

JIMMA UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT

A RESEARCH PAPER SUBMITTED ON THE
COURSE RESEARCH IN MANAGEMENT.

BY

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FACTS ABOUT INSURANCE SERVICE AND ASSESSMENT ON
PUBLIC SELF-INITIATIVENESS TOWARDS INSURANCE COVER.
(Study Site: JIMMA TOWN)

SUBMITTED TO

DEPARTMENT OF MANAGEMENT

*Jimma University
Library Periodical*

May, 2002.
JIMMA , ETHIOPIA

NOTE

IN THE STUDY THE FOLLOWING TERMS SHOULD BE UNDERSTOOD AS STATED BELOW.

- . **Indemnity**- Refers to a compensation to the victim of a loss, in whole or in part, by payment , repair or replacement.

- . **PREMIUM** – Refers to the consideration paid in money for a contract of insurance.

- . **PRINCIPAL** -Refers to the bonded party in the purchase of surety bond who agrees to perform certain acts or fulfill certain obligations.

- **REINSURANCE** _ IS In agreement between two or more parties, the reinsured and reinsures where by the latter agree to accept a certain fixed share of the insured's risk up on terms as set out in the reinsurances agreement.

- **UNDERWRITING** - Is the process of an insurer uses to select and classify its loss exposures for which it is willing to provide insurance coverage.

ABBREVIATION :

NISCO : NYALA INSURANCE SHARE COMPANY

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ABSTRACT

The study was conducted in February 2002 to assess initativeness of Jimma town residents and their participation towards insurance cover.

Three hundered eleven clients who have property cover from insurance company were interviewed using interview type of questionnaire about their practices towards purchasing insurance policy .Besides client records of NISCO Jimma branch's were used for the assesement of the study.

Data was collected by four business students who are helped by two assistant , then complied and analyses.

Among the interviewed clients more than half (59.5%) were business person. And more number of respondent are in the age group of 31-40 (38.9%). Male respondent constitutes (76.2%) and female were (23.8%). The response rate of clients who purchase insurance cover for protecting against risk or loss which contains only a low portion (8%) and installing protection device comprises of (47.3%) . Most contract made with insurance companies is as a result of bank request (59.8%) and self imitativeness towards purchasing insurance policy amounts (27%) . Almost the majority of respondent replied that religion has not an impact towards purchasing insurance cover(96.5%).

In conclusion, the study, detected that public self initativeness towards purchasing insurance policy is minimal. It also detected that insurance companies not played a significant role increating public awareness activities which contributes for the less knowledge of public towards this sector.

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ACKNOWLEDGEMENT

My deep appreciation goes to my advisor Ato Admasu Nadew for his advice and correction from the very beginning of proposal development to the write up of this final article.

Next, I would like to thank all staff members of NISCO'S Jimma branch for their advice and professional help. I also appreciate Gebru Tsehaneh for his suggestion and comment.

My appreciation also goes to W/o Adanech Mekonene for typing this paper.

Lastly, I am very grateful to the management department of the university and student research program (SRP) office, for arranging this research work.

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CHAPTER –ONE- INTRODUCTION

1.1. Background of the Study

Insurance is a major component of the financial sector. It is a risk transfer mechanism, where by a proposer (the insured) transfer some of uncertainties of life and property to an insurance company (insurers) in a consideration for a payment of in a specific amount of money, a premium and this makes insurance a prime importance in modern economies . It enables different sectors as well as individuals to reduce and better manage the uncertainty of the future (Williams and Heins, 1981).

The age old Ethiopia saying “ Fifty lemons are burden to an individual but adornment to fifty persons” can clearly describes the essence of risk distribution and loss sharing in insurance. What it seems impossible to an individuals lightens very much distributed to a group . That is the way in which insurance mechanism basically operates. From the view point of society, insurance is an economic device for reducing and minimization of risk through the process of combining a sufficient number of homogenous exposures in to a group in order to make the losses predictable for a group as a whole (Birritu, No 77 PP 16 , 2000).

The basic feature of insurance contract is the insured buys a future promise of payment contingent up on the occurrence of insurers and are invested to produce additional returns. Additional income obtained from investment enables insurers to charge lower premiums there by improving their competitive edge. This enables the service relies not only in risk managrment but also in investment returns.

As a result, insurance business plays a beneficial role in a country's development in two ways.

Its primary function is to provide protection against accidental loss for every insurable economic event. When doing this insurance companies play a beneficial and encouraging social responsibility and involve themselves in loss prevention methodologies. Secondly, huge funds are available under the hands of insurers. These funds can be channeled towards capital investment and the return from these investments will help the insurer in building up its capacity. As a result, growth will follow and hence the economic development can be achieved (Redja, 1991).

Although one can not deny the fact that, now a days, more and more enterprises and individuals are making some progress in the development of a professional approach of insurance buying a lot has to be done to make many individuals and enterprises in this country conscious about the risks they exposed to and the benefit they get from insurance coverage. Through education and supply of relevant information the insurance industry can gain the confidence of the public to cooperate with it to preserve the national assets by way of an insurance contract. Essentially, the insurance product is a promise of future performance. The individual seldom knows if the product he or she has purchased is adequate until a loss occurs, rather inconvenient to find that it is inadequate. To many people in this country the benefit of insurance will only become apparent when trouble does. One major feature that should be stressed here is the service and advice an individual client gets from his insurance. Basically, these consist of advising the client regarding the proper types of insurance needed, making a constant check on the coverage in effect, and providing prompt and fair settlement of loss (Birritu, No 77 PP 23, 2000)

Increasing the number of investment holding by itself will not necessarily reduce risk. But people think that accumulation of funds as a remedy for risk. It is true that mostly property owners does not purchase fire insurance policy unless it was required for mortgages. Personal property in this country is almost uninsured (Birritu , No 77 PP 21, 2000).

1.2. STATEMENT OF THE PROBLEM

It is true that mostly property owners does not purchase fire insurance policy unless it was required for mortgages. One of the reasons why the large portion of the insurance buying public is not buying insurance may be lack of knowledge about the risk exposure and lack of confidence.

Many persons consider an insurance contract to be a waste of money unless a loss occurs and indemnity is received. Some even feel that if they have not had a loss during the policy term, their premium is wasted. Both view points emerge from incomprehension of the value of security obtained.

The three mistakes that people make as far as insurance is concerned here to be emphasized. The first mistake is, of course, not buying insurance cover at all to protect ones own property, potential liability, and their beloved ones by way of life insurance. Obviously, if one does not protect himself by buying insurance all his possessions accumulated for life will be lost instantly both by insurable and non insurable risks.

On the other perspective if one fails to insure his potential liabilities what he losses is also his wealth as he has to compensate the victim affected by his wrong or negligent acts from his own pocket. The second mistake people make arises when they don't buy adequate with the intension of reducing the premiums they pay or due to lack of awareness they don't buy adequate insurance cover to protect their potential liabilities.

In this sense perhaps with the intension of reducing the premiums they pay or due to lack of awareness they don't get the full insurance protection they need. The third mistake is buying insurance more than required. If so, one pays premiums un necessarily for the unnecessary portion of the cover than needed. (Birritu, No 77 PP 17-23 , 2000)

1.3. SIGNIFICANCE OF THE STUDY

Developing sound financial markets which are one of the pillars of modern society requires the establishment of public confidence in the institutions that constitute the financial sector. Confidence can be maintained when these institutions deliver service as promised.

Hence, the rationale for doing this research is to stimulate public and industry members (insurers) in turn to enhance the awareness and self-initiativeness of public to buy the necessary and adequate insurance coverage.

1.4. OBJECTIVE OF THE STUDY

The general objective of the study is to numerate the facts about insurance service as well as to investigate self-initiativeness of the public towards insurance coverage.

* Specific objective are:

- To assess trust, attitude and knowledge of public towards insurance coverage.
- To assess motivation of the public towards insurance coverage.
- To assess the role of insurance company in creating public awareness about insurance service.
- To reduce misconception of the public towards insurance coverage.
- To Stimulate public towards insurance coverage.

1.5. Sources of Data And Methodology

The study which was designed to assess self initativeness of public towards insurance cover was conducted from February 20 to 26, 2002. The study was conducted by collecting client records of NISCO's Jimma branch and collecting information directly from insurance users who lived in Jimma town.

Convinent sampling technique was used, which comprised of residents in the town with different occupation stratum and age groups untill 311 samples were obtained in the specific time interval.

Observation at the work place of NISCO Jimma branch was used as a measurement for assessing public action in making a contract with the company i.e to determine whether property gets a cover because it was required for mortgages or by their own initativeness.

Questionaire was used and the collected data includes information like mode of entering contract with insurance, meanse of protecting ones property against risk (looss), type of over purchased, evaluation of insurance companies by insured, what is his/her problem in not having acover by his initativeness. Besides interview was conducted with executive officer of NISCO's Jimma branch to collect information on meanse that public property gets a cover from the purpose of good communication and better data collection, data collectors were selected. Four investigator were employed and appropriate orientation given about data collection activity . In addition, two assistant was employed for the better conduct of the activity who knows well about the individual address who have insurance cover. The principal investigator was closely supervising the data collection activity.

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1.6. LIMITATION OF THE STUDY

1. There is no adequate reviews concerning insurance services.
2. The study population may not be representative of the target group.
3. Limited availability of time to conduct the study.
4. The short study period may affect the result.
5. The scope of the study entails mainly those of property coverage, while it is not focused on life insurance coverage since life insurance is not accustomed by majority of individual.

CHAPTEER TWO – LITRATURE REVIEW

Insurance is a complicated and intricate mechanism and consequently difficult to be easily understood by the public at large. On the basis of its function, insurance can be defined as an economic device where by the individual substitutes a small cartain cost (premium) for large uncertainty financial loss. The primary function of insurance is the creation of counterpart of risk, which is security.

Now coming to the issue of insurance coverages, with particular reference to the loss/ damage of property during the recent riot and momb rampage in the streets of the city of Addis Ababa, some part of insurance policies are examined to inform the public on their effects. Thus, the discussion as to the adequancy of coverage will focus on what type of risks or perils these policies are designed, i.e the subject matter insured by these policies, what they cover; what they don't cover; and their over all significance to the lossess/damages done by rioters and mob rampage in the city of Addis Ababa.

Fire insurance policy, two types of fire insurance policy are available in this market. The first type is the policy that covers what is known as the standard risk only. Obviously, the standard fire policy is narrow and limited in its scope as property can be damaged in other ways. It does not cover loss resulting directly or indirectly from other risk such as riot, strikes, malicious damage, earth quake, food, storm inundation , bursting or overflowing of water tanks, impact damage of vehicles or animal and so on and so forth. All these extra peeils known as special peril are excluded from the standard fire policy. Such perils are usually ignored by the public where as they are seen destroying properties from time to time. The subject matter insured under a fire policy comprises buildings, officies, hospital, warehouses, factories, etc; contents other than stock such as machinery, equipment , etc.

The second type of fire policy is in away a comprehensive one. This type of fire insurance policy covers the standard risk, i.e fire , lightening and explosion plus all those insurable risks mentioned above such as riots, strikes , malicious damage, etc. To get cover for the special risks the insured will have to pay an additional premium. The additional premium is a small percentage over and above the standard cover. However, most policies that are sold to clients are standard fire policies. Although most clients are advised to by the widest cover by paying alittle more extra premium they decline . They ignore the advice wrongly thinking that those additional perils suggested are too remote and for the they donot want to incur additional expense unnecessarily. The risks of riot, malicious damage, earth quake and the like should not be considered as remote perils. The riot and malicious damage losses that we have experienced in Addis Ababa afew months ago are good examples that every prudent person should seek protection against. A huge amount of loss resulted with in a matter of hours as the rioters and the mob were in control of some of the streets of the city. Earth quake too is considered to be remote by most dwellers in Addis Ababa. A surprising story of similar nature that writer remembers is when a factory located at the bank of the awash river was advised to included flood risk in its fire policy.Considering the risk of flood as remote the management of the company declined to include that risk for a small additional premium . When the Awash river over flow a few years ago the factory had to incur a huge amount of uninsured loos. Had that risk been included the factory could have recovered the loss from its insurer.

Burglary and house breaking is another risk to which property especially easily portable and variable stock, is exposed. Times of general economic difficulty can often mean a proliferation of this type of criminal offense causing loss to businesses and individuals and the burglary policy provides cover against such losses. Theft/ Burglary policy designed for business premises and covers the contents of officies, shops, warehouses etc. against loss or damage by theft following visible and forcible entry or exit into or out of the premises. The other section of this policy designed for private residences and the policy covers contents of private dewelling houses.

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In purchasing motor insurance, the automobile is probably the most widely owned major asset in Ethiopia. It is by far the largest class of business. It is also one of the chief sources of economic loss. At present in Ethiopia, the scope of cover of motor insurance depending on the wish of the insured. Third party covers the insureds liability in respect of death or bodily injury caused to third parties or damage caused to third party property through the use of a vehicle, third party plus fire and theft policy covers the risk of third party in addition it incorporates the damage caused by fire and theft, lastly comprehensive motor policy includes cover as a result of collision and overturning in addition to the above two.

The cost of repairing the buildings and shops that were damaged by the recent rioting and rampaging would have been recovered if the owners or the tenants, in the case of rented houses as agents of the owners, had fire insurance cover with special peril extension.

Similarly the shop or warehouse contents that were damaged, destroyed or looted in connection with rioters or mob action would have been also recovered by the merchants had they insured their shop or warehouse contents against fire with the special perils extension.

One of the reasons why the large portion of the insurance buying public is not buying insurance may be on the one hand, lack of knowledge about the risk exposure and on the other, lack of confidence. Through education and supply of relevant information the insurance industry can gain the confidence of the public to cooperate with it to preserve the national assets by way of an insurance contract (Birritu, 2000 no 77)

The kind of insurance provided by insurers reached only a very insignificant proportion of the population. The modern insurance scheme has a lot of limitations to extend to rural and urban residents who do not have fixed and regular incomes. The premium charged by the modern insurance system is expensive and unaffordable to most Ethiopians, particularly to households that don't have fixed regular incomes. The insurance companies are also located in limited geographical areas. For all these reasons public tries to inject the idea of insurance into one of the indigenous institutions with closer objectives. 'EDIR' is the local social organization with responsibility for financing funeral costs when death occurs in a family. Neighboring households monthly contribute small sums of money (Br 1.00-5.00) through a committee elected from the elders of the community. (source: Ethiopia social sector study report, 1996 by World Bank)

CHAPTER – THREE- PUBLIC INITATIVENESS TOWARDS INSURANCE COVERAGE

3.1. Socio demographic distribution

A total of three hundred eleven respondent who live in Jimma town are included in the study. The format includes information like their occupational stratum, age group, and the role of religion; custom and culture in purchasing insurance cover are determined.

Table 1. Frequency distribution of sociodemographic characteristics of insurance policy holder in Jimma town.

Variables	Characteristics	Amount	
		Number	Percentage
Age group in year	20-30	32	10.3
	31-40	121	38.9
	41-50	106	34.1
	51-60	33	10.6
	> 60	19	6.1
Occupation	Business person	185	59.5
	skilled worker	73	23.5
	professionals	53	17
Sex	Male	237	76.2
	Female	74	23.8
The role of religion , custom and culture towards purchasing protection cover	Protect	11	3.5
	Does not protect	300	96.5

Source : Compiled by the author

Among the interviewed respondent who have insurance cover for their property whether by their requirement or bank request which presents in the above table that depicts more number of policy holder were found with in the age group of 31-40 (38.9%) and number of policy holder who are found age group of greater than 60 years old comprises of 19(6.1%) . Majority of property cover holder are male they are more than three fourth of respondent which is 237(76.2%) and the rest are female their number is nearly one third of the respondent 74(23.8%).

The collected data also shows most insurance policies are purchased by those of business person who are participating in different activities like trading and service which comprises of taxi owners, textile and shoe business person, Hotel and Bar owners which is 185(59.5%), skilled workers who are participate in activities of Garage works, wood and metal works comprises of 73(23.5%) and professional persons also participate in the protection schemes 53(17%).

There handed (96.5%) of respondent reply that their religion custom and culture have not an impact on purchasing the necessary and adequate protection cover for their property. Which strengthen the idea that beliefs, custom and culture have not a negative contribution for the minimal participation of the public towards insurance schemes . Rather it signifies it is up on the public it self and the industry member for inadequate or minimal self intativeness of the public towards the sector rest up on.

3.2. Public action towards protection cover

This part states activity undertaken by policy holder towards insurance activity . It examines attitude and trust of public towards insurance coverage. As observation indicates at the work place of NISCO; majority of client come to the office because of bank request either for entering a contract or when their contract period is concluded to close up the contract or to renew it.

People or client who come to the insurance company to have a cover by their imitativeness is almost nill . Rather majority of policy are sold either by bank request or due to the effort of sales person who are employed by the company to persuade those of potential client inturn they paid according to the number of policy sold by his/her effort on commession basis.

As the colleted secondary data from NISCO Jimma branch depiets 1173 out of 1331 client which constitutes of 88.13% have a cover of insurance for their property because they required by bank for mortgages and the rest 158(11.87%) protection cover are due to self requirement .

Table 2. Distribution which shows how property gets a cover : NISCO's Jimma branch

Type of cover	Bank request	Self insured
Fire and lightening	997	52
Motor cover	123	64
Burglary and house breaking	16	27
Work men compensation	37	15
Total	1173	158
percentage	88.13	11.87

Sources: NISCO's client registration book (Jimma branch)

The above table shows that public is less devoted towards this risk and loss minimization schemes i.e. insurance which has more financial restoring function than any of risk adverting mechanisms.

Table 3. Frequency distribution which shows mode of protecting ones property against risk/loss, mode of contract formation with insurance co. and type of cover purchased by insured.

Variables	Characteristics	Amount	
		Number	Percentage
How property Protected Against Risk or loss	-purchasing insurance cover.	25	8
	- accumulating sum of money	139	44.7
	- installing protection device	147	47.3
How a contract is made with insurance company	-Bank request	186	59.8
	-family /friend action	39	12.5
	-Sales person of insurances	-	-
	-Self requirement	86	27.7
type of cover purchased	-fire and lightening	140	45
	-Burglary & house breaking	64	20.6
	- motor cover	107	34.4

Sources: complied by the author.

Regarding data collected using questionnaire as shown above property are protected against risk/loss installing protection devices like employing watch man , building fences comprised of 147(47.3%) followed by accumulating alump sum of money in a pocket 139(44.7%) while purchasing insurance cover constitute only 8%. In addition the result also shows that most contract which is made with insurance company for protection cover of property is come from bank request which holds 59.8% while contract made by self requirement comprises of 27.7%.

210
35

245

Besides the result also indicates that fire and lightening constitute the largest protection cover purchased by the respondent which is 45%, followed by motor cover which is 34.4% and Burglary and house breaking policy purchaser constitutes 20.6%.

Among respondents 158 (50.8%) said that they will close up their contract at the end of the contract time and the rest 153 (42.2%) replied that they will continue their contract. They set as a reason for continuing the contract was because the amount of money borrowed from bank was not fully return back and their property has been handled as mortgages. In other hand only small number of property cover holder replied that they decide for continuing the contract with the insurance company because they recognize the value of insurance.

From the part of information obtained to assess knowledge of respondent towards coverage, more number of response obtained shows & that public lack enough and adequate understanding of insurance operations.

Unawareness of the public towards this sector is expressed by overseeing the response obtained from the interview questionnaire i.e public actions made to protect their property is mainly by using their own devices like accumulating a lump sum of money in their pocket, which is unsafe and have great risk . From the collected data more than half (59.8%) of property coverage is esteem as a result of bank request. While coverage purchased by self initativeness is too small when comparing with the value of the sector provided in risk and loss minimization role. This in turn due to lack of knowledge about the benefit and use insurance service.

Concerning public evaluation of insurance company about the value provided by the sector the response indicates public broadly understand the value and function provided by this sector when risk or loss occurs constitutes 48%, since insurance can replace or indemnify the loss or damage of property .Surprisingly, client ignore the value of insurance in worry and uncertainty reduction. Which constitutes only (39.5%) this inturn have a contribution for less

or minimal participation and self initativeness of the public in purchasing appropriate and adequate insurance cover.

Earlier study done in insurance at country level, in 1988 show that the sector insurance is not sufficiently developed in Ethiopia . And as stated by stastical office, the rate of coverage is nearly 0.03%. This rate is low when compared with other countries. The principal reason given for this includes lack of affordability and lack of awareness on the part of consumers (Ethiopia social sector report, 1996).

This study also enlined with the earlier study made in insurance sector at a country level. Since response revealed that lack of awareness and affordability system of insurance service as the possible set back for individuals not participate actively in insurance schemes.

Generally, the undertaking of this study have provided preliminary useful information that will stimulate publics towards insurance coverage by reducing misconception of the public towards insurance coverage and by improving public self initativeness towards insurance service.

CHAPTER FOUR - MAJOR OPERATIONAL CONSTRAINTS AND PROBLEMES IN INSURANCE COVERAGE

4.1. On insured perspective

Insured faces problem is selecting and purchasing the necessary, appropriate and adequate coverage. Since there may not be enough money to insure all possible loss, Insured must be selective in choosing appropriate and adequate type of cover.

Before the proclamation no 86/1994 which allows the participation of indigenous privately owned insurance company in to the market, insurance market is monopolize by government . At that time bureaucracy was intensively practiced and there exist problem to get prudent service. As a result nowadays, people fear of there may exist a malpractice in insurance sector. In the mean time, public participation and self initativeness towards this sector is minimal or low. Hence, instead of insuring property by self requirement public need a form of initator to insure his/ her property.

Besides, public understand the operation of insurance service differently than the intended mission that the service is set up. More number of individuals hopefully expect to attain acertain profit by insuring his/her property. Even outsiders wrongly neglect insuring their property if his/her relative or friend who purchase property cover not recive a compensation when a loss occurs which is not included in the policy purchased. Since insurance contract conveys a compensation for the possible damage or loss which is disclosed, outsiders (exist and potential insured) take it as a reference and decide not to insure his/her property.

4.2. On insurer perspective

The provisions which currently applied by insurance companies which binds the insure and insured in contractual agreement are the exact copy of developed world. These written are not written in local language which create agap in understanding the rights and obligation to be undertaken by both parties so, the industry members should overseen this problem and propose a provision suited to the indigenous residents.

Complaints from public about insurance operation should be treated with great attention .It can be accomplished by establishing compliant handling unit to speed up claim settlement.

The service provided by the sector met only a small part of society. Even urban residents not treated in good manner. Moreover, the premium charge by the modern insurance service unaffordable to most of Ethiopians, particularly to those who do not have fixed regular incomes. Which becomes a constraint for the public to participate actively.

Though the entry of new participants in to the market could induce a more effective working of the mutualization and risk speeding process, It may lead some insurers to turn to unsound practicies(Un economic pricing, cash flow underwriting etc.) to get market shares. But insolvency are more likely to happen. So, regularly aspects should be set by the regulator of the service which will set reserving rules, prudent investment etc.

CHAPTER FIVE CONCLUSIONS AND RECOMMENDATIONS

CONCLUSION

The paper assess the value of insurance service in worry, risk and loss reduction activity and on the other hand, it also contains information about public action towards purchasing insurance coverage.

Insurance cover has a significant advantage in lost prevention methodologies. Since it has huge capital and through its numbers linkage with world wide re-insurers its financial restoring role against the occurrence of risk or loss make the sector the one to rely up on it.

In contrary as result obtained from both client record of the insurance company and the collected data shows, public self initativeness towards insurance cover for protecting their property is at minimal. Most cover is the result of bank request which is required by the bank to present a mortgage which has insurance cover.

Public has no enough understanding about the part played by insurance service. Even those who have insurance coverage for their property understand the function and activity of the sector differently. Most respondent replied that they know well about the importance and value of the sector when some sort of accidents or terrible does otherwise they assume insurance as a waste of money for non occurrence of risk or loss this is because of ignoring worry and uncertainty reduction of insurance service.

Moreover actions, mechanisms or techniques taken by the public in protecting their property from unexpected loss or risk exposure are those of less reliable which can't be a remedy when big loss is occurred. These make the losser dependent up on his family, friends, relatives and at large to society.

Generally, major operations problems in insurance coverage is seen both in insurance company(insurer) and public. Public has no full and adequate knowledge towards protection service provided by insurers and also their trust towards this sector is low these and inaddition with the minimal part played by the industry members in initiating developing public understanding of the service played by insurance business contribute for minimal public self initativeness towards purchasing insurance coverage.

Lastly as the study put “ assessment of public towards insurance cover “ as the main objectives it tries to announce public attitude and trust towards insurance service should be improved, so efforts has to be made both by the public as insured and the company as insurer to inhance active participation of the public towards this service.

RECOMMENDATION

The findings in this study are alarming that effort should be put on to improve active public participation towards risk, loss protecting devices i.e insurance. Misunderstanding of the terms of insurance policy by customers contribute for their minimal involvement . Therefore , insurance companies should continue to improve clarity of terms of insurance policy, assist customers to better understand their rights and prerogative of insurance company by organizing seminoer and work shops for customer which enhance corporate image.

Insurance company should activety play in areas of designing a system of educating the general public about the advantage and value of insurance. A lot has to be done by the industry members to inhance the awareness of public to buy the necessary and adequate insurance coverage. For not doing as much as it is expected of the industry, perhaps the blame could rest on it . The industry ought to teach and make the public aware of the use and essential functions of insurance.

Competing insurers will not only in expanding the market, but also accepting alternative modes of payments since majority of public is out of salary and wage earners.

Developing sound financial market which are one of the pillars of modern society requires the establishment of public confidence in the institutions that constitute the financial sector so insurance company should develop public confidence towards this sector by delivering service as promised inturn which makes the public to participate activety towards this sector.

Agricultural insurance has remained a neglected area of potential market inspite of the role that the sector plays in national economy. Special effort should therefore , be made to introduce agricultural insurance schemes.

In general, relating to the provision of the relevance of insurance in a growing society efforts should be directed towards this sector, media should play positive role. The dissemination of information among urban and semiurban areas could create awareness in the society and the number of interested individuals and clients will increase in the long run.

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ANNEX – I –

CONDENSE TABLE SHOWS RESULT OF COLLECTED DATA

Variables	Characteristics	Number	Percentage
How property Protected Against risk /loss	-purchasing cover	25	8
	- accumulating a sum of money	139	44.7
	- installing devices	147	47.3
How he/she made A contract with Insurance co.	-Bank request	186	59.8
	- Family/ friend action	39	12.5
	- Sales person of insurance co.	-	-
	- Self requirement	86	27.7
Type of cover purchased-	- Fire and lightening	140	45
	- Burglary & house breaking	64	20.6
	- motor cover	107	34.4
Evaluation of the value of insurance	- completely satisfied	7	2.3
	- very satisfied	47	15
	- fairly satisfied	257	82.7
	- unsatisfied	-	-
At the end of the contract the likely decision that would be made	- Cancel	153	49.2
	- Continue	158	50.8
The role of religion custom and culture towards purchasing protection cover	- Protect	11	3.5
	- Does not protect	300	96.5
Have you a good knowledge of insurance cover	- Yes	135	43.4
	- No	176	56.6
How do you evaluate the value of insurance	-By receiving a lump sum of money at the end of the contract	37	11.9
	-In its worry & uncertainty reduction role	123	39.5
	-When risk or loss occurs	151	48.6
What is your idea on "Insurance is a waste of money unless loss occurs and indemnity is received"	-Agree with	113	36.3
	Against	198	63.7

ANNEX- II

Questionnaire

This questionnaire is prepared for studying self initativeness of Jimma town residents regarding insurance cover and accordingly to present a research paper .

(It is filled by data collector)

1. Present Occupation of respondent

- | | |
|--------------------|-----------------|
| A. Business Person | C. Professional |
| B. Skilled worker | D. Farmer |

2. Age _____ Sex _____

3. How did your property being protected against risk/ loss?

- A. By purchasing insurance cover
- B. By accumulating a lump sum in a pocket
- C. By installing protection devices

4. If you have insurance cover for your property, How do you made a contract with insurance company?

- | | |
|----------------------------------|---------------------------|
| A. Bank request | B. Family / friend action |
| C. Sales person of insurance co. | D. self requirement |

5. What type of cover you purchase?

- | | |
|------------------------|--------------------------------|
| A. Fire and lightening | B. Burglary and House breaking |
| C. Motor Cover | D. Other Specify _____ |

6. In your stay during these days, How do you evaluate the value of insurance in worry and uncertainty reduction and in financial stabilization role?

- | | |
|-------------------------|-------------------|
| A. Completely Satisfied | B. very Satisfied |
| C. Fairly Satisfied | D. Unsatisfied |

7. If your property gets a cover through bank request when does its contract ends?

Month _____ year _____

8. At the end of the contract what do you decide for your property cover from insurance?

A. Continue why? _____
 _____.

B. Cancelled why? _____
 _____.

9. What is the role of your religion, custom and culture towards purchasing protection cover? A. Protect B. does not protect

10. What do you say the possible set-back that makes you don't have a cover by your own initiative? _____
 _____.

11. Did you say I have a good Knowledge about insurance cover?

A. yes B. No If yes, state the importance of insurance

12. How do you evaluate the value of insurance cover?

A. By receiving a lump sum of money at the end of the contract

B. In its worry and uncertainty reduction role

C. When a risk / loss occurs

D. Specify if any other _____

13. Some individual think that insurance as a waste of money unless a loss occurs and indemnity is received at the end of the contract period what is your idea?

A. Agree with B. against C. indifferent

14. What do you suggest to broaden the service provided by insurance company in risk minimization and financial Stabilization role to losers and in enhancing public participation towards this sector?

Data Collector Signature _____

Date _____

Feb / 2002



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