to motivate the farmer to adopt insurance than if farmers were not trained. The relationships between variables are illustrated in the diagram 1 below.



2.0 Literature Review

Literature revealed factors that influence farmers decisions to adopt agriculture insurance including education, awareness of Agriculture Insurance, amount of premium, government subsidy, farm size and agricultural packages. A study by Akinola (2014) showed that farmers' adoption of agriculture insurance will increase if there is increase in formal and extension education and higher level of awareness of insurance policy. This was confirmed by results of a survey of 74 commercial dairy farmers in three Zobatat (zones) of Eritrea that indicated that formal education of the farmer and the farmer's awareness of livestock insurance increase the probability of insurance adoption. On the other hand, farming experience, poor location and use of alternative risk management strategies, such as off-farm investments and farm enterprise diversification, reduce the probability of livestock insurance adoption (Mohammed et al. 2005).

Factors determining the participation of farmers in the system of subsidized insurance is the subject of consideration for many scientists. Barry et al. (2004) point out that farmers purchasing decisions in the matter of subsidized crop insurance are determined by the size of the farm, the structure of the land, the period of functioning, the level of indebtedness and the degree of exposure of the farm to income risk. Some studies also found a positive relationship between farm size and insurance purchase. Similarly, Sherrick et al. (2004) concluded that farmers who engage more extensively in insurance are the ones who operate larger acreages, are more highly leveraged, are less wealthy and have higher yield risks. Undoubtedly, the cost-benefit ratios of adopting insurance are better when there is a larger crop area to protect, given the high administrative costs of insurance. In addition, growers with operations spread over large areas may benefit from geographical diversification (Sherrick et al. 2004).

The financial structure of the farm is often tested in explaining adoption of risk management strategies (Goodwin et. al., 2004) and Sherrick et al. (2004). Farmers with more debt would be expected to adopt more often risk management strategies (Mishra and Goodwin, 2003; Mishra et al., 2005; Sherrick et al., 2004). The reverse situation may be hypothesised for farmers with larger net worth. Studies show that the levels of insurance premium and government subsidy are the two key determinants of farmers' participation in uptake of insurance. (Bar-Shira, Just, and Zilberman 1997; Sherrick et al. 2004;Smith and Baquet 1996). This was confirmed by an

empirical analysis of farm soybean and corn data at the national level, by Just et al. (1997) who concluded that farmers chose Agriculture Insurance mainly to receive subsidies or because of adverse selection and risk aversion, but the incentive effect was not large.

Sherrick et al. (2004) analysed farmers' choices between Agriculture Insurance and other alternative products, and the results showed that farms with high-expected yield risks had higher demand for Agriculture Insurance. The likelihood for crop insurance usage was higher for larger, older, less tenured, more highly leveraged farms, and by those with higher perceived yield risks. Larger operations also benefit from economies of scale and better managerial capacities that can affect risk attitudes. This finding was corroborated by Valendia et al (2009) who investigated land ownership and found a larger proportion of owned acres provides greater wealth, greater stability of land control and a larger asset base, therefore stronger risk-bearing capacities. Thus, a high ratio of owned acres to total acres is likely to be associated with non-use of insurance and greater reliance on self-insurance relative to financial insurance. Part owners and tenants may be less aware of the land characteristics and thus may face higher production uncertainty, leading to more frequent adoption of insurance (Mishra and Goodwin, 2003).

3.0 Methodology

This section describes the area and population, sample size determination, sample selection procedure, data collection, analysis and presentation, quality control and study limitation.

3.1 Study design

The study employed an explanatory cross-sectional design that sought to explain factors that influence farmers' decision to adopt Agriculture Insurance for their agricultural enterprises as a risk management measure.

3.2 Study area

The study was conducted in Mbale district in eastern Uganda with a land area of 518.8 square 'kilometers and a population of 488,960 persons (UBOS 2014). Data was collected from four sub-counties of Bufumbo and Mutoto on the lower slopes of Mt. Elgon and Bukasakya and Busiu on the plains to obtain a mix of crops.

3.3 Study population

Mbale district has a population of 488,960 persons, comprising 52.3% females and 47,7% males. The sex ratio of males per 100 females was 91.3. Persons aged 18 years and above who were illiterate is 29.2% and persons above 18 years who were married is 64.1%. Persons 16-64 who were working was 68.5%. The total number of households was 108,558 and out of these, the percentage depending on subsistence farming as the main source of livelihood was 56.4%. Households that either grow crops or livestock was 76.5%. Households growing crops was 69.6% compared to 56.9%. of households rearing livestock Most households (62.5%) grew beans followed by maize (56.8%) and then matooke (32.2%). UBOS, 2017).

3.4 Sample size determination

Sample size was calculated using the formula below where N was the total population which was more than 10,000 individuals:

N=was the population of the district which was 488,960 which was more that than 10,000 individuals.

$$\frac{n= Z^2pq}{d^2}$$

n= was the desired sample size,
Z = was the standard normal deviate, usually set at 1.96, which corresponded to 95% confidence level, P referred to the proportion of the population with particular characteristics under investigation. Because the proportion of these characteristics in the study population were unknown, P is assumed to be 0.5, q=1.0-P, d= is the degree of accuracy which ranged from 0.01 to 0.1

$$n = \frac{1.96^2 \text{ x } 1\text{-}0.5 \text{ x } 0.5}{0.05^2}$$

Therefore

$$= \frac{1.96 \text{ x } 1.96 \text{ x } 0.5 \text{ x. } 05}{0.05^2}$$

$$= \frac{0.9604}{0.0025}$$

n = 384.16, approximately 384 respondents

3.5 Sampling procedure

A multi-stage cluster sampling procedure was used to select samples from four sub-counties in Mbale district. Four sub counties were purposively selected from the district. The subsequent selection that were parishes, villages and the final sample was selected using multi-stage cluster sampling procedure. Multi-stage cluster sampling was used because it was impossible or impractical to compile or exhaustively list elements composing the larger population of Mbale district. Therefore, a cluster consisting of

parishes as primary clusters and villages as secondary clusters were selected in stages. The first stage was the listing of primary sampling units, that is all the parishes in every sub county and 4 parishes were selected per subcounty. The selected primary sampling units that is four parishes in each subcounty were then listed. From the 4 parishes, a list of secondary units namely 4 villages were then selected. From each village, a list of farmers was made and the final sample of 24 farmers were selected per village resulting in a sub-sample of total of 96 farmers per sub-county and 384 farmers for the 4 sub counties. To reduce sampling error because of non-representative of the clusters by the sub-sample, more than one cluster was selected per stage to increase representative of cluster by the sample Key informants were purposively selected including six insurance officers and four sub-county officials.

3.6 Data collection methods

Data was collected using face to face interviews and key informants' interviews. Face to face interviews were held with 378 out of the calculated sample of 384 respondents (farmers) due to a non-response of 6 respondents. Key informants' interviews were conducted with ten purposively selected 6 insurance officers and 4 sub-county officers. Key informants interview guide was used to conduct key informants' interviews.

3.7 Data analysis

Data from farmers interviews were collected and captured using the SPSS software. Data set was cleaned and analysed according to study objectives or research questions using the frequency distributions, percentages and means ready for interpretation.

In regard to key informants' interviews, immediately after every interview, raw field notes were transformed to a well-organized set of notes. Notes was cleaned by removing information irrelevant to evaluation objectives. A codebook was created to code the transcript and put data in order. The codes were labelled in "words" which can be easily remembered. Codes were made according to the topics of the KII guides. The intention of coding was to reduce data into manageable chunks in order to facilitate interpretation of results. Coded data was transferred into a matrix to be able to interpret data. Content analysis was used to analyse transcripts by systematically transforming its content in terms of themes. Included in the matrix were responses to research on the column and key informants on the row. The topics in the guides were used as a structure for organizing the analysis. Responses in the matrices was examined to determine trends and patterns in the responses that emerge. The range and diversity of perceptions expressed by participants was considered. Quotations of statements by participants was used to illustrate the point being made. Coded responses were analysed and compared to indicators to validate quantitative results.

4.0 Results

4.1 Background Characteristics

The table 1 in the section below highlight characteristics of the farmers in Eastern Uganda who were interviewed.

Gender	Count	Valid Percent	Cumulative Percent
Female	121	32.0	32.0
Male	257	68.0	100.0
Total	378	100.0	
Age Group	Count	Valid Percent	Cumulative Percent
21 - 30 yrs	40	10.6	10.6
31 - 40 yrs	94	24.9	35.4
41 - 50 yrs	122	32.3	67.7
Over 50 yrs	122	32.3	100.0
Total	378	100.0	

Gender: The majority of the respondents in the study were the males (68%), while the female compromised the lesser percentage which was 32%.

Age Group: The results further indicated that the majority of these farmers (67.9%) of the respondents were aged between 21 – 50 years of age. Farmers who are engaged in agriculture at over 50 years were less than 40.0%.

Marital status: The frequency distribution with regard to marital status further revealed that there are various marital status designations which are prevalent among the farmers. The dominant category of the farmers was the married group which comprises 94.4% of the sample, while the singles and the widowed were in the minority with less than 5.0% representation for each of these categories respectively.

Highest level of education: Regarding the academic profile of the farmers in the research study, the researcher observed that the majority of the farmers have gone either as far as primary level (51.6%) or Secondary level (42.1%). Further there were those that had never acquired any formal academic training (5.6%). Marital status and level of education are in table 2 below.

Marital Status	Count	Valid Percent	Cumulative Percent
Single	5	1.3	1.3
Married	357	94.4	95.8
Widowed	16	4.2	100.0
Total	378	100.0	
Highest level of Education	Count	Valid Percent	Cumulative Percent
None	21	5.6	5.6
Primary	195	51.5	57.1
Secondary	159	42.1	99.2
Institution	3	0.8	100.0
Total	378	100.0	

The academic profile of the farmers has implications for the language of instruction when they are being informed and trained about the benefits insurance.

Size of the Farms: The results indicated that the size of the crop farm among these farmers was roughly 2.36 acres while the average number size of livestock was noted to be 2.90 animals as shown in table 3 below.

Size of farms, **N = 378**	Min	Max	Mean	SD
Size of crop farm	1.00	8.00	2.36	1.32
Number of Livestock	0.50	65.00	2.90	5.53

The size of the farms in this case poses a challenge to the adoption of the insurance since the proceeds from the small farms may not be quite adequate to cater for the insurance demands.

4.2 Adoption of the agriculture insurance

The results indicated that 98.9% of the farmers in the area had never insured their agriculture enterprise. Only an insignificant percentage of one percent of farmers insured their agricultural enterprises. Results showed that the concept of Agriculture Insurance was new to farmers and more efforts are yet to be taken so as to create awareness about agricultural insurance to farmers. This information was acquired after the farmers responded to the question "*Have you insured your farm/ enterprise*?"

The responses are presented in the table 4 below.

Level of insurance of farms

	Count	Valid Percent	Cumulative Percent
Yes	4	1.1	1.1
No	374	98.9	100.00
Total	378	100.00	

These results indicate the need for specially customised insurance agricultural products to be availed since they were quite small farms. The results further indicated that most of the farmers had never even heard about insurance for their farms (77%) as shown in the table 4.4 below. Only a small proportion had heard about the insurance services that were available (23%). Theses are shown in table 5 below.

4.3 Awareness of the insurance among farmers

Have you heard of Insurance	Count	Valid Percent	Cumulative Percent
Yes	87	23.0	23.0
No	291	77.0	100
Total	378	100.0	

Insurance Hindrances

What prevented you from Insuring your farm	Count	Valid Percent	Cumulative Percent
High Premium	44	11.8	11.8
Small Farm	32	8.6	20.3
Low Risk	3	.8	21.1
I Don't Understand Insurance	276	73.8	94.9
Other	19	5.1	100.0
Total	374	100.0	

The results show that most of the farmers did not insure their farms as a result of the ignorance about the insurance products (73.8%). In other words, the majority of the farmers neither understood the benefits of insurance their farms nor knew the procedure of acquiring insurance policy. A small percentage of the farmers indicated that they were hindered from insuring by the high premiums charged, most farmers in the district have low incomes who use the money they get to buy inputs such as seeds and pesticides among others and have little money to spare for agricultural insurance. Key informants interviewed suggested that to increase the use of Agriculture Insurance service, small scale farmers should pay 30% of insurance premium while government pay 70%. Interviews with key informants revealed that most farmers could not afford comprehensive insurance which is insurance against pests, uncontrollable diseases on cattle and flood. This is because stringent conditions that require that the farm must be fenced and should have a farm manager and an irrigation system cannot be afforded by a small-scale farmer. A majority of farmers have low income which may be used for buying inputs such as seeds and pesticides. Therefore, the stringent condition for getting comprehensive insurance should be relaxed to enable farmers afford.

Results from interviews with key informants confirmed results of interviews with farmers that a big proportion of farmers have small farm sizes of about an acre. Insurance companies insures from one acre onwards, to ensure that these categories of farmers are included, a farmer with half an acre could combine with another farmer and form one acre. If loss occurs, they can get compensation.

4.4 Strategies for the adoption of agriculture insurance services

One of the key strategies arising from the study results is to launch a sustained awareness campaign targeting farmers groups. The campaign should provide information on the availability of agricultural insurance and its benefits, how to access the policies and its conditions and the process of compensation. The method of delivering information on insurance should be multi-pronged comprising of workshops with farmers groups in rural areas and radio talk shows that allows callers to interact with insurance companies and other stakeholders. It was also noted that there was need for the stakeholders to educate the farmers about the way the Agriculture Insurance operates. It was revealed that the farmers need information as they have not got the basics of insurance for their agricultural produce. This was evidenced by the qualitative results reported in the section below.

In this regard a farmer said:

"*… These insurance services are considered to be services for rich persons, and they are expected to cost much more than we can ever afford, being farmers…*"

"*…. We need more education about Agriculture Insurance for our produce. There is gross ignorance about agricultural insurance and we do not know the actual value or the benefits that we shall ever get from insurance services….*"

The above quotations show that farmers need to be educated on insurance for agricultural enterprises. Through education or training farmers would be able to realise the benefits that insurance services give them or else they will not purchase the policies.

To promote insurance services, the qualitative results further indicate that there is a need for the advertising of insurance services so that the target persons appreciate the benefits of the insurance for their agricultural enterprises. In this connection a farmer made the following statement:

"*… Advertising through the local media will be very instrumental in helping us to understand the nature of the agricultural insurance services…The local media shall be very helpful since not only will*

it help us to understand the insurance services better but will encourage us to use it."

Advertising should be coupled with accessibility so that the farmers can easily purchase these services. The prices charged for these services should however consider the fact that the majority of the farmers are poor people and cannot easily purchase the very expensive premiums for the agricultural insurance services.

5.0 Discussions, Conclusions and Recommendations

This section presents the discussion, conclusions and recommendations for further research. The discussion presents the findings of the study.

5.1 The degree to which agriculture insurance has been adopted

Findings revealed only one percent of farmers adopted the agricultural insurance services. Additionally, the research results revealed that slightly over 75% of the respondents, had never even heard of the Agriculture Insurance services. This makes it hard for the farmers to adopt the services. Research results clearly indicate that there have been no aggressive marketing efforts done in the area to promote and sensitize farmers about the agricultural insurance products so that the insurance players can profitably earn from their sale (Paliwoda, and Ryans, 2008). These findings can further be examined using the works of Park and Lemaire (2011) who revealed that individuals cannot at all accept or even subscribe to insurance services which they know nothing about. The first step according to the scholars would be to bring about an understanding of the benefits that the insurance services will deliver to the farmers before expecting them to purchase insurance services. The challenge for the insurance firms is to present the insurance services to the farmers packaged in such a manner to encourage them to purchase and communicate the services to other farmers.

5.2 Critical issues that hinder farmers from adopting the agriculture insurance

A number of issues were identified by the researcher as having been a great hindrance to the adoption of the agricultural insurance services. First, results revealed that the farmers are ignorant of the agricultural insurance services. Ignorance means that they cannot adopt something which they know nothing about. This could partly be attributed to the fact that most of them have not been educated beyond the secondary school level and their level of understanding of insurance products and services can be understood. The other factor that poses a challenge for these farmers is the fact that their trade is very seasonal, and the farmers have got accustomed to a specific way of handling their losses. Some just wait for a better season after a loss while others tend to take alternative measures such as selling off their livestock and using pesticides in the consequent seasons.

Interviews with key informants revealed that most farmers cannot afford comprehensive insurance which is insurance against pests, uncontrollable diseases on cattle and flood. This is because conditions that the farm must be fenced, should have a farm manager and an irrigation system cannot be afforded by a small scale farmer. A majority of farmers have low income which may be used for buying inputs such as seeds and pesticides among others. Therefore stringent conditions for getting comprehensive insurance should be relaxed to enable farmers afford.

Consultations with key informants revealed another gap in insurance service namely that the scope of weather index is narrow covering only excessive sunshine and rainfall. It should also cover risks from floods and hailstones which frequently affect farmers in the district. Another problem highlighted by the key informants is cut of point which is the period in which farmers interested in insuring his farm should have planted the crops. Currently, it is fixed for example 15th March of every year and yet during this time rain may not have returned. It is suggested that the cut of time for buying insurance should be when the rain actually begin.

Another issues is the sensitization of farmers by Agricultural Consortium. Interviews with key informants revealed that when Agricultural Consortium go to sensitize farmers they don't involve insurance companies in the area. Yet these companies know the local situation of farmers. It is recommended that the branches of the insurance companies should be involved in sensitization of farmers.

5.3 Strategies that will help in improving the adoption of the agriculture insurance

There were a few strategies that were identified from the qualitative results which should be instrumental in the promotion of Agriculture Insurance. These strategies from the perspective of the farmers pertain chiefly to creating awareness or sensitisation and expressly pointing out the benefits that the farmers shall get as a result of purchasing and adopting the agricultural services. Research scholars in the past have revealed that there exists a significant and positive relationship between the awareness or education about insurance services and the demand for the same (Truett and Truett, 1990; Sihem, 2017). When there is awareness about the insurance products, the stakeholders are more likely to be fore sighted and thereby adopt the services especially if they have been helped to realise the benefits that they can acquire from the insurance services.

Another strategy of promoting insurance is advertising insurance services. Advertising both informs farmers about the available service and persuade them to purchase by giving evidence of benefits to be obtained. Furthermore, awareness provision, education of farmers and advertising agricultural insurance services should be accompanied by facilitating access to insurance services to make it easy for farmers to adopt the service. Therefore it is an interconnected strategy that include awareness raising, education, advertising and easing access to agricultural insurance services.

5.4 Recommendations

Several recommendations were made to improve adoption of agricultural insurance services.

1. Farmers should be encouraged by the insurance companies and authorities to form farmer groups. This is because most farmers have small farms that are less than 3 acres in land size. If farmers were urged to form customer groups they will find it more convenient to pay for their insurance services. At the same time, it would be more cost effective to deal with these groups rather than dealing with individuals.
2. There is a need to for the insurance stakeholders to help the farmers understand the necessary details about the insurance for the agricultural groups. Through workshops, the farmers will be able to understand the benefits that they can get from insurance and even become ambassadors to the other farmers who may not know these agricultural services.
3. In this connection, it is recommended that farmers who have insured and benefitted from it should be encouraged to give testimony to other farmers of their experiences with insurance services to encourage other farmers to adopt the service.
4. Insurance companies should have representatives who can communicate farmers concerns and complaints about insurance products to insurance service providers.
5. Insurance service providers should expedite the process of compensation of farmers when they incur losses rather than through their groups which ends up deducting money and delaying transfers to affected farmers.
6. To increase use of agricultutal insurance service, small scale farmers should pay 30% of insurance premium while government pay 70%.
7. The stringent condition for getting comprehensive insurance should be relaxed to enable small scale farmers afford.
8. In addition to extreme rainfall and sunshine, weather index should cover risks from floods and hailstones which frequently affect farmers in the district. In this connection, the cut of point when the crops should have been planted that makes a farmer qualify to insure should be when the rain actually begin rather that some arbitrary cut off point.
9. Agro consortium should involved branches of the insurance companies in the sensitization of farmers.

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An Empirical Analysis of the Financial Performance of the General Insurance Sector of Uganda

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Abstract

The study analyses the financial performance as measured by Return on Assets of the General Business insurance sector of Uganda for the period 2012-2017. It ascertains the relationship between Return on Assets and its influencing factors specific to the industry and macroeconomic in nature. The data on variables for the study is extracted from the Annual Insurance Market Reports by The Insurance Regulatory Authority of Uganda and Statistical Abstracts by Uganda Bureau of Statistics.

The study used multiple linear regression and Ordinary Least Squares on panel data, with financial performance as measured by Return on Assets as the dependent variable and its influencing factors of Leverage, Company Size, Growth of Gross Premium, Loss Ratio, Retained Risk, Reinsurance Dependence, GDP and Inflation. The study findings showed a significant and positive relationship between the dependent variable Return on Assets and its influencing factors of Company size as measured by the natural log of total assets and Growth of Gross Premium. A detailed study into the problem also indicated that the average Growth of Gross Premium

stood at 0.1204 for the period under review. This showed a low annual increment in Gross premium and suggested high levels of market adverse selection.

The study recommends that;

- For General Insurers in Uganda to attain better financial performance, Insurers should closely work with the Insurance Regulatory Authority in sourcing for high quality financial assets in which investment must be maximized. This in turn is postulated to register more returns on investment for General Insurers.
- Adverse selection could be reduced by the Insurance Regulatory Authority introducing the Claims Record Reference Bureau a data base on insurance history of clients with poor moral hazard. This is to reduce information asymmetry amongst industry players on clients that adversely select insurers of General business.

Keywords

General Business, Return on Assets, Industry Specific Factors and Macro Economic Factors.

Introduction

The insurance industry in an economy plays an important role of financial stability in the financial system. This is so because the nature of its liabilities is long-term while its assets' maturity on average is of short term (Triceht, 2010). A well developed and evolved insurance industry leads to massive economic development as it avails funds for long-term development (Mwangi and Murigu, 2015, Charumathi, 2012, Ahmed, Ahmed and Ahmed, 2010 and Ezirim,2002).

Mwangi and Murigu, (2015) assert that the insurance industry provides unique financial services which range from underwriting of risk inherent in economic entities and mobilization of large amounts of funds for long term investment. They further postulate that the insurance industry's ability to cover risk empowers it with the capacity to make profit or maximize shareholders' wealth. They further contend that financial performance is a measure of an organization's earnings, profits, appreciation in value as evidenced by the rise in an entity's share price. The insurance industry's performance is gauged from the net premiums and profitability from the premiums underwritten as measured by Return on Assets or Return on Equity. In this case profit being the difference between gross written premium and expenses.

At micro level, profit as measured by return on assets defines the destiny of an insurance company as it is the measure of survival, growth and competitiveness in the industry as a whole. Profit does not only improve upon insurer's solvency but also plays the role of persuading policy holders to purchase more insurance and shareholders to invest more in the company. Thus one of the objectives of management at insurance companies is to attain profit as an underlying requirement for conducting insurance business (Chen and Wong, 2004, Harrington and Wilson, 1989). This however, poses a challenge to most insurers as striking a balance between management of underwritten premiums, claims settlement and operating expenses requires a wealth of skills experience in catastrophic risk management.

The insurance industry in an economy plays an important role of financial stability in the financial system. This is so because the nature of its liabilities is long-term while its assets' maturity on average is of short term (Triceht, 2010). A well developed and evolved insurance industry leads to massive economic development as it avails funds for long-term development (Mwangi and Murigu, 2015, Charumathi, 2012, Ahmed, Ahmed and Ahmed, 2010 and Ezirim, 2002).

According to the Insurance Regulatory Authority of Uganda, the Ugandan insurance sector made of both General and Life insurers, has recorded some of the highest growth rates in the

insurance industry of Sub-Saharan Africa. The regulator also contends that the Ugandan insurance industry is expected to grow further when micro insurance takes center stage.

Uganda Insurers' Association also asserts that prior to independence, Uganda had less than seven insurance companies and that today however there are twenty eight insurance companies operating in both Life and General insurance. The General Insurance sector of Uganda is characterized by players which can be grouped as Market Leaders, Market Challengers and Market Followers.

Market Leaders write vast market premiums with high profits, the Market Challengers write vast premiums but with little or no profit while the Market Followers are insurers that do not write much premium but write profits annually (Kotler and Armstrong, 1999). *Refer to the table in the annexure.*

As of 2018, the Insurance Regulatory Authority of Uganda licensed nineteen General business insurers and nine Life companies. With an insurance penetration rate of less than 1%, all these companies compete for profitable business in order to survive. This state of affairs contributes to the nature of financial performance of each insurer in General business.

Annual insurance market reports by the Insurance Regulatory Authority of Uganda for the period 2012-2017 indicated a downward movement in profits of General business.

The reports on General business above indicated a downward fall in return on assets as a measure of financial performance. From the year 2012 to 2017 figures on return on assets stood at; 0.1648, 0.1457, 0.1187, 0.0971, 0.0971 and 0.0929 respectively. When compared with industry size of; 20.1092, 20.2741, 20.4351, 20.6294, 20.6368, and 20.7741 for the same period respectively, there existed an opposite movement between financial performance as measured by return on assets and industry size i.e. there is a registered reduction of annual profitability in a growing industry size. This trend if left uninvestigated would translate to a non-productive insurance industry of General Business which in turn would affect the financial system and economy at large.

Table 01

Year	Retained Earnings ('000 UGX)	Return on Assets (Profits)	Industry Size
2012	89,186,540	0.1648	20.1092
2013	92,956,115	0.1457	20.2741
2014	89,004,591	0.1187	20.4351
2015	88,393,610	0.0971	20.6294
2016	89,047,564	0.0971	20.6368
2017	97,701,069	0.0929	20.7741

Source: Annual Insurance Market Reports 2012-2017 by the Insurance Regulatory Authority of Uganda.

Therefore this study with emphasis to General business insurers sought to analyze the causes that suggest the opposite movement between financial performance as measured by returns on assets and industry size for a period of six years (2012-2017).

Statement of the problem

The shouldering of risk transferred to insurers by insured households and firms promotes financial stability in the financial system and provides a sense of peace to economic entities. This is comfortably done by insurance companies because the nature of their assets' maturity is short term while liabilities are of long term. This status quo determines the financial performance of an insurance company and the industry at large in an economy.

Like any other business, the unit of measure of financial performance is profit and the same is for insurance business. High financial performance reflects management effectiveness and efficiency in making use of company resources, this in turn contributes to the economy at large (Ansah-Adu, Andoh and Abor, 2012, Batra, 1999 and Barney 1991). Therefore a high financial performance as measured by profit in the Ugandan insurance industry would trigger economic growth while the reverse would also be true.

According to Annual Market Reports by the Insurance Regulatory Authority of Uganda 2012-2017 General Business financial performance as measured by return on assets stood at; 0.1648, 0.1457, 0.1187, 0.0971, 0.0971 and 0.0929 in comparison to the industry size of 20.1092, 20.2741, 20.4351, 20.6294, 20.6368 and 20.7741

respectively, there existed an opposite movement between return on assets and industry size. This however, posed numerous questions on leading causes of this trend which if left uninvestigated suggests dangers of a non-productive insurance industry of General Business that could in turn affect the financial system and economy at large.

Therefore identifying the indicators that suggested the opposite movement between financial performance as measured by return on assets and insurance industry size would prompt a design of policies that foster stable and continuous growth of return on assets in the sector.

With emphasis to the Ugandan General insurance sector, this study sought to analyse the causes that suggest an opposite movement between financial performance as measured by return on assets and insurance sector size for a period of six years (2012-2017).

General objective

To analyze the financial performance of the General insurance sector between 2012 and 2017.

Specific objectives

- To establish the relationship between financial performance and it's determining factors specific to General insurance and macroeconomic in nature.
- To examine whether insurance industry specific and macroeconomic factors influence the financial performance of General insurers.

Study hypothesis

H_1 There exists a significant relationship between Return on Assets and insurance industry specific factors of Leverage, Company Size, Growth of Gross Premium, Loss Ratio, Retained Risk, and Reinsurance Dependence.

H_2 There exists a significant relationship between Return on Assets and Macroeconomic factors of GDP and Inflation.

Significance of the study

For the last six years, the General insurance sector of Uganda had experienced steady growth in size but with an annual reduction in its financial performance as measured by return on assets.

Therefore this study sought to find out the leading factors that suggested the annual reduction of return on assets in the General insurance industry of Uganda. The findings to this study would aim at fostering a design of industry policies that aim at stable and continuous growth of return on assets of the General Insurance sector of Uganda. This in turn would support the survival of General insurers and also add to the wealth of existing academic knowledge.

Scope of the study

The scope of study was based on all licensed General Insurers by the Insurance Regulatory Authority of Uganda for the period 2012-2017 where the research problem of opposite movement between return on assets and insurance industry size is evident. 23 General insurers were investigated upon where by the total included one reinsurer and twenty two primary insurers. All the insurers in the study scope and period were in operation in Uganda and as a result this formulated the target population.

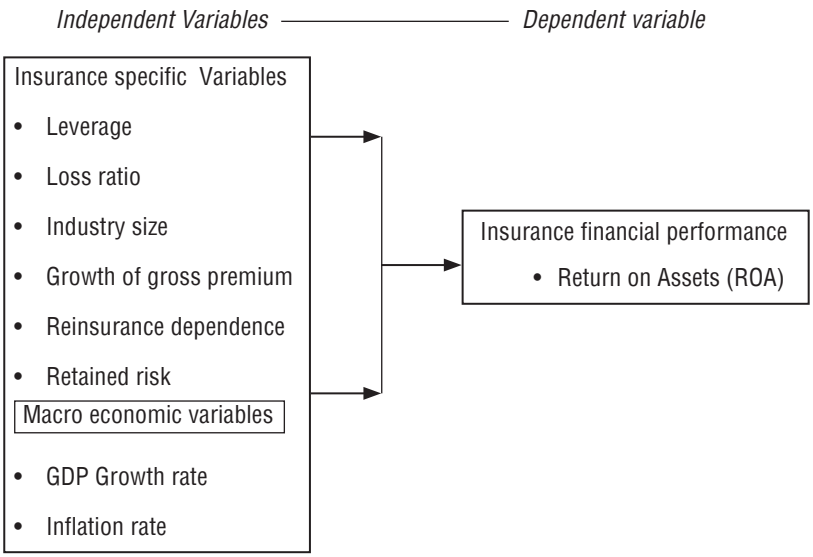
The key terms to this study were:

- Financial leverage calculated as the ratio of net technical reserves to equity (Curak etal, 2011).
- General insurance industry size computed as natural log of total assets of the General insurance industry (Curak etal,2011).
- Growth of gross premium is an increase in premium underwritten (Curak etal,2011)
- Reinsurance dependence is calculated as a ratio of gross premium ceded for reinsurance to total assets (Curak etal,2011)
- Retained risk is computed as a ratio of net retained premium after reinsurance to gross retained premium (Curak etal , 2011)
- Loss ratio is computed as the ratio of total claims to gross premium written (Curak etal, 2011)
- Profitability (Return on Assets) is measured and computed as a ratio of net income to total assets (Bilal etal, 2013)

The above key terms are derived from the secondary data on financial performance of the General Insurance sector that was collected from the Insurance Regulatory Authority of Uganda.

Conceptual framework

Schematic Diagram showing the relationship between variables



The above conceptual framework was developed from the review of literature pertaining to the financial performance of an insurance industry. It shows the relationship between the dependent variable (Profitability as measured by Return on Assets) and independent (Insurance industry specific and macroeconomic) variables.

The major financial performance indicator in this case was Profitability as measured by Return on Assets, it formulated the dependent variable whose determinants (independent variables) of Leverage, Loss Ratio, Company Size, Growth of Gross Premium, Reinsurance Dependence and Retained Risk as insurance industry specific factors that the Regulator uses to evaluate the performance of the industry. The other independent variables used were Macro economic factors of GDP growth rate and average annual Inflation rate. These were believed to be leading contributors to financial performance of the insurance industry.

An analysis of the above dependent and independent variables drew answers to the study problem of the Ugandan General insurance industry tendency characterized by the opposite movement between financial performance as measured by return on assets and a steadily growing industry size.

Note 1: *For the purpose of this research, industry refers to the totality of all the insurance companies involved in General business in Uganda. A totality of General insurers' financial performance forms the financial performance of the General insurance sector of Uganda.*

Literature Review

The literature on the financial performance of the insurance industry of Uganda with reference to General business for the period 2012-2017 is meant to give an understanding why there exists an opposite movement between return on assets and insurance industry size.

It also rotates around the key concepts that affect the financial performance as measured by return of assets of the insurance industry of the world as a whole.

Return on assets as a unit of measure for financial performance in the Ugandan Insurance industry has existing literature on variables studied upon in other economies. Those variables took the form of leverage, industry size, growth of gross premium, reinsurance dependence, retained risk, Gross Domestic Product (GDP) and inflation. They formed the basis of study to the problem of an opposite movement between financial performance as measured by return on assets and insurance industry size.

Simpson &Damoah (2008), conducted research on evaluation of financial health of insurance companies in Ghana by using CARAMEL (Capital adequacy, Assets quality, Reinsurance, Actuarial issues, Management efficiency, Earning and profitability, Liquidity), frame work and the objective of the study was to evaluate financial soundness of insurance companies using a developing country as the context and to examine the current evaluation tools being used by the Ghanaian regulatory and supervisory body (the National Insurance Commission, NIC) on insurance companies. The researchers used both primary (interview) and secondary data for the completion

of the study. From 18 insurers and 2 re-insurers in Ghana, the researchers purposely selected 8 insurers and 1 re-insurer for the study. The research outcomes indicated that the evaluation tools used in NIC of Ghana excludes management soundness and actuarial issues proposed under the CARAMEL. The study was mainly to examine the evaluation tools used by NIC in Ghana whereas a similar study was carried out to evaluate the financial performance of non-life insurance industry in Ethiopia.

Tanveer, (2011) conducted research on the financial performance of the insurance industry in post liberalization era in India and the objective of the study was to analyze the financial performance of public and private sector insurers on the basis of CARAMEL parameters. Both primary and secondary data sources were used for the study. The researcher collected the primary data based on personal investigation. The researcher finally concluded that the insurance industry in India, since liberalization (1999), had witnessed paradigm change in a relatively short span of time.

Noor (2004) and Mohammed et al (2013) conducted research on determinants of Capital adequacy and used secondary data. The objective of the study was to identify the determinants of the capital adequacy. The study found that profitability (ROA) and liquidity are positively related to the capital adequacy requirements.

Adams and Buckle (2012), conducted research and the objective of study was to examine the determinants of operational performance in the Bermuda Insurance Market. The researchers used panel data for the period 1993-97 and selected Bermuda registered 47 insurance/reinsurance companies. They found that highly leveraged, lowly liquid companies and reinsurers had better operational performance than low leveraged, highly liquid companies and direct insurers.

Malik (2011) conducted research on determinants of insurance companies' profitability in Pakistan. The objective of this study was to identify and examine firm specific factors of insurance profitability in Pakistan. The researcher used secondary data on a sample of 34 insurance companies of Pakistan. The result of this study showed that profitability as a proxy of return on asset is affected positively by size, volume of capital and negatively by leverage and loss ratio.

Charumathi (2012), the main objective of the study was to examine the determinants of profitability of insurance companies in India. The researcher took a study on all insurance companies of India for a study period of 3 years' financial statements of those companies. The findings of the study revealed that profitability as proxy of return on assets of life insurers is positively and significantly influenced by the liquidity.

Bilal et al. (2013), studied the determinants of profitability of the insurance sector in Pakistan. The research included both life and non-life insurance and panel data of 31 insurance firms was used. The outcome of the study revealed that from other determinants (leverage, size, earnings volatility and age of the firm), liquidity was not the significant determinant of profitability of insurance business in Pakistan.

Abate (2012) also conducted research on factors affecting Profitability of Insurance Companies in Ethiopia. Secondary data was used for the study. The objective of the study was to identify the factors that affect the profitability of Ethiopian insurance companies. The outcome of the study indicated that growth, leverage, volume of capital, size, and liquidity are identified as most influencing factors of profitability of the Ethiopian insurance companies.

Chen and Wong (2004), the study conducted on the Determinants of Financial Health of Asian Insurance Companies. They used secondary data collected from general insurance companies from 1966 to 1999. They finally found that liquidity ratio and combined ratio are significant factors of financial health of Asian general insurance companies.

Joseph et al (2011) conducted research on the financial performance of life insurance companies in Ghana. The researchers used financial statements of 10 insurance companies. The research examined the relationship of profitability to investment income, underwriting profit and the overall (total) net profit. The study indicated that a setting-off rather than a complementary relationship between underwriting profit and investment income towards the enhancement of the overall profitability of life insurers.

David et al (2012), the objective of the study was to determine the relationship between reinsurance counterparty and firm performance in the U.S. Property-Liability Insurance Industry. Secondary data was used for the study. They analyzed the relationship between firm performance (measured by return on asset and return on equity) and reinsurance utilization. They finally found that Firm performance is positively related to reinsurance utilization. Meir and Utreville (2003), titled the business cycles in insurance and re-insurance, stated that reinsurance makes primary insurers to enhance the underwriting revenue more than what would otherwise be possible.

Alexandre and João (2008), investigated the impact of quality management on profitability of firms and Schweiger and Friebel (2013), studied the relationship between management quality, ownership and firm performance. They found that management quality has no significant relationship with the financial performance of the firms. Contrary, Marianne and Antoinette (2003) and Panayiotis (2013), they all investigated the effects of management quality on the performance of the firms and the result indicated that management quality is significantly and positively correlated with the financial performance of the firms.

Kashish & Kashram (2008) conducted a study on Jordan's insurance industry and used profitability as dependent variable, where profitability was a proxy of return on investments (ROI) by using this equation ROA= net profits/total assets.

Bates, Murray, Jagger and cowling (2008) found that both age and size of the firm had positive and significant effect for enterprise investment scheme recipients: the higher the level of fixed assets formation, the older and larger the earnings per share of a company. Hutchison and cox (2006) examined the relationship between financial leverage and return on equity for US banking industry. They found a negative relationship between bank capital and profitability with the exception of the best performing banks.

Within the context of rapid growth and development of offshore financial centers, Adams and Buckle (2010) examined the determinants of operational performance in the Bermudian insurance market, during 1993-1997. By running a regression model on panel data for 47 insurance companies, the authors highlight the fact that firms with high leverage, low liquidity and reinsurers have better operational performance. Also, it was shown that company size and scope of activities are not factors with explanatory power.

Curak et al. (2011) examine the determinants of the financial performance of the Croatian composite insurers, between 2004 and 2009. The determinant of profitability, selected as explanatory variables include both internal factors specific to insurance companies and external factors specific to the economic environment. By applying panel data technique, the authors show that company size, underwriting risk, inflation and return on equity have a significant influence on insurers' profitability. The final results indicate that the Croatian insurance market had a low level of development, but it was very dynamic.

The integration of a country's financial system within the EU markets significantly affected the profitability of the insurance sector. Based on these major changes, kozak (2011) analyzed the determinants of the profitability of 25 general insurance companies from Poland during 2002-2009. By applying a regression model, the author noticed that the reduction of motor insurance and simultaneously the increase of other classes of insurance, growth of gross written premiums, operating costs reduction, GDP growth and growth of the market share of the companies with foreign ownership had a positive impact on insurance companies during the period of integration. In contrast, providing a wide range of insurance classes affects negatively the profitability and the expenses efficiency.

Almajali et al. (2012) analyzed the insurance companies listed on the Amman stock Exchange during 2002-2007, by applying tests and multiple regressions. Their study showed that, in terms of financial performance, liquidity, leverage, company size and management competence index have a statistical positive effect on insurers. In this context, their recommendations include increasing of assets' number and hiring competent managers.

Bosnia-Herzegovina is another developing country whose insurance sector is examined in terms of performance. Pervan et al. (2012) studied the factors that affected the

profitability of the insurance companies between 2005 and 2010, in the context of the radical changes that occurred within this industry. By using a dynamic panel model with GMM estimator, the empirical analysis showed a significant and negative influence of the loss ratio to profitability and a significant and positive influence of age, market share and past performance on current performance. It was also found that diversification does not significantly influence, profitability, and foreign-owned companies were more efficient.

In developing countries the importance of the insurance industry as an essential component of the financial system is not fairly appreciated. In this context, Mehari and Aemiro (2013) assessed the impact of the Ethiopian insurance companies' characteristics on their performance. The study included 9 insurance companies which were analyzed through panel data technique, during 2005-2010. According to the results, company size, loss ratio, tangibility and leverage represent important determinants of insurers' performance, while growth of gross written premiums, age and liquidity have an insignificant statistical power.

Insurance leverage is defined as reserves to surplus. The risk of an insurer may increase when it increases its leverage and/ or financial leverage (Carson and Hoyt, 2015). Literature on capital structure confirms that a firm's value will increase up to an optimum point as leverage increases, and then decline if leverage is further increased beyond the optimum level. Thus, leveraging beyond this optimum level could result in high risk of insolvency and low value of the firm.

Mike Adams (2016) found that the organizational characteristics such as size, leverage and underwriting risk were significantly and positively related to the investment earnings of New Zealand stock life insurers. Taking broad characteristics of Thailand life insurers, Thomas Connelly, j., and Piman Limpaphayom (2004) found that the board composition was positively related to profitability; but negatively related to underwriting risk; and board size was not related to firm performance. Ho-Li Yang, (2007) measured the financial performance using Financial Rate Analysis and measured the non-financial performance of Taiwan life insurers, using Data Envelopment Analysis.

DraganaIkonic, et.al (2011) analyzed the performance of insurance companies in Serbia by applying the CARMEL method and found that the level of capital is the determinant of profitability. Born H. P., (2001) found that the insurance company performance is significantly related to size and effective number of competitors and weakly related to insurers' legal and regulatory environment in Nigeria. Naveed Ahmed et al (2011) found that performance of Pakistan life insurance companies is determined by size, risk and leverage.

Burca and Batrinca (2014) they did a research on the determinant of financial performance in the Romanian insurance market. According to the final results achieved by applying specific panel data techniques, the determinants of the financial performance in the Romanian insurance market were the financial leverage in insurance, company size, growth of gross written premiums, underwriting risk, risk retention ratio and solvency margin. The insurance financial leverage reflects the potential impact of technical reserves' deficit on equity in the event of unexpected losses and has a negative influence on the insurers' financial performance, since larger firms have more resources, a better risk diversification, complex information systems and a better expenses management.

Ikonic et al. (2011) analyze the profitability of the Serbian insurance companies by applying the IMF CARMEL methodology. Thus, by determining 4 indicators related to the capital adequacy of insurers, the authors highlighted that capital adequacy is vital for a company, as it may generate a good level of profitability. Their analysis indicates that the Serbian insurance market falls into the category of developed markets and that there are good perspectives of evolution.

Shiu (2014) analyzed the determinants of the performance of the UK general insurance companies over the period 1986-1999, by using three key indicators: investment yield, percentage change in shareholders' funds and return on shareholders' funds. Based on a panel data set, the author empirically tested 12 explanatory variables and showed that the performance of insurers had a positive correlation with the interest rate, return on equity, solvency margin and liquidity, and a negative correlation with inflation and reinsurance dependence.

Burca and Batrinca (2014) concludes that the linkage between the growth of gross written premiums and insurers' financial performance is not positive, as expected, as in some cases, an excessive growth of underwritings generates a higher underwriting risk and the necessity to increase the volume of technical reserves. The underwriting risk emphasizes the efficiency of the insurers' financial performance, since taking an excessive underwriting risk can affect the company's stability through higher expenses. The retained risk ratio has a positive influence on the insurer's financial performance, as reinsurance involves a certain cost.

Pervan, Čurak and Marijanović (2011) found that size, underwriting risk, inflation and equity returns had significant impact on the insurers' Return on Assets.

Moro and Anderloni (2014) examined the results of 198 insurers in nine EU countries (ie. the old EU) for the years 2004 through 2012 and determined that Return on Assets is impacted by variables related to operation of companies, it is negatively affected by asset size, combined ratio and variables referred to as internationalization (when shareholders are foreign companies or groups) and diversification (mixed companies operating both in non-life and in life insurance), while a positive impact was found for variables defined as reserves' dimension and asset turnover. Similar variables significantly influenced the size of Return on Equity.

Cummins and Nini (2002) studying the determinants of Return on Equity of insurers operating in the US market over the period 1993 to 1998 showed that company size had a significant impact on this indicator which made it consistent with the argument that larger companies generate higher profits.

Leverage refers to the extent to which firms make use of their money borrowings (debts financing) to increase profitability and is measured by total liabilities to equity. Firms that borrow large sums of money during a business recession are more likely to default to pay off their debts as they mature; they will end up with high leverage and are more likely to end up with a potential risk of bankruptcy. On the contrary, the lower the firm's borrowings, the lower the leverage, and the risk of bankruptcy will eventually be lower which signifies that business will continue operating (Alkhatib, 2012).

Haron and Azmi (2004) investigated the determinants of firms profitability and concluded that liquidity, deposit, asset structure, total expenditures, consumer price index and money supply have significant impact on profitability while capital structure, market share and bank size have no impact on the profitability.

Amaton and Burson (2007) tested the relationship between size and profit for the firms in the financial sector using data that covered a broad range of firm sizes. They tested both linear and cubic form of the relationship. Even though a negative influence of firm size on profitability was revealed with the linear specification in firm size, evidence of a cubic relationship was detected between return on assets and firm size.

However on the contrary the literature available on the analysis of the financial performance as measured by return on assets the General Insurance sector of Uganda is limited in scope as there are few authorities that have taken keen interest in the venture. Therefore the need to study the leading causes of the reduction of return on assets in a growing insurance industry size.

Note 2: *Although this research literature does not sight any experience from the Ugandan General Insurance sector. There is much on literature from other parts of the world that share a narrative of characteristics on financial performance of General business that is used for this study.*

Methodology

Research Design

This study carried out an analysis of quantitative data on variables that influence financial performance as measured by return on assets of the General Insurance sector of Uganda (Creswell J.W, 2003).

The quantitative data on the research problem was based on secondary data from Uganda Bureau of Statistics and the Insurance Regulatory Authority of Uganda where data on macroeconomic factors and financial performance of the General Insurance business for the period 2012-2017 was collected.

With the view of accomplishing this study more explicitly, an exploratory research design was adopted as a fit for purpose in ascertaining the link between the return on assets and its influencing factors. It was from this that significance or insignificance was

known (Blanche M.J.T, etal, 2006).

With the intention of studying the behavior of every company in General insurance business over time and across space, panel data was used (Baltagi,2005; Gujarati, 2003) to aid in the investigation of quantitative factors from which descriptive statistics, correlation analysis and multiple linear regression of Ordinary Least Squares were carried out. It was postulated that answers drawn from these investigations would form the conclusion to the factors that suggest the opposite movement between financial performance as measured by return on assets and the size of the General Insurance sector in Uganda.

Study Population and Sample Size

The insurance sector of Uganda was selected as an area of study and emphasis was drawn at its financial performance as measured by return on assets for a period of six years (2012-2017) where the research problem was more pronounced.

The sample size comprised 23 General insurers, 22 being primary insurers and one reinsurer. This included even those insurers which were discontinued from operations by the regulator during the period under review. It was envisaged that a sample which comprises both active and discontinued General Insurers would give a balanced opinion into the investigation of the fluctuation in return on assets characterized by negative growth in a steadily and positively growing General insurance sector size of Uganda.

Data Collection, Analysis and Presentation

The process of data collection, analysis and presentation in this study followed steps that closely follow each other. Emphasis in this case was drawn on data collection methods, variables, data processing and analysis.

Data Collection Methods

Data on financial performance of the General insurance industry of Uganda was collected from Annual Insurance Market Reports by the Insurance Regulatory Authority of Uganda.

The reason for collecting data on financial performance from the Insurance Regulatory Authority of Uganda was that its information source on financial performance of the General insurance industry is reliable as opposed to gathering it from individual companies that make the industry. Financial data collected from individual companies is characterized by concealment of actual periodic profit and important information on loss ratio, reinsurance premium and retained risk.

Statistics on the annual Gross Domestic Product (GDP) growth rate and inflation rate were collected from Statistical Abstracts by Uganda Bureau of Statistics.

Variables

This study adopted one regression model which was extracted from the profitability of the industry as measured by Return on Assets and its influencing factors of Leverage, Loss ratio, Company Size, Growth of Gross premium, Reinsurance Dependence,

This study carried out an analysis of quantitative data on variables that influence financial performance as measured by return on assets of the General Insurance sector of Uganda (Creswell J.W, 2003).

The quantitative data on the research problem was based on secondary data from Uganda Bureau of Statistics and the Insurance Regulatory Authority of Uganda where data on macroeconomic factors and financial performance of the General Insurance business for the period 2012-2017 was collected.

Retained Risk, Gross Domestic Product (GDP) growth rate and inflation rate.

Note 3: *The model differs from what most researchers have used. This one is quite unique as it introduces in macroeconomic factors of inflation and GDP the period under study.*

Return on Assets - Model specification

The major dependent financial performance measure indicator

was Return on Assets. The major determinants (independent variables) were Leverage, Loss ratio, Company Size, Growth of gross premium, Reinsurance dependence, Retained risk, GDP growth rate and Annual inflation. The insurance industry specific variables of Leverage, Loss ratio, Size, Growth of Gross premium, Reinsurance Dependence, Retained Risk are majorly used by the Insurance Regulatory Authority of Uganda to evaluate financial performance of the insurance industry.

In this study the following was the baseline model that was used in drawing conclusions to the relationship between the dependent and independent variables.

Return on Assets= Constant + Leverage + Loss ratio + Size + Growth of gross premium + Reinsurance dependence + Retained risk + GDP+ Annual Inflation rate + error term

The analytical model that was used was -

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8+\varepsilon$$

Operationalization of the study variables

This section presents the measurements that were used to operationalize the study variables.

The financial leverage was calculated as a ratio of net technical reserves to equity.

$$\text{Leverage}(X_1) = \frac{\Sigma\ TR}{\Sigma\ EQ}$$

Where TR: Technical Reserve

EQ: Equity

Company size (X_2) was computed as natural log of total assets of the insurance industry.

Growth of gross premium (X_3) =

$$\frac{\textit{(Present year premium-previous year's premium)}}{\textit{(previous year premium)}}$$

Loss ratio was computed as the ratio of total claims per class of insurance to Gross underwritten premium per class of insurance.

$$\text{Loss ratio}(X_4) = \frac{\Sigma\ TC}{\Sigma\ GUP}$$

Where TC: Total Claims.

GUP: Gross Underwritten Premium.

Retained risk is computed as ratio of net retained premiums to gross retained premiums. This will reflect the portion of the difference ceded to reinsurance.

$$\text{Loss ratio}(X_5) = \frac{\Sigma\ NRP}{\Sigma\ GWP}$$

Where NRP: is a Net Retained Premium

GWP: Gross Written Premium

Reinsurance dependence was calculated as a ratio of gross premium ceded in reinsurance to total assets.

$$\text{Reinsurance dependence}(X_6) = \frac{\Sigma\ RP}{\Sigma\ TA}$$

Where RP: Reinsurance Premium

TA: Total Asset

Return on assets was computed as the ratio of net income to total assets.

$$\text{Return on assets (Y)} = \frac{\Sigma\ NI}{\Sigma\ TA}$$

Where NI: Net Income

TA: Total Assets

GDP (X_7): Yearly Gross Domestic Product

Inflation (X_8): Yearly average inflation

Model Assumptions

The following diagnostic tests were carried out to ensure that the data suits the basic assumptions of classical linear regression model:

Normality: To check for normality, descriptive statistics were used. Kurtosis and skewness of the distribution of the data were examined. In this context the Jarque-Bera (JB) test was employed where by a normal distribution JB statistics is expected to be zero (Gujarati, 2003).

Multicollinearity: The existence of strong correlation between the independent variables was tested using Variance Inflation Factor (VIF) and correlation coefficient.

Heteroscedasticity: To do away with the problems associated to heteroscedasticity, weighted Ordinary Least Squares (OLS) was used in establishing the relationship (Hamilton, Lawrence C., 1992).

Return on Assets model validation and reliability

To ensure transparency and independency, validation of the Return on Assets model was performed by MATLAB.

MATLAB validated the Return on Assets model through an iteration process used to verify and test reliability of the model. This was done with the intention of ensuring that the Return on Assets model met its intended objective of showing the relationship between the dependent and independent variables of the study.

Data Processing and Analysis

The process of collecting data was closely followed by data processing of secondary data on variables above

Data processing started with grouping all the gathered secondary data into a panel which was to undergo all the data mining processes. The reason for grouping this data into a panel was that all insurance companies in the sample of study faced almost the same financial performance challenges when in business.

Data analysis was closely follow by data processing, at this level properly processed financial data on the General insurance sector was analyzed with the aid of STATA to ascertain the relationship between the dependent and independent variables of the study.

Panel data

This involved the pooling, verifying and cleaning of data pertaining to the financial performance of the General insurance sector of Uganda for the period (2012-2017).

Panel data of unbalanced nature was used because;

- Variables which fit the equation relationship for the problem under study would easily be identified and grouped together.
- Some companies in the study joined the industry or were terminated in the middle of the study period.

In so doing this did not isolate effects specific to the problem. Hence helping in studying the behavior of each General insurer over time and across space in the period under review (Baltagi, 2005; Gujarati, 2003).

Results and Discussions

The data on the analysis of the financial performance of the General insurance sector of Uganda was gathered from 23 non-life insurers for the period 2012-2017. Of the sample there was One reinsurer and twenty two primary General insurers. Hence the whole panel data set comprised of 127 cases and 23 groups or insurance companies.

Matrix Table 1 Pearson's correlation analysis

	Y	L	C	GR	LO	R	RE	G	F
Y	1.0000								
L	-0.2071	1.0000							
C	0.5905	-0.0731	1.0000						
GR	-0.0738	-0.0099	-0.1044	1.0000					
LO	-0.1054	0.0865	0.0841	-0.1948	1.0000				
R	-0.1736	0.3034	-0.2975	0.1384	0.1962	1.0000			
RE	0.1704	-0.2184	0.2438	-0.0127	0.0236	-0.4605	1.0000		
G	-0.0484	-0.0753	-0.0378	-0.0334	0.3012	0.0863	-0.1088	1.0000	
F	-0.0731	-0.0337	-0.1216	0.0917	0.048	0.1383	0.181	-0.0279	1.0000

Source: Research Findings

Return on Assets (Y)

The research findings above are on the correlation analysis which was carried out on the Return on Assets and its influencing factors, macroeconomic in nature and those specific to the General insurance sector of Uganda. Matrix Table 1 is a detail of the correlation between Return on Assets and its influencing factors of; Leverage (L), Company size (C), Growth of Gross

Premium (GR), Loss Ratio (LO), Retained Risk (R), Reinsurance Dependence (RE), GDP (G) and Inflation (F).

According to hierarchy of strength in correlation between the dependent variable (Return on Assets) and its independent variables, the study findings indicate that:

- Company size (C) showed a positive correlation of 0.5905.
- Reinsurance dependence (RE) showed a positive correlation of 0.1704.
- GDP (G) showed a negative correlation of -0.0484.
- Inflation (F) showed a negative correlation of -0.0731.
- Growth of Gross Premium (GR) showed a negative correlation of -0.0738.
- Loss Ratio (LO) showed a negative correlation of -0.1054.
- Retained Risk (R) showed a negative correlation of -0.1736.
- Leverage (L) showed a negative correlation of - 0.2071.

The above findings could be translated to suggest that;

An increase of value in company size © and Reinsurance Dependence (RE) could resultantly lead to an increase in Return on Assets (Y) of the General Insurance sector of Uganda while a decrease of value for the same variables suggests a fall in Return on Assets (Y) of the General Insurance sector of Uganda.

A decrease in value of, GDP (G), Inflation (F), Growth of Gross Premium (GR), Loss Ratio (LO), Retained Risk ® and Leverage (L) suggests an increase in the Return on Assets (Y) of the General Insurance sector of Uganda. While an increase of value for the same variables would suggest a fall in Return on Assets(Y) of the General Insurance sector of Uganda (Saeed and Zahid, 2016).

Table2: A summary on the Descriptive statistics

Variable	Mean	Standard deviation	Kurtosis	Skewness
Returns on assets	0.0107	0.2178	-0.7027	4.8187
Leverage	0.4308	0.5777	1.1941	3.2100
Company Size	16.7875	1.4222	-0.3576	3.1607
Growth of Gross Premium	0.1204	0.4220	5.2761	49.8034
Loss Ratio	0.2092	0.1522	2.4572	11.6825
Retained Risk	0.6326	0.1889	-0.2615	2.9036
Reinsurance Dependence	0.1957	0.1291	0.7930	3.8405
GDP	0.0525	0.0564	8.5293	80.4590
Inflation	0.0702	0.0537	5.9939	51.4375
Source: Research Findings				

Source: Research Findings

The table above is representative of the descriptive statistics on the analysis of the financial performance of the General insurance sector of Uganda.

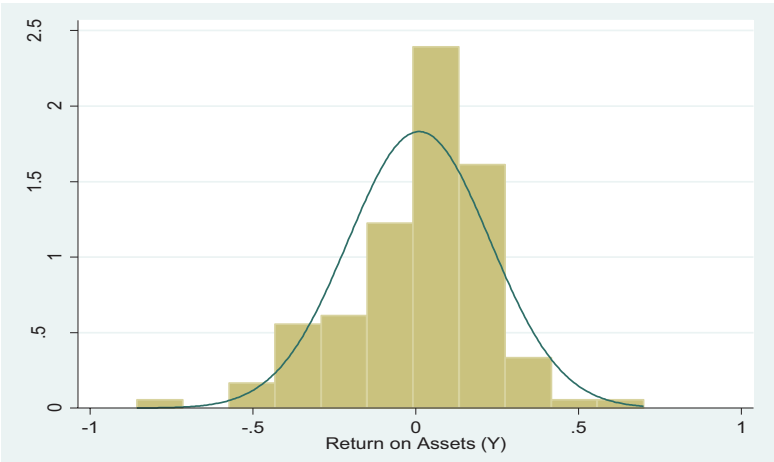
The findings indicate that the mean and standard deviation respectively for the variables stood at; Return on Assets 0.0107 and 0.2178, Leverage 0.4308 and 0.5777, Company Size 16.7875 and 1.4222, Growth of Gross Premium 0.1204 and 0.4220, Loss Ratio 0.2092 and 0.1522, Retained Risk 0.6326 and 0.1889, Reinsurance Dependence 0.1957 and 0.1291, GDP 0.0525 and 0.0564, Inflation 0.0702 and 0.0537.

An insurance market characterized by an average Growth of Gross Premium of 0.1204 and a Loss Ratio of 0.2092 suggests the average Return on Assets of 0.0107. This could be interpreted to mean that General Insurance business

in Uganda is characterized by low gross premium growth and a high degree of market adverse selection.

Skewness is a measure of symmetry in a distribution. A symmetric data set has skewness equivalent to zero (0) (Gujarati, 2007). Hence a normal distribution has skewness of zero (0). Skewness essentially measures the relative size of the two tails. If the skewness is between -0.5 and 0.5 the data is fairly symmetrical. If the skewness is between -1 and -0.5 or between 0.5 and 1, the data are moderately skewed. If the skewness is less than -1 or 1, the data are highly skewed.

Graph showing the Normality Test of Return on Assets



According to the histogram above, the dependent variable Return on Assets is not normally distributed. It is positively skewed.

The mathematical fixed effects model is

$$Y_{it} = \beta_1 X_{it} + \ldots + \beta_k X_{kt} + \alpha_i + e_{it}$$

Where;

Y_{it} is the outcome variable. Returns on assets of the i^{th} insurance company at time measured in years.

X_{it} are the predictor variables or independent variables or covariates. These include Leverage, Company size, Growth of Gross Premium, Loss Ratio, Retained Risk, Reinsurance Dependence, GDP and Inflation.

β_k measures the effect of covariates on the dependent variable, returns on assets.

α_i is the i^{th} insurance company effect, constant with in the insurance companies and varying between the insurance companies.

e_{it} is the error term which is approximately normally distributed

$i.e \sim N(0, \delta_e^2)$.

Note: The fixed-effects models controls for all time-invariant differences between the insurance companies so that the estimated coefficients of the fixed effects model cannot be biased because of the omitted time invariant characteristics

The whole data set consists of 127 cases or rows and 23 groups or insurance companies. The probability of *F* (Prob> F = 0.0000) is significant since its value is less than 0.05, hence the model fits the data well

The regression model considered Return on Assets (Y) as a measure of financial performance which depended on six insurance industry specific and two macro economic independent factors of; Leverage, Company Size, Growth of Gross premium, Loss Ratio, Retained Risk, Reinsurance Dependence i.e. insurance industry specific and the macro economic factors i.e. GDP and Inflation.

Hence

Return on Assets= Constant + Leverage + Company Size + Growth of Gross premium + Loss Ratio + Retained Risk + Reinsurance Dependence + GDP + Inflation + Error term

The analytical model which was;

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8+\varepsilon$$

It is further interpreted from table 3 as;

$$Y=-0.8590+0.0352X_1+0.0352X_2+0.0588X_3-0.144X_4+0.0067X_5+0.1832X_6+0.0179X_7-0.0489X_8$$

The above regression model suggests a positive relationship with Return on Assets, hence as Leverage, Company Size, Growth of Gross premium, Retained Risk and Reinsurance Dependence and GDP increase in value, also Return on Assets (Y) increases while a reduction in value of the same independent variables results into a fall in Return on Assets.

The negative relationship between Return on Assets (Y) and the insurance industry specific variable of Loss Ratio

Table 3: Regression Results for Return on Assets as Dependent variable and its various factors as predictors.

RETURNS ON ASSETS (Y)	COEFFICIENT	STANDARD ERROR	P-VALUE
LEVERAGE (X_1)	0.0352	0.0338	0.3000
COMPANY SIZE (X_2)	0.0352	0.0170	0.0040
GROWTH OF GROSS PREMIUM (X_3)	0.0588	0.0284	0.0410
LOSS RATIO (X_4)	-0.1440	0.0859	0.0970
RETAINED RISK (X_5)	0.0067	0.0931	0.9420
REINSURANCE DEPENDENCE (X_6)	0.1832	0.1134	0.1090
GDP (X_7)	0.0179	0.2049	0.9310
INFLATION (X_8)	-0.0489	0.2034	0.8100
CONSTANT	-0.8590	0.2861	0.0030
sigma_u	0.1706		
sigma_e	0.1064		
Rho	0.7201		
Prob> F = 0.0000			

Dependent Variable: Return on Assets

Source: Research Findings

and macroeconomic variable of Inflation suggests that an increase in value of the two predictors results a fall in Return on Assets (Y) while a reduction in value of the same independent variables leads to an increase in the Return on Assets (Y).

The significance of the variables in **table 3** is shown by the P value. Therefore at 95% confidence interval (Significance =< 0.05). The findings indicate company size and Growth in Gross Premium as the only significant factors that affect Return on Assets (Y) of the General Insurance market of Uganda.

Since the regression coefficients of Leverage, Loss Ratio, Retained Risk, Reinsurance Dependence, GDP and Inflation are not statistically significant, the regression model is then simplified to;

$Y=-0.8590+0.0352X_2 + 0.0588X_3$

This suggests that a unit increase in General Insurance Company Size, results into an increase of the Return on Assets by 0.0352 on average.

Also a unit increase in Growth of Gross Premium increases the Return on Assets by 0.0588 on average of the General Business sector of Uganda.

The reverse is true for the two significant variables in the study on the analysis of the financial performance of the General insurance sector of Uganda.

Sigma_u is the standard deviation of the residuals within the groups. (Insurance companies) equal to 0.1706.

Sigma_e is the standard deviation of the residuals (error terms) e_{it} equal to 0.1064. $rho = 0.7201$ this means that 72.01% of the variation is due to the differences across the insurance companies (panels). Rho is intra class correlation.

Table 4: Validity of regression results

VARIABLE	VIF	1/VIF
Leverage	1.15	0.86957
Company Size	1.17	0.85470
Growth of Gross Premium	1.09	0.91743
Loss Ratio	1.27	0.78740
Retained Risk	1.61	0.62112
Reinsurance Dependence	1.46	0.68493
GDP	1.14	0.87719
Inflation	1.13	0.88495

Dependent Variable: Return on Assets (Y)

Source: Research Findings

Multicollinearity statistics was done with the aid of MATLAB to ascertain the reliability of the regression model.

The Variance Inflation Factor (VIF) identifies correlation between independent variables and the strength of that correlation.

Statistical software MATLAB calculated a VIF for each independent variable. VIFs start at 1 and have no upper limit. A value of 1 indicates that there is no correlation between this independent variable and any others. VIFs between 1 and 5 suggest that there is a moderate correlation, but it is not severe enough to warrant corrective measures (Gujarati, 2007). VIFs greater than 5 represent critical levels of multicollinearity where the coefficients are poorly estimated, and the p-values are questionable.

According to the table above, the VIF for each independent variable is between 1 and 5. This suggests that there is a moderate correlation, but it is not severe enough to warrant corrective measures, that is multicollinearity is not severe, it

cannot affect the variables of interest. The coefficients are well estimated and the p-values are not questionable. Hence this indicates the absence of multicollinearity in the regression model on the analysis of the financial performance of the General Insurance sector of Uganda.

Heteroscedasticity and Autocorrelation

After running the regression model, we tested for heteroscedasticity - using the Cook-Weisberg ht test for residuals - and autocorrelation - using the xtserial command for panel data. Both turned positive. Our data was characterized by both heteroscedasticity and autocorrelation. We corrected the two by using;

(i) Heteroscedasticity - used robust (eg. xtreg dep, var1, var2....., fe vce(robust))

(ii) Autocorrelation - used Cochranne Orcutt method (prais dep, var1, var2...., corc).

Conclusion and Recommendations

The research problem is that in the period 2012-2017 there exists an opposite movement between financial performance as measured by Return on Assets and the General insurance industry size growth.

The study findings indicate;

- A positive and significant relationship between company size as measured by the natural log of total assets and Return on Assets (Mike A.,2016, Mehari And Aemiro, 2013, Almajali etal 2012, Abate, 2012, Malik, 2011, Pervan etal, 2011, Curak etal, 2011, Cummins and Nini, 2002). This suggests that the higher the company size or total assets the better the financial performance as measured by Return on Assets. This status quo is already in existence but further suggests that the quality of assets invested in by the General Insurance sector is poor.
- A positive and significant relationship between Growth of Gross Premium and Financial performance as measured by Return on Assets (Burac and Batrina, 2014, Kozak, 2011). This suggests that the higher the Growth of Gross Premium, the higher the financial performance as measured by Return on Assets of the General Business industry of Uganda. A 0.1204 average Growth of Gross Premium is a relatively small annual increment in growth which suggests a high degree of client company flight. This annual client company movement in turn could translate to mean a high percentage of market adverse selection that is aided by the special purpose vehicles of brokers and Bancassurance.

Therefore the Insurance Regulatory Authority of Uganda should work with insurance players in the industry to source high quality financial assets with greater returns on investment from the financial system of Uganda and across borders.

As a means of mitigating adverse selection in the General Insurance sector of Uganda, the Insurance Regulatory Authority could introduce the Claims Record Reference Bureau data base which is to help in reducing information asymmetry as regards the insurance history of clients that are a moral hazard and adversely select on insurers in the General Business sector.

Once the aforementioned issues are put in place by the Insurance Regulatory Authority of Uganda, insurers of non-life business supported by their good underwriting practices will write better financial performance as measured by Return on Assets. The market challengers are to graduate to market leaders while the market followers could chose to remain in their position.

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Factors Affecting the Use of ICT in the Insurance Industry in Uganda

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Abstract

This study investigates the factors that affect the use of ICT in the insurance industry in Uganda. A cross-sectional descriptive research design was employed with the help of self-administered questionnaires. These were administered to a sample of 25 insurance companies in Uganda with each company receiving a minimum of 5 and a maximum of 15 questionnaires. A total of 202 questionnaires were returned from 21 insurance companies representing a response rate of 80.8 percent. Results from the correlation and regression analysis revealed that there was a strong positive relationship amongst variables (Technological factors, organizational factors and external environmental factors) and the use of ICT in the insurance industry. Therefore, there is a need to improve on Technological factors, external environment factors, Top management support, Organizational readiness, Information intensity and product Characteristics and Managerial time (time to plan). The study also recommended that technological factors like bringing in more agile innovations (ICT ideas that are geared towards bringing in new services and products) to support the existing ICT usage among insurance companies in Uganda. Also, the insurance industry needs to ensure Organizational readiness, Information intensity and product Characteristics. Further, top management support is necessary to empower companies' insurance managers to take actions that

lead to increase in the use of the ICT in the provision of insurance services among insurance companies in Uganda.

Keywords

Technological Factors, Organization Factors, Environment Factors, Usage of ICT, Insurance.

Introduction

According to Olajide (2013), the development of science and technology has greatly enhanced every aspect of human endeavor. Hence, the global business environment has been revolutionized by creativity, innovation and technological advancement thereby increasing customers' awareness and availability of wider range of sophisticated products/services. New technologies have significantly impacted business organizations to overcome barriers - cost, time and distance - to global operations. Business organizations, insurance companies inclusive, operate in a complex, dynamic and competitive environment. These have greatly improved insurance operations globally in view of the available innovation devices to enhance the speed and quality of service delivery. Consequently, ICT enhances process and procurement required to attain organizational and industrial goals.

Development of ICT assists insurance firms to effectively integrate into the global market. Globally, the development of ICT is increasingly considered to be an important factor influencing economic growth (Tcheng *et al.*, 2007). According to Vu (2004), ICT can enhance firms' efficiency and competitiveness by: promoting better communication and interaction with customers; facilitating significant cost savings through e-commerce and ICT enabled management techniques; and enhancing firms' growth and performance. Furthermore, the development of ICT facilitates better intra-firm communication and increases flexibility thereby facilitating the removal of physical constraints on organizational communication and promoting productivity gains through better management (Jeremy *et al.*, 2003).

The insurance industry is a major player and contributor to the nation's economic development. The industry is also crucial to sustainable development of a nation (Adeyele, 2011). Insurance is important to the national economy due to its economic and financial intermediation functions to household, businesses and government. However, the Nigeria insurance industry accounts for less than one per cent of the nation's Gross Domestic Product (GDP) (NAICOM, 2013). Modern society and businesses are threatened by higher risks than ever. It is therefore necessary that insurance firms should develop and maintain a high level of ICT usage in order to meet the nation's insurance needs, to enhance their profitability and to contribute positively to the economy. This implies that there is a positive relationship between ICT and organisational activities (Wali, 2010).

Development and usage of ICT in the insurance industry is relevant as it fosters flexible, time conscious and customer focused service delivery. ICT infrastructure can reduce transaction costs, and improve outputs of firms in various sectors of the economy, including insurance (Röller and Waverman, 2001). ICT adoption can significantly impact the insurance industry by improving the mode of operation and development of range of services to customers; by creating multi-channel communication between the company and customers; and by actualizing effective organization and efficient management of customers' information (Coviello, 2008).

According to Olajide (2013), the development of science and technology has greatly enhanced every aspect of human endeavor. Hence, the global business environment has been revolutionized by creativity, innovation and technological advancement thereby increasing customers' awareness and availability of wider range of sophisticated products/services. New technologies have significantly impacted business organizations to overcome barriers - cost, time and distance - to global operations.

Consequently, ICT, if adequately engaged by insurance firms, can ensure creation and maintenance of a flexible business network of inter-organizational arrangements within the Nigerian insurance industry (Jaiswal, 2009). More interestingly, almost all insurance companies in Nigeria have internet, website and on-line real time e-insurance facilities which have improved the scope of insurance practice in Nigeria.

Today, the insurance sector employs different forms of ICTs to facilitate their processes. ICTs/e-commerce are mainly applied in insurance industry for information purposes, application submission, proposal preparation and online contract conclusion, notification of claims, probable address changes, access to customer and contract data. The benefits of ICT, in particular the Internet, have been well documented, although attaining such benefits has been difficult for many companies throughout the world (Montazemi, 2006). Mubaraka, Momanyi & Jibia (2013) state that the insurance industry in Uganda appears to be lagging behind, as it faces strategic challenges in utilizing ICT applications. The current manual insurance systems have not been quite effective in creating awareness of insurance. E-insurance is not a long-established practice among insurance companies which use information and communication technology to drive their day to day activities.

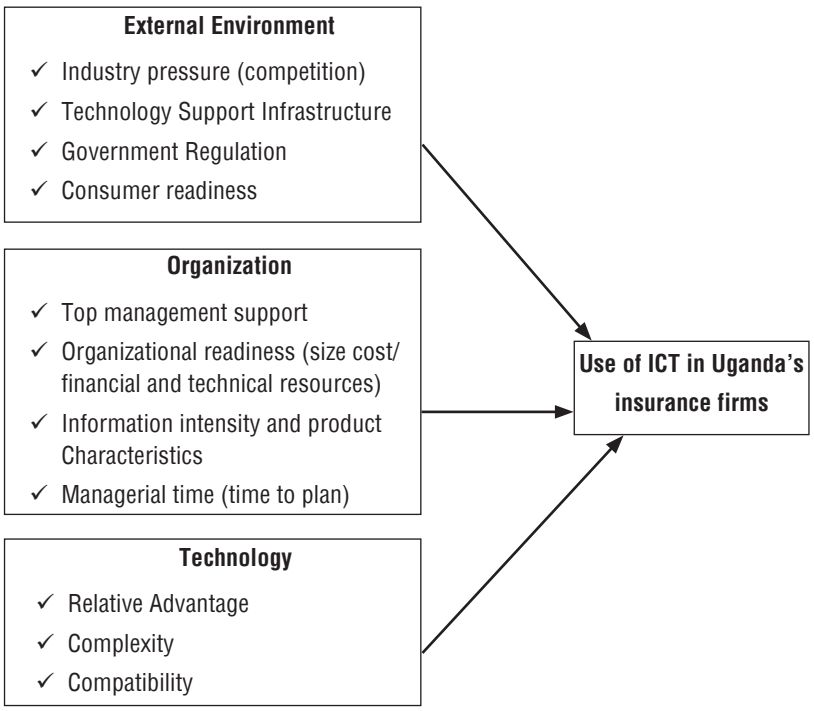
Despite of the proven benefits of E-insurance like increased revenue and transparency, decreased costs, increased productivity and better marketing, the Insurance sector hasn't widely embraced ICT due to costs and overhead difficulties involved (Chaudhury & Jean-Pierre, 2002). Uganda's insurance industry appears to be lagging behind in terms of utilization of ICT (Mubaraka, Momanyi & Jibia, 2013).This is supported by Deloitte & Touche (2001b, 2001c) and Institute of international report (2016) which state that the insurance industry has been slow to embrace the technologies relative to other sectors given that most of their businesses are still being intermediated by brokers with less use of digital technologies. Therefore, this is affecting the operations of insurance firms in Uganda compared to other sectors like retail, banking, and health among others which are ought to be propelling the use of digital technologies in their daily operations (DLA Piper report, 2016). The lag in the use of ICT technologies by insurance firms remains unexplained hence this research seeks to establish the factors that affect the usage of ICT (E-insurance) in provision of insurance services in the insurance industry in Uganda. The following objectives guided the study.

1. To assess the level of use of ICT in provision of insurance services in the insurance industry in Uganda.
2. To examine the influence of the technological factors on the use of ICT in the insurance industry in Uganda.
3. To explore the influence of organizational factors on the use of ICT in the insurance industry in Uganda.
4. To determine the influence of external environment on the use of ICT in the insurance industry in Uganda.

Conceptual Framework

The Technology-Organization-Environment (TOE) framework (Tornatzky & Fleischer, 1990) was adopted because it has a solid theoretical basis and the potential for application in information systems adoption and use (Oliveira and Martins, 2011). TOE is a theoretical framework that identifies the features of technology (policies, complexity of information systems, compatibility), the organizational readiness of the firm, and the environmental conditions as key drivers of technology usage (Thornatzky and Fleischer, 1990). The framework was developed by Tornatzky & Fleischer (1990) and it specifies 3 types of factors that influence an organizational to use technological innovations. The technological context which includes both internal and external technologies that might be useful in improving organizational productivity. The organizational context, defined in terms of firm size and scope, complexity of the managerial structure, quality, characteristics and availability of firms' technology and financial resources), as well as environmental (or institutional) context, which refers to the firm's industry and dealings with business partners, competitors and government (Tornatzky and Fleischer, 1990).

Figure 1: The Conceptual Framework Adapted by the Study



Source: The Technology-Organization-Environment (TOE) framework (Tornatzky and Fleischer, 1990)

Literature review

E-insurance in Uganda

According to Mubaraka, Momanyi & Jibia (2013), the insurance industry in Uganda appears to be lagging behind, as it faces strategic challenges in utilizing the internet technologies. This is supported by Deloitte & Touche (2001b, 2001c) who state that the insurance industry has been slow to embrace the technologies relative to other industries. World Bank (2014), states that the Insurers are struggling to develop a stronger digital presence and yet today's world is comprised of smartphones, tablets, customers who are increasingly expecting to have instant access to services wherever, however and whenever they want. Those insurers that have tried to establish their E-Insurance business have largely been far from successful to date. Nevertheless, marketplace realities and the identified challenges suggest that insurance executives must seek ways to generate revenues and profits through new distribution channels and improvements in customer loyalty and marketing relationships and find ways to attract and keep the most talented insurance professionals in order to survive today's turbulent business environment. It is doubtful that the technologies can be ignored in these efforts over the coming years. Deloitte (2016) clearly states that in order for the insurance industry in Uganda to progress further, there is a need to invest in technologies like mobile technology so as to have a diversification of target markets, increase penetration and innovation of insurance products. However, little or no much information or research has been put forward to show the level of ICT adoption and usage in the insurance industry in Uganda.

Successful Use of ICT insurance in Developing Countries – Case study

Kimani (2017) points out that Kenya represents East Africa's best developed insurance market and the regions financial focal point. This is because it is the market leader in the region with 3% insurance penetration and a highly competitive market comprising of 47 insurance companies. Kenya's insurance regulatory system is also the most mature in the region (KPMG, 2015). The insurance industry penetration rate in Kenya consists of a number of players namely; insurance companies and reinsurance companies, intermediaries and other service providers.

During the last few years, the insurance industry has undergone a series of changes especially in advancement of information communication technologies development. The Insurance Industry grew by 20.3% in 2014. Investment earnings and other income increased by 6.5% from Ksh 42.76 billion to Ksh 45.55 billion. Insurance Industry total assets increased by 16.3% to Ksh 417.43 billion from Ksh 358.82 billion in 2013. This is due to the fact that the Insurance companies in Kenya resorted to exploring the growing impact of using new technological platforms to communicate with customers, cater for evolving buying behaviors and mine a rich source of customer insights (IRA, 2015). Gitonga (2010) conducted a study on application of information and communication technology as a strategic tool in insurance companies in Kenya. The study found that most insurance companies that practiced formal strategic planning to a great

extent and ICT strategy development also took center stage. The findings also indicated that insurance companies recognized the strategic role of ICT in their businesses and most of them embraced it and are making it the cornerstone for achieving and sustaining competitive advantage.

The Technology-Organization-Environment (TOE) framework as the theoretical underpinning of this study

According to Tornatzky & Fleischer (1990) cited by Oliveira & Martins (2011), the Technology-Organization-Environment or TOE framework, developed in 1990 identifies three aspects that influence the process by which an enterprise adopts and implements technological innovations. These three aspects are: the technological context of the enterprise, its organizational context, and its environmental context. The Technological context describes "both the internal and external technologies relevant to the firm, this includes current practices and equipment internal to the firm, as well as the set of available technologies external to the firm" (Tornatzky & Fleischer, 1990 cited by Oliveira & Martins, 2011). The Organizational context refers to "descriptive measures about the organization such as scope, size, and managerial structure (Tornatzky & Fleischer, 1990 cited by Oliveira & Martins, 2011). The Environmental context refers to "the arena in which a firm conducts its business its industry, competitors, and dealings with the government" (Tornatzky & Fleischer, 1990 cited by Oliveira & Martins, 2011).

The TOE framework has found regular empirical support for factors of IS adoption such as "external pressure", "organizational readiness" (in terms of technology and financial resources), and "perceived benefits" (Iacovou et al., 1995) (Chau and Tam, 1997) (Kuan & Chau, 2001). Zhu et al. (2003) studied data from 3,100 firms to understand how technological competence, organizational factors such as "firm scope" and "size" and the environmental context influence "consumer readiness". Zhu et al. (2003) identified "trading partner readiness" as well as "competitive pressure" as influencing factors and antecedents in e-business adoption. The TOE framework is also used to empirically validate the antecedent factors that influence EDI adoption (e.g., Iacovou et al., 1995) (Kuan & Chau, 2001) (Lippert & Govindarajulu, 2006). The identified variables are defined and summarized in the below given table:

Table 1: Variables from the TOE Framework

Technological	
Relative advantage	Degree to which an innovation is perceived as being better than the idea it supersedes
Compatibility	Degree to which an innovation is perceived as consistent with existing values, past experiences and adopter needs
Complexity	Degree to which an innovation is perceived as relatively difficult to understand and use
Organizational	
Top management support	Support of the top management (CEO) to the IS adoption initiative
Organizational readiness (size) cost/financial and technical resources)	Comparing to large businesses small businesses face resource poverty and thus difficulties in innovation adaption. Resource poverty manifests itself also in financial constraints and lack of professional expertise.
Information intensity and product characteristics	Degree to which information is present in the product or service of a business, reflects the level of information intensity of that product or service
Managerial time	Time required to plan and implement the new IS.
Environmental	
Industry pressure (competition)	Competition and high rivalry increase the likelihood of innovation adaption for the purpose of gaining competitive advantage
Government pressure/support	Government strategies or initiatives that encourage SMEs to adopt new IS.
Consumer readiness	Lack of customer readiness Influences the adoption process and is an inhibitor towards IS use

Source: *Hoti (2015). The technological, organizational and environmental framework of IS innovation adaption in small and medium enterprises.*

Justification For TOE Framework

The TOE framework of Tornatzky & Fleischer (1990) has proved that it is able to provide insights for researchers and practitioners interested in conducting research on adoption and use of new technologies and means of technology adaption that evolve constantly, this is because there is a permanent need in understanding the organizational adoption of technological innovation, its dimensions and characteristics (Hoti, 2015) hence making TOE framework relevant for this study. Hoti (2015) argues out that the TOE framework includes the environment context which is not included in the frameworks like Diffusion of Innovation theory, thus becoming better able to explain intra-firm innovation adoption and use and therefore more complete. The TOE framework has a solid theoretical basis and the potential for application in the Information Systems adoption and use (Oliveira & Martins, 2011).

Influence of technology factors on the use of ICT in insurance firms

The Technological context describes "both the internal and external technologies relevant to the firm, this includes current practices and equipment internal to the firm, as well as the set of available technologies external to the firm" (Tornatzky & Fleischer, 1990 cited by Oliveira & Martins, 2011). Technology is a necessary measure for adoption when to adopt and use ICT. The decision to adopt the technology does not only depend on what is available in the market but how the technology according to the technology of the company (Rogers, 1995). Technologies are defined and presented in a variety of dimensions consisting of perceived relative advantage, compatibility, complexity, trialability, observability, cost investment and security (Ghobakhloo, Hong, Sabouri & Zulkifli, 2011; Alam & Noor, 2009).

Zhu et al. (2006b) found that compatibility is the most important factor influencing the post-adoption in European enterprises' adoption of digital transformation. Wang et al. (2010) in his research revealed that complexity and compatibility for the manufacturing industry adopting RFID have respectively significant negative and positive impacts. Low, Chen and Wu (2011) identified that the relative advantages and complexity on cloud computing are inversely related to enterprises adoption. Sin Tan et al. (2009) found that relative advantage, compatibility, complexity and observability in the technology context are the main factors influencing the SMEs' adoption of ICT in Malaysia. Alshamaila et al. (2013) in the study of SMEs' adoption of cloud computing found factors in the technology context which have significant impact, including relative advantage, compatibility, and complexity, as well as the trialability which contributes to reduce uncertainties in adoption.

H_1: *Technological factors influence use of ICT*

Influence of organizational factors on use of ICT in insurance firms

The Organizational context refers to "descriptive measures about the organization such as scope, size, and managerial structure (Tornatzky & Fleischer, 1990 cited by Oliveira & Martins, 2011). Low et al. (2011) points that the support of high-level executives in the organization is a significant factor influencing ICT adoption and use. Lin (2014) revealed that awareness of customers, the management support and absorptive capacity, as well as the competitive pressures in the environment context are significant factors towards adoption of ICT. Hollenstein (2004) argued that the knowledge capital generated through learning and experience will bring the advantage in applying new technology to enterprises, so absorptive capacity is one of the most important factors in adopting innovative technology. In addition, Thong (1999) revealed that the information intensity of company's products and services has a significant impact on the adoption of information technology. Al-Qirim (2008) also indicated that the information intensity of products and services is a significant factor influencing the adoption of ICT by businesses. Moreover, Mirchandani and Motwani (2001) found that one of the major problems faced by enterprises was the lacking of knowledge in information system by the employees, so employees' knowledge was also a significant factor influencing the adoption of ICT by businesses.

H_2: *Organizational factors influence the use of ICT*

Influence of external environment on use of ICT

The Environmental context refers to "the arena in which a firm conducts

its business, its industry, competitors, and dealings with the government" (Tornatzky & Fleischer, 1990 cited by T. Oliveira & M. F. Martins, 2011). There are results from the past studies shown that competitive pressures are a significant factor influencing the adoption of information technologies (e.g., Ghobakhloo, Arias-Aranda and Benitez-Amado, 2011). Li (2008) found that both competitive pressures and external support were significant factors of the use of ICTs. Teo, Lin and Lai (2009) found that trading partners also significantly affect the adoption of ICTs. Similarly, Stockdale and Standing (2006) found that key trading partner is an important factor influencing the adoption of ICTs. Dahnil et al. (2014) pointed out that government attitudes, policies and initiatives are important factors influencing the adoption of innovative technology. Lee et al. (2014) considered government support as one of the conditions to promote the adoption of cloud computing among the enterprise.

H_3: *External environment influences use of ICT*

Methodology

Research design and methods

The study used a cross-sectional descriptive research design. A descriptive study helps to provide answers to the questions of who, what, when, where, and how associated with a particular research problem though it cannot conclusively ascertain answers to why. A descriptive survey method was used to collect data from the selected study population. This is because the survey method can enable the researcher to study larger groups of individuals more easily (Jackson, 2011). This descriptive survey research design involved administering questions to the selected respondents through structured questionnaires.

This study adopted a quantitative research method. According to Bryman and Bell (2007), quantitative research methods entail the collection of numerical data and exhibiting the view of relationship between theory and research as deductive, a predilection for natural science approach, and as having an objectivist conception of social reality. Teddlie and Tashakkori (2006) state that quantitative research follows a natural science model of the research process to establish objective knowledge (knowledge that exists independently of the views and values of the people involved). This approach was used where structured questionnaires were distributed to respondents, the data collected was analyzed and statistical results were obtained. These results were used to establish the factors that affect the adoption and use of ICT in provision of insurance services among insurance companies in Uganda.

Population of the study and sampling size selection

The target population of the study consisted insurance companies of Uganda. According to the IRA (2019), there are 31 registered insurance companies in Uganda which made up the study population for this research. The sample frame included administrators (managers) and employees of insurance companies specifically from Kampala. Insurance companies in Kampala were selected because that's where most of the insurance companies have their headquarters. The study adopted the simple random sampling technique a desired number of sample units is selected depending on the subject of study. A sample in this method was selected based on experience or knowledge of the group to be sampled in a given phenomenon of interest (Cresswell and Plano Clark 2011). This method was used because it involves capturing only respondents who are well versed in the area of study. It was therefore used in selecting the insurance companies to be studied and within the insurance firms, simple random sampling was also used in selecting the individual respondents who constituted all categories of employees such as the managers, supervisors, sales agents.

In this study, there are 31 insurance companies in Uganda (IRA, 2019), therefore, respondents were selected from a minimum of 25 insurance companies in accordance to Krejcie and Morgan table and is representative enough for all insurance companies in Uganda given that it is above the average number of insurance firms. The unit of analysis was the insurance companies in Uganda whereas the unit of inquiry was the employees in these companies. A total of 300 questionnaires were given out to all the insurance companies sampled with a maximum of 15 and minimum of 5 questionnaires for each company. From these, 21 companies responded with

202 questionnaires returned giving a response rate of 84% sample population following Krejcie and Morgan table. These responded to the questionnaires which were later collected, data analyzed and results used to establish the factors that affect the use of ICT in provision of services insurance industry in Uganda.

Reliability and validity of the questionnaire

The study carried out a content validity which helps in determining whether the test content covers a representative sample of the behavior domain to be measured. It indicates to what extent the content domains of a test are represented by the test items (Carcary, 2008). Content validity was used in this study and to achieve this, a pilot test was carried out where questionnaires were generated and given to experts in the field of study to refine the instrument. This ensured that the researcher reassess the instrument such that it captures the desired phenomena. Changes were made from feedback served as a mechanism to clarify, refine and enhance the instrument. In order to assess the internal consistency of the questionnaire, Cronbach's coefficient alpha was used since it's one of the most widely used measures of internal reliability. The study variables returned validity and reliability indices above 0.7 Therefore, consistent with Nunnally (1978); Manerikar and Manerikar (2015).

As shown in figure 2 below

Figure: 2. Validity and reliability results

	Number of Items	Content validity index (CVI)	Cronbach's Alpha
Technological factors	4	0.83	.865
Organizational factors	4	0.75	.858
External environment factors	4	0.75	.843
Adoption and use	4	0.83	.895

Measurement of variables

The following factors were used to measure the variables as adapted from the TOE framework as shown in table below;

Table 2 : Table Showing the Measurement of Variable

Variable	Factor of measurement	Source
Environment	✓ Industry pressure (competition) ✓ Technology Support Infrastructure ✓ Government Regulation ✓ Consumer readiness	Tornatzky & Fleischer, (1990)
Organizational	✓ Top management support ✓ Organizational readiness (size, cost/financial and technical resources) ✓ Information intensity and product Characteristics ✓ Managerial time (time to plan)	Tornatzky & Fleischer, (1990)
Technology	✓ Relative Advantage ✓ Complexity ✓ Compatibility	Tornatzky & Fleischer, (1990)

The study used a cross-sectional descriptive research design. A descriptive study helps to provide answers to the questions of who, what, when, where, and how associated with a particular research problem though it cannot conclusively ascertain answers to why. A descriptive survey method was used to collect data from the selected study population.

Data Analysis

The different questions in the questionnaire were converted on to a likert scale ranging from 1-5 to represent strongly disagree to strongly agree. Since respondents to the survey were giving opinions of the companies, aggregates were made to ensure that the data collected from different respondents in a particular company represented the opinions/responses of that particular insurance company. SPSS was used to generate relevant statistics. At this stage, the researcher analyzed the data collected from the site through questionnaires. Data collected using questionnaires was coded and thereafter analyzed using Statistical Package for Social Sciences. Descriptive statistics, including frequencies, percentages and means (Janssens et al. 2008) and Factor analysis (KMO and Bartlett's Test) were used to extract the most important factors that affect the adoption and use of ICT in provision of insurance services among insurance companies in Uganda. Correlation and regression analysis were used to determine the relationship between the constructs/variables. In this case, it determined the influence of technological factors, organizational factors and external environment on the use of ICT in provision of insurance services among the insurance companies in Uganda.

Presentation of Findings

Characteristics of Respondents

Characteristics of the respondents was analyzed based on their gender, age, level of education, position of employment and duration of employment at the insurance company. The results show that 59.9% of the respondents were male while 40.1% of the respondents were female. This implies that both genders were represented. The results also show that 58.9% of the respondents were aged between 18-28 years, 31.7% were aged between 29-39 years while 8.9% of the respondents were aged between 40-59 years. And the minority was aged above 60 year (0.5%), implying that majority of employees with ability to use e-insurance are relatively young. The results indicate that the majority of the respondents had attained at least a bachelors (73.8%), followed by diploma level (10.9%), respondents also attained Master's degree (7.9%), professional and certificate (4.5%, 3.0%) were the least qualification attained respectively. Thus, the researcher was able to get reliable and valid responses considering their education background. Results were sought from respondents with different position in insurance industry in Uganda and from this, sales agent were the highest number of respondents (56.9%), followed by supervisor level with (16.8%) respondents, manager level (10.4%), administrator level (10.4%) and others (9.4%). The results also show that 83.7% of the respondents have been in the insurance industry between 1-5 years, between 6-10 years (12.9%), between 10-15 years (3.0%) and above 10 year (0.5%) of the respondents have been in the insurance industry for less than one year. This implies that most of the respondents had worked in the insurance industry long enough to provide information in relation to the topic of study.

Descriptive analysis of study variables

This section presents the descriptive analysis of the technological, organization, environmental factors and use of ICT in provision of the insurance services taking a case of insurance industry in Uganda. This is based on the mean and the standard deviation values of the above variable factors as seen from table 3 to table 6. The aim of this section is to establish whether the respondents were in agreement with the questions asked on each of the variables influencing use of ICT in provision of insurance services among insurance companies in Uganda.

Table 3: Technological Factors

Respondents	Valid responses	Technological	
		Mean	Std Deviation
C1	10	4.6	0.6
C2	10	4	1
C3	5	4.2	0.4
C4	5	4.1	1
C5	9	4.2	0.7
C6	10	4.2	0.7
C7	5	3.9	0.4
C8	10	3.8	0.8
C9	7	3.9	0.4
C10	15	4.1	0.9
C11	13	3.9	0.6
C12	6	4	1.1
C13	10	4.6	0.6
C14	10	4.3	0.9
C15	7	3.9	0.9
C16	10	4.1	0.8
C17	15	3.9	0.9
C18	10	4.2	1
C19	10	4.7	0.4
C20	15	3.8	0.7
C21	10	4.1	0.4
	202		
GLOBAL MEAN		**4.1**	

Source: Primary Data

The respondents as seen in the table above described their perception of Technological factors. The respondents agreed with all questions asked on Technological factors in relation to Use of ICT in insurance industry in Uganda as shown in the table above with an aggregate mean of 4.1.

Table 4: Organizational Factors

Respondents	Valid responses	Organizational	
		Mean	Std Deviation
C1	10	4.4	0.8
C2	10	4	0.8
C3	5	3.9	0.5
C4	5	3.8	0.6
C5	9	4.1	0.7
C6	10	4	0.6
C7	5	3.7	0.5
C8	10	3.7	0.7
C9	7	3.7	0.5
C10	15	3.8	1
C11	13	3.8	0.6
C12	6	3.9	1
C13	10	4.4	0.8
C14	10	4	0.7
C15	7	3.5	0.8
C16	10	3.7	0.9
C17	15	3.7	0.9
C18	10	3.6	1.1
C19	10	4.5	0.7
C20	15	3	0.8
C21	10	3.9	0.2
	202		
GLOBAL MEAN		**3.9**	

Source: Primary Data

On the side of Organizational factors, the majority of the respondents agreed that with the statements asked as indicated in the means in the table above. However, they were not certain as to whether management rewards employees who excel in the use of ICT to execute their tasks. In general, the respondents agreed with the Organizational factors in relation to influencing Use of ICT in insurance organization in Uganda as shown in the table above with an aggregate mean of 3.9.

Table 5: External environment

Respondents	Valid responses	External Environment	
		Mean	Std Deviation
C1	10	4.3	0.8
C2	10	3.9	1
C3	5	3.6	0.6
C4	5	3.8	0.8
C5	9	4.1	0.7
C6	10	3.8	0.6
C7	5	3.4	0.5
C8	10	3.7	0.7
C9	7	3.5	0.5
C10	15	3.5	1.1
C11	13	3.5	0.6
C12	6	3.6	1.1
C13	10	4.3	0.8
C14	10	3.9	0.7
C15	7	3.7	0.9
C16	10	3.5	0.9
C17	15	3.8	0.9
C18	10	3.6	1.1
C19	10	4.3	0.7
C20	15	3.6	0.7
C21	10	3.9	0.1
	202		
GLOBAL MEAN		**3.8**	

Source: Primary Data

The respondents as seen in the table above described their perception of External environment influence. The respondents agreed that with most of the statements asked on external environment. However, they remained uncertain as to whether there is adequate support from the local IT industry to secure the ICT environment. Therefore, most of the respondents agreed with the questions asked on External environment as a factor that can influence Use of ICT in the insurance industry as shown in the table above with an aggregate mean of 3.8.

Table 6: Use of ICT

Respondents	Valid responses	ICT Use	
		Mean	Std Deviation
C1	10	4.5	0.6
C2	10	4.3	0.7
C3	5	3.7	0.4
C4	5	4.2	0.6
C5	9	4.6	0.6
C6	10	4	0.5
C7	5	3.7	0.4
C8	10	3.9	0.7
C9	7	3.7	0.4
C10	15	3.8	1
C11	13	3.6	0.5
C12	6	4.2	0.9
C13	10	4.5	0.6
C14	10	4.1	0.7
C15	7	3.8	0.9
C16	10	3.8	0.9
C17	15	4.1	0.7
C18	10	3.8	1.2
C19	10	4.6	0.6
C20	15	3.7	0.7
C21	10	3.9	0.4
	202		
GLOBAL MEAN		**4.0**	

Source: Primary Data

Finally, from the table above, the majority of the respondents agreed that with the questions asked on the use of ICT in the operations of the insurance companies. Therefore, to the respondents agreed that the above factors can be used to measure use of ICT in the insurance companies as shown in the table above with an aggregate mean of 4.0. This result also addresses objective one of assessing the level of ICT use in the insurance industry. The result indicates that 80% of the insurance companies use ICT in Uganda.

Relationship between the study variables

The objective of the study was to establish the relationship between Technological factors, Organizational factors and External environment use of ICT. To achieve this, a Pearson correlation matrix was used to test the relationship that exists between the independent variables (Technological factors, Organizational factors and External environment) against the dependent variable (use of ICT). An aggregate of the responses from different insurance companies by the different respondents was made and using SPPS, a correlation analysis was run. The results of the study are shown in the table 7 below; correlation analysis was used since it is mostly used when establishing relationships between study variables and for this study, the study variables include Technological factors, Organizational factors, External environment and use of ICT.

Table 7: Correlation Analysis results for the relationship between the study variables

	1	2	3	4
Technological Factor (8)	1			
Organizational Factors (10)	.656**	1		
External Environment (9)	.428**	.569**	1	
Use OF ICTs (10)	.535**	.698**	.612**	1
**. Correlation is significant at the 0.01 level (2-tailed).			N=21	

Source: Primary Data

Table 7, revealed that there was a significant and positive relationship between Technological factors and Use of ICT (r=.535**; p-value<0.01). This implied that Technological factors influenced Use of ICT in insurance industry in Uganda. It also revealed that there was a significant and positive relationship between Organizational factors and Use of ICT (r=.698**; p-value<0.01). This one unit is associated with an increase in Use of ICT by one unit as well. It further revealed that there was a significant and positive relationship between External environment and Use of ICT (r=.612**; p-value<0.01). This implies that an increase in the External environment by one unit, is associated with an increase in Use of ICT by one unit.

Regression Analysis

A regression analysis of the Use was conducted in order to establish how the variation in Technological factors, Organizational factors and External environment Factors affects the variation in the Use of ICT. An aggregate of the responses from different insurance companies by the different respondents was made and using SPPS, a regression analysis was run. The results are presented in table 8 below.

Table 8. Overall coefficient estimates for the variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	Std. Error	Beta		
1	(Constant)	1.735	.305		5.679	.000
	Technological	.548	.073	.555	7.517	.000
2	(Constant)	1.347	.257		5.252	.000
	Organizational	.679	.065	.681	10.483	.000
3	(Constant)	1.711	.269		6.359	.000
	External Environment	.608	.070	.608	8..634	.000

Dependent Variable : Adoption and Use

Source: Primary Data

The regression model also revealed that Technological factor was a significant predictor on Use (beta =.548, p>.05). This means that improving the Technological factor would not lead to an improvement in the Use of ICTs in the insurance sector in Uganda. The Organizational Factors (beta=.679, p<.05) was found to have a significant effect on Use. This means that improving on the Organizational Factors would lead to an improvement in the Use. Lastly External environment (beta=.608, p<.05) was also found with a significant effect on Adoption and Use of ICTs in the insurance sector in Uganda. This means that if there is an improvement on the External environment factors, would lead to an improvement in the Use of ICTs in the insurance sector in Uganda.

Discussion of findings

Results indicate that there was a significant and positive relationship between Technological factors and Use of ICT (r=.535**; p-value<0.01). This implied that Technological factors influenced the Use of ICT in insurance industry in Uganda. However, this supported by these different scholars that is Ghobakhloo, Hong, Sabouri & Zulkifli, (2011); Alam & Noor, (2009), who states that Technology is a necessary measure for adoption when to use ICT. The decision to adopt the technology does not only depend on what is available in the market but how the technology according to the technology of the company (Rogers, 1995). Technologies are defined and presented in a variety of dimensions consisting of perceived relative advantage, compatibility, complexity, trialability, observability, cost investment and security (Ghobakhloo, Hong, Sabouri & Zulkifli, 2011; Alam & Noor, 2009).

The results also indicate that there was a significant and positive relationship between Organizational factors and Adoption and Use of ICT (r=.698**; p-value<0.01). This implies that an increase in the Organizational factors of the insurance industries in Uganda by one unit is associated with an increase in the Use of ICT by one unit as well. This is supported by prior studies of Low et al. (2011) who noted that the support of high-level executives in the organization is a significant factor influencing ICT use. And further Lin (2014) also revealed that awareness of customers, the management support and absorptive capacity, as well as the competitive pressures in the environment context are significant factors towards use of ICT as it was evidenced in the findings in chapter four.

Results indicate there was a significant and positive relationship between External environment and Use of ICT (r=.612**; p-value<0.01). This implies that an increase in the External environment by one unit, is associated with an increase in the Use of ICT by one unit. These results support prior studies that have shown that that competitive pressures are a significant factor influencing the adoption of information technologies (Ghobakhloo, Arias-Aranda and Benitez-Amado, 2011). Li (2008) found that both competitive pressures and external support were significant factors of the use of ICTs. Teo, Lin and Lai (2009) found that trading partners also significantly affect the adoption of ICTs as it was still seen in our study. Similarly, Stockdale and Standing (2006) found that key trading partner is an important factor influencing the adoption of ICTs. Dahnil et al. (2014) pointed out that government attitudes,

policies and initiatives are important factors influencing the adoption of innovative technology.

Results further indicate that the respondents agreed that the level of use of ICT in provision of insurance services among insurance companies in Uganda is at 80% according to the descriptive analysis findings in chapter Four. This implies that there is an increase in the level of use of ICT in provision of insurance services among insurance companies in Uganda.

Conclusion

The study found out that, majority of the respondents are categorized to be male who sales agents and general insurance is the most services offered in the insurance industry. And most of the respondents were youth from 18-28 years who are well educated at the bachelors' level basing on the findings. Further, the study found out that, Technological factors significantly can influence the Adoption and Use of ICT in insurance industry in Uganda. Most of the respondents agreed that the relative advantage, complexity and compatibility of the Technology in the insurance industry influence the Use of ICT in insurance industry in Uganda. On the Organizational factors, most insurance companies agreed that organizational factors like the top management support, organizational readiness (size cost/financial and technical resources), information intensity and product characteristics and managerial time (time to plan) increase Use of ICT in the insurance industries. Generally, the study to establish the factors that affect adoption and use of ICT in provision of insurance services among insurance companies in Uganda. Specifically, the study examined Technological factors, Organizational factors, External environment and their effect on adoption and use of ICT in provision of insurance services among insurance companies in Uganda.

Recommendations

In light of the study findings the following recommendations are given;

Technological factors are assessed by the industry pressure (competition), technology support infrastructure, government regulation and consumer readiness of the insurance companies which have clearly stated in order to increase on the use of ICT in provision of insurance services in Uganda since it has showed a significant effect on the Use of ICT. Therefore, more technological factors should be embraced like to invest in more ICT infrastructure, ensure there are skilled man power to handle ICT services, invest more in advanced ICT like hybrid information systems, mobile applications and among others so as to support the Use of ICT among insurance companies in Uganda.

External environment should be favorable to the different entities and insurance players to improve on the use of ICT in provision of insurance services among insurance companies in Uganda. Therefore, external environment like the industry pressure (competition), technology support infrastructure, government regulations and policies and ensuring consumer readiness of the insurance companies should be favorable to support on the increase of the Use of ICT among insurance companies in Uganda. The study therefore, recommends the insurance organizations to look out for new ICT innovations from competitors, ensure government support towards use of ICT through regulations and policies, argue the government and other service providers like telecom companies to improve on the ICT infrastructure and ensure government develops proper policies on ICT usage in Uganda.

The technological factors, organizational factors and external environment should be put in place amongst Ugandan insurance companies since all of them have significant relationships with the level of the use of ICT in provision of insurance services. Therefore, company employees and owners should be embracing those three variables since they all can influence on the adoption and Use of ICT in provision of insurance services among insurance companies in Uganda. With this they will be able to increase on the adoption and the use of ICT in provision of insurance services among insurance companies in Uganda. This can be through;

1. Insurance companies need to bring in more agile innovations (ICT ideas that are geared towards bringing in new services and products) to support the existing ICT usage.
2. Insurance companies need to invest more in advanced ICT like new innovations, hybrid information systems, ICT systems security, mobile applications, better ICT infrastructures (networks, firmware,

hardware, software, etc).

Areas for Further Research

Following the findings from this research study, the researcher proposed the following as areas for further research: -

i. Future research may want to use a qualitative case-based approach that uses in-depth interviews to solicit unstructured views about the Use of ICT in the insurance industry in Uganda.

ii. Alternative approaches to construct measurement. Although the researcher's constructs performed well, it is certainly possible that better (or at least different) measures could be constructed for several of the constructs.

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4. **Abstract:** A concise abstract of maximum 150 words is required. The abstract should adequately highlight the key aspects or state the objectives, methodology and the results/major conclusions of analysis. The abstract should include only text.

5. **Keywords:** Immediately after the abstract, provide around 3-6 keywords or phrases.

6. **Tables and Figures:** Diagrams, Tables and Charts cited in the text must be serially numbered and source of the same should be mentioned clearly wherever necessary. All such tables and figures should be titled accurately and all titles should be placed on the top after the number. Example: Table 1: Growth Rate of Insurance Premium in India (1997-2010).

7. **References:** all the referred material (including those from authors own publication) in the text must be appropriately cited. All references must be listed in alphabetical order and sorted chronologically and must be placed at the end of the manuscript. The authors are advised to follow American Psychological Association (APA) style in referencing.

   Reference to a Book: Author. (Year). *Title of book*. Location: Publisher.

   Example: Rogers, C. R. (1961). *On becoming a person*. Boston: Houghton Mifflin.

   Reference to a Journal Publication: Author(s). (Year). Title of the article/ paper. *Journal name*, volume (issue), page number(s).

   Example: Smith, L. V. (2000). Referencing articles in *APA format*. *APA Format Weekly, 34(1)*, 4-10.

   Reference to a Web Source: Author. (Date published if available; n.d.--no date-- if not). Title of article. *Title of web site*. Retrieved date. From URL.

   Example: Landsberger, J. (n.d.). Citing Websites. In *Study Guides and Strategies*. Retrieved May 13, 2005, from http://www.studygs.net/ citation.htm.

8. Usage of abbreviations in the text should be avoided as far as possible and if used should be appropriately expanded.

9. The papers and articles submitted must be original work and it should not have been published or submitted for publication elsewhere. The author(s) are required to submit a declaration to this extent in the format specified in Appendix 1, while submitting their articles.

10. All the submissions would be first evaluated by the editor and then by the editorial Committee. Editorial committee may require the author to revise the manuscript as per the guidelines and policy of the Journal. The final draft is subject to editorial changes to suit the journals requirements. Editorial Committee also reserves its right to refer the article for review/ delete objectionable content/ edit without changing the main idea/ make language corrections/ not to publish/ publish with caveats as per its discretion. The Author would be duly communicated with such decisions.
11. Contribution(s) should reach the designated email address at III on or before 30th November (January issue), 28th February (April issue), 31st May (July issue) and 31st August (October issue).
12. Please send your manuscripts to

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    Electronically Mail to <journal@iii.org.in> with subject line as "Contribution for "The Journal" – January/April/July/October (Mention Year) issue.
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1. The book review should be of a book published in recent years (current year or previous year).
2. The review should not be more than 2000 words; word limit can be more/less depending on the scope of the book.
3. The reviewer should clearly mention the details of the book reviewed such as Title, Author(s) name, publishers detail, year of publication, place of publication, number of pages and listed price as mentioned on the cover page of the book. If the ISBN number is provided, it should be specified. Beside the above, the components of the book review should be brief summary of the intended objective/ purpose, description of the approach, logical and objective evaluation.
4. The references should be kept to the minimum or completely avoided in a book review.
5. Avoid replicating tables and figures from the book, or directly quoting from the book.
6. The review should not be just a summary of the book, but it should bring out the essence of the book and focus on the objective, theme, scope of coverage, etc. The book review should put forward an objective and fair opinion about the significance, strengths and weaknesses. The review should be about the books contribution to the subject rather than what the reviewer feels about the book.
7. The reviewer should try to make the review insightful and informative.

Specific Guidelines for Case Studies:

1. Cases usually describe complex issues and readers are forced to take optimum decisions/action in a dilemmatic situation. Cases are meant to create challenges of decision making in the mind of readers regarding conflicting situations, insufficient information, dynamic environment and the like.
2. The authors of the case studies can take organization specific or industry specific issues and present the facts of the case in a logical way.
3. The case study should be well documented and well researched and must be realistic in its context and relevance.
4. Sufficient data (primary or secondary) should be incorporated within a case study for discussion and generating alternative solutions and identifying the best possible alternative. Prior approval for disclosure of information (company specific) must be taken by the author wherever applicable.
5. The issues that are raised in the case should be focused and must be effectively presented without any ambiguity or contradictions.
6. All the referenced material should be adequately and accurately cited at the end of the case.
7. Discussion questions can be provided at the end of case (optional).

Appendix I

Declaration by the Authors

I/We (Full Name of the Author(s))……

……, hereby declare that I/We are the author(s) of the paper titled

"……"

(Title of the paper), which is our original work and not the intellectual property of any one else. I/we further declare that this paper has been submitted only to the Journal of the Insurance Institute of India and that it has not been previously published nor submitted for publication elsewhere. I/we have duly acknowledged and referenced all the sources used for this paper. I/we further authorize the editors to make necessary changes in this paper to make it suitable for publication.

I/we undertake to accept full responsibility for any misstatement regarding ownership of this article.

……	……
(Signature Author I)	**(Signature Author II)**
Name:	**Name:**

Date:

Place:

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
Training Programs at Mumbai							
April 2020							
1	CP	C1	Compliance Governance and Risk Management in Insurance	7-9 Apr., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Exclusive Program for those registered for the Compliance Governance and Risk Management Course
2	CP	C2	Regulatory Compliance for Insurance Brokers	16-17 Apr., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Compliance Officers, Principal Officers and Senior Management of Broking Companies
3	CP	C3	Certified Insurance Anti Fraud Professional	22-24 Apr., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Exclusive program for those registered for 'Certified Insurance Anti-Fraud Professional' Course
4	CP	C4	Insurance Marketing for Corporate Agents	22-23 Apr., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Specified Persons of Corporate Agents dealing with Insurance Marketing
May 2020							
5	CP	B1	Programme for Principal Officers	4-5 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Principal Officers and SPs of Corporate Agents including Banks
6	CP	L1	Life Insurance Underwriting Challenges	11-12 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Underwriting Managers and Executives with Life Insurance Companies
7	CP	G1	Marine Cargo Claims and Fraud Control	13-14 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, Surveyors, Investigators and Insureds/Port authorities/ shipping lines
8	CP	G2	Motor Insurance Claims and Fraud control	13-14 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Professionals from Motor, Audit, Fraud Control in Insurance Companies, Brokers, Surveyors and Investigators

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
9	CP	C5	Program for Women Executives	14-15 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Women Professionals in Insurance Companies
10	CP	G3	Medical Management and Fraud Control	18-20 May, 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Executives working in the claims departments of Health Insurers/EB lines of Brokers and TPAs. Officials working in Government Health schemes
11	IP	C6	Regulatory Drawing Board - A Comprehensive Program for Insurance Regulators	18-22 May, 2020	$ 500	_	For Insurance Regulators and Self Regulatory bodies from all countries
June 2020							
12	CP	G4	Engineering Project Claims	1-2 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Officials having Insurance knowledge/ Brokers/ Surveyors/ Customers having awareness about Project Insurance
13	CP	C7	Happy Retirement	10-11 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Retiring Executives of Insurance Companies
14	CP	L2	Life Insurance Claims Management	15-16 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives Working at Middle Management levels in Life Insurance Companies
15	CP	G5	CGL and Non - Financial Liabilities	22-23 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives dealing with Liability Insurance in Insurance Companies/Brokers/Legal firms
16	IP	G6	Reinsurance Management	22-27 Jun., 2020	$ 600	_	International Participants-Executives working in General Insurance Companies in Reinsurance, Underwriting and claims
17	CP	G7	Cattle and other forms of Rural Insurance	29-30 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Professionals in Insurance Companies, Brokers / Surveyors having 2 years exposure to Agriculture Insurance
July 2020							
18	CP	L3	Strategies for Marketing Heads : Life	1-2 Jul., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Branch Managers / Marketing Unit Heads with 2-3 years' experience

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
19	CP	B2	Bancassurance	6-7 Jul., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Managers / Executives dealing with Bancassurance in Banks
20	CP	G8	Fire Insurance Claims and Fraud Control	13-14 Jul., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Middle Level Executives of General Insurance Companies
21	IP	G9	Excellence in Insurance Technical - Non Life	27 Jul., - 7 Aug., 2020	$ 1200	_	International Participants - Mid/Junior Executives working in General Insurance Companies and Brokers
August 2020							
22	CP	G10	Crop Insurance	3-4 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives looking after Rural and Microinsurance in General Insurance Companies, Brokers, Communities, Reinsurers and Banks
23	CP	L4	Finance and Accounts for Non Finance Executives - Life	5-6 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives working at Senior and Middle Management levels in Non Finance departments in Life Insurance
24	CP	C8	Customer Relationship Management	10-11 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Insurance Executive and intermediaries
25	CP	G11	Cyber Liability Insurance	11-12 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Practitioners from Insurance Companies, Brokers, Information Technology Industry and related areas and the insured
26	CP	G12	Special Purpose Policies	13-14 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Insurance officials looking after special purpose Policies/ Miscellaneous policies in Insurance Companies, Brokers, Surveyors
27	CP	G13	International Classification of Diseases and Health Insurance (ICD 10)	17-21 Aug., 2020	₹ 25000 + G.S.T.	₹ 18000 + G.S.T.	Officials of Insurance Companies, TPAs, Brokers
28	CP	G14	International Classification of Diseases and Health Insurance (ICD 10)	19-21 Aug., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Medical Doctors

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
September 2020							
29	CP	G15	Fire Insurance Underwriting	7-8 Sep., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from the Underwriting Department of Insurance Companies
30	CP	G16	ERM for Insurance and the role of CROs	10-11 Sep., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Chief Risk Officers, Risk Managers and those handling similar functions in the Insurance Industry
31	CP	G17	Reinsurance Cedant Empowerment Program	14-18 Sep., 2020	₹ 25000 + G.S.T.	₹ 18000 + G.S.T.	Exclusive program for business partners of GIC Re
32	CP	C9	Personal Financial Planning	21-22 Sep., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives of Insurance Companies and financial institutions
October 2020							
33	IP	L5	Excellence in Life Insurance	5-10 Oct., 2020	$ 600	_	Senior/ Middle level Executives working in Life Insurance Companies abroad
34	CP	G18	Comprehensive Port Package Policies	6-7 Oct., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Officials handling Port Policies in Insurance Companies/ Brokers/ Surveyors and various Port Authorities in India and abroad
35	CP	G19	Reinsurance Treaty	12-14 Oct., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Participants presently working in designing or placing treaties with Reinsurance Companies or RI Brokers
36	CP	C10	Program for Young Leaders	12-14 Oct., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Young Managers / Executives keen to acquire leadership qualities from both General and Life Insurance Companies and intermediaries
November 2020							
37	CP	L6	Strategies for Marketing Heads : Life	2-3 Nov., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Branch Managers / Marketing Unit Heads with 2-3 years' experience

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
38	CP	G20	Motor Insurance Workshop	3-5 Nov., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Executives from Insurance Companies, Broking firms/ Surveyors/ Motor dealers dealing with Motor OD and TP Insurance
39	CP	C11	Compliance Governance and Risk Management in Insurance	23-25 Nov., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Exclusive Program for those registered for the Compliance Governance and Risk Management Course
40	CP	G21	Engineering Projects Insurance	23-25 Nov., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Middle Level Executives from the Underwriting Department of Insurance Companies Brokers / Customers
41	CP	L7	Insurance Regulations - Life	26-27 Nov., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Officers in Senior Level and Middle Management in Life Insurance Companies
December 2020							
42	CP	G22	Liability Insurance - Financial Lines	1-2 Dec., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives of Insurance Companies, Brokers, Surveyors, Customers
43	CP	B3	Programme for Principal Officers	3-4 Dec., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Principal officers of Corporate Agents including Banks
44	CP	G23	Emerging trends in Motor Insurance Claims	4 Dec., 2020	₹ 5000 + G.S.T.	₹ 3600 + G.S.T.	Professional working in Insurance companies/ Brokers/Surveyors/Claims and Fraud depts./Motor dealers/Vehicle manufactures
45	CP	C12	Happy Retirement	7-8 Dec., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Retiring Executives of Insurance Companies
46	CP	G24	Health Insurance	8-10 Dec., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Middle Level Executives of Third Party Administrators, Insurance Companies, Broking Firms and Hospitals
47	CP	C13	Certified Insurance Anti Fraud Professional	15-17 Dec., 2020	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Exclusive program for those registered for 'Certified Insurance Anti-Fraud Professional' Course

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
January 2021							
48	CP	G25	Marine Cargo Insurance	11-13 Jan., 2021	₹ 15000 + G.S.T.	₹ 10800 + G.S.T.	Executives dealing with Marine Cargo in Insurance Companies, Brokers and Surveyors and Insureds
49	IP	G26	Excellence in Insurance Technical - Non Life	11-22 Jan., 2021	$ 1200	_	International Participants - Mid/ Junior level Executives working in General Insurance Companies and Brokers
50	CP	L8	Finance and Accounts for Non Finance Executives - Life	18-19 Jan., 2021	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives working at Senior and Middle Management levels in Non Finance departments of Life Insurance Companies
February 2021							
51	IP	L9	Excellence in Insurance - Technical - Life	8-19 Feb., 2021	$ 1200	_	Senior and Middle level Executives of the International Life Insurance Industry
52	CP	G27	Reinsurance Cedant Empowerment Program	15-19 Feb., 2021	₹ 25000 + G.S.T.	₹ 18000 + G.S.T.	Exclusive program for business partners of GIC Re
Training Programs at Kolkata							
April 2020							
1	CP	G1	Management of Fire Insurance (Material Damage and LOP)	27-28 Apr., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMFs, Surveyors and Customers
May 2020							
2	CP	G2	Developing Managerial Skills for Insurance Officials	18-19 May, 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Officials of Insurance Companies including Branch/Divisional-Incharges/ Marketing Department
June 2020							
3	CP	G3	Miscellaneous Insurance, Focus on Jewellers', Bankers', Money and Event Insurance; looking beyond traditional products	01-02 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMFs, Surveyors and Customers

SR NO	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
4	CP	G4	Capacity Building in One Man offices	22-23 Jun., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Officials from One Man offices of Insurance Companies
July 2020							
5	CP	G5	Empowering Women Executives	13-14 Jul., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Women Executives from Insurance Companies, other Government and PSU Companies
August 2020							
6	CP	G6	Management of Engineering Insurance- Focus on Project and Machinery Insurance including Business Interruption	03-04 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMF, Surveyors and Customers
7	CP	G7	Managing Grievances, RTI, Consumer and Ombudsman Cases	24-25 Aug., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies
September 2020							
8	CP	G8	Liability Insurance, focus: Statutory and financial lines	07-08 Sep., 2020	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMFs, Surveyors and Customers
November 2020							
9	CP	G9	Managing Motor TP claims and Frauds	12-13 Oct., 2020	₹10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, Surveyors, Investigators dealing with Motor TP claims
December 2020							
10	CP	G10	Managing Marine Cargo Underwriting and Claim	14-15 Dec., 2020	₹10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers ,IMF, Surveyors and Customers
January 2021							
11	CP	G11	Aviation Insurance	11-12 Jan., 2021	₹ 10000 + G.S.T.	₹ 7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMFs and Customers
February 2021							
12	CP	G12	Motor Own Damage Claims workshop	15-16 Feb., 2021	₹10000 + G.S.T.	₹7200 + G.S.T.	Executives from Insurance Companies, Brokers, IMFs, Surveyors dealing with Motor OD claims

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GST	18% GST ON ANNUAL FEE	18% GST ON ANNUAL FEE	18% GST ON ANNUAL FEE
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NO. OF BOOKS PER LOGIN	5	5	5
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