SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DETERMINANT FACTORS FOR THE GROWTH OF LIFE INSURANCE GROSS WRITTEN PREMIUM; IN THE CASE OF NILE INSURANCE COMPANY S.C

BY

KALKIDAN TIBEBU

ADVISOR: TAYE AMOGN (DR.)

A THESIS SUBMITTED TO SAINT MARY'S UNIVERSITYIN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION.

JUNE, 2023

ADDIS ABABA, ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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Dean, Graduate Studies   **Signature**

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Advisor   **Signature**

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External Examiner   **Signature**

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Internal Examiner   **Signature**

Statement of certification

This is to certify that Kalkidan Tibebu has completed her research project entitled "**Determinant factors for the growth of life insurance gross written premium; In the case of Nile insurance Company S.c**"successfully.The project, done under my supervision, is the original effect of the candidate and all materials used have been dully acknowledged and it is sufficient for submission for the partial fulfillment for the award of master's degree of business administration.

Advisor: **Taye Amogn (PhD.)**

Signature: _____

Date: _____

Declaration

I, Kalkidan Tibebu, under signed, declare that this thesis entitled "**Determinant Factors For The Growth Of Life Insurance Gross Written Premium; In The Case Of Nile Insurance Company S.C**" is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

Researchers' Name: **Kalkidan Tibebu**

Signature: _____

Date: _____

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Table of Contents

List of Tables

List of Figures

List of Acronyms

ANOVA-Analysis of variance

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

G.C – Gregorian calendar

GDP - Gross Domestic Product

GWP - Gross Written Premium

NBE - National Bank of Ethiopia

SC – Share Company

SPSS – Statistical Package for Social Sciences

Abstract

For insurance companies and other academics researching that particular topic, the growth of the life insurance industry continues to be a problem. Although there has been a little improvement in its growth in industrialized countries, it is still in its infancy in developing nations like Ethiopia. The goal of this study was to identify and analyze those factors influencing the expansion of Nile insurance companies' life insurance market. Its main objective was to increase the gross written premium of this firm. Various literatures were reviewed and analyzed to determine those factors and to gain a better understanding of the relationship between those factors and growth of premium. Census method was utilized in the research methodology to choose respondents. The company's sales staffs, senior underwriting/claim officers, branch managers & department heads were chosen, becoming a total no of 34 respondents. A structured survey questionnaire was prepared and administered by the researcher to the respondents, who was required to complete them. Data was collected from those respondents and the collected data was analyzed using descriptive & inferential statistics such as frequency, mean, standard deviation, correlation & regression. The result of the descriptive analysis shows that each variable believed to have an impact on the growth of premium except that of insurance intermidieres.This is because most of the respondents didn't have well-organized information regarding that issue. On inferential analysis the researcher finds that product development, marketing strategy & branch expansion of the company have a significant impact on the growth of life insurance premium .The research tries to look the impacts of all above stated variables and gives recommendation for the company & suggestions for future studies. The researcher comes to the conclusion that the growth of life insurance gross written premium was significantly impacted by product packaging (new product development), marketing and sales promotion of life insurance products, and branch expansion, but not by level of profession and sales training or insurance intermediaries. The researcher also conclude that growth of life insurance gross written premium is not effective because management fails to apply check and balance in order to improve gross written premium, promotes its service for customers' regularly and miss much of employee job assignment.

Key Words: - Insurance, Life insurance, Gross written premium, Growth of gross written premium, Growth of life insurance.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Financial institutions, particularly insurance companies, play a significant role in financing and securing economic activity and contribute to the stability of the financial system as well as the stability of the economy of the concerned country overall. In order to manage the nation's risk, insurance is essential. The multiplicities of solutions that insurance companies offer to businesses safeguard them from risk and guarantee their financial stability. It assists individuals and organizations in reducing risks' negative effects, which has a substantial impact on the expansion and development of the insurance sector (Hailu, 2007).

The idea of insurance is the distribution of risks among many people for a small number of people. The two fundamental elements of insurance are risk sharing and risk transfer, which refer to the transfer of risk from one person to a group and the equal distribution of losses among all group members (E. and T. Vaughan, 2007). Additionally, insurance is created to ensure the financial security of a person, business, or other entity in the event of unforeseen losses. While some insurance options are required, some are not (Outreville, 1998).

The amount of premiums that are due from policyholders for insurance policies created throughout the year is known as the gross written premiums. Directly written premiums, in accordance with Investopedia, show the expansion of a company's insurance business over a specific time period. It consists of general insurance (non-life) and life and health (LH) insurance contracts that provide payouts in the event of the insured's demise, disability, or retirement in the form of lump payments or annuities.

One of the main pillars of the world's financial markets is the insurance sector. Every day, insurance is given more and more importance. The primary cause of this is the insurance industry's contribution to national wealth levels and economic growth. The premium generated in the Ethiopian insurance market increased significantly from 2012 to 2017; for example, the country's insurance companies reported premiums from both life and non-life (general insurance

business) that totaled almost Birr 7.5 billion. The premium generated by life insurance constituted only Birr 400 million or 5% of the total premiums, while general insurance premium amounted to over Birr 7.1 billion or 95% of the total premiums.

Saving money and providing security are just two of the many advantages that life insurance offers. For ideological, cultural, or religious reasons, this sector is seen as unimportant and improper, particularly in developing nations like Ethiopia. Its development is limited due to the aforementioned problems as well as additional issues like a shortage of highly qualified experts, insufficient marketing and product promotion, a lack of seasoned insurance intermediaries, and similar issues.

The variables mentioned above and others are thought to have an impact on the rise in the gross premium for Nile insurance.

One of the first private insurers, Nile Insurance Company (S.C.), was founded in April 1995 with birr 12.5 million in capital. In line with Proclamation No-86/1994 and Licenses No-006/95, the Company has a legal entity registered with the National Bank of Ethiopia's licensing and regulatory agency.

The company's capital increased from Birr 12.5 million to 1 billion in the last several years. It also expanded from 4 to 64 branches (including 3 contact offices), both in the capital and regional cities, and added more than 100,000 customers nationwide. The corporation now has $3 billion worth of assets. The vital contributions of its esteemed Employees, Customers, Shareholders, and other Stakeholders were a major factor in its astronomical expansion. Nile offers general, long-term & Takaful insurance policies.

1.2 Statement of the Problem

The main purpose of the insurance industry is to provide protection for people and companies against specific risks. While offering the aforementioned assistance to individuals, this industry also contributes directly to the GDP through higher employment levels within the sector and indirectly through higher levels of risk transfer and financial intermediation.

The range of insurance products offered is restricted, indicating that the sector is still in an early stage of development, and auxiliary services (such as actuaries) are hardly available in the country. However, when compared to other countries, even those of other African countries, there is a change that can be seen in the growth and development of the insurance business in Ethiopia.

In Ethiopia the life insurance market is very low because of low level living standard of the population. According to AXCO, 2013, due to problems on availability off actuarians, investment managers and investment opportunities, insurance penetration within the country remains a challenge.

According to the NBE research, general insurance accounts for 95% of premiums in Ethiopia, with the life industry accounting for up to 5% of those premiums on average. This suggests that the country urgently needs assistance, and both private citizens and governmental organizations must take action to advance this cause.

Numerous earlier investigations have been done in this area. For illustration; in 2011, Dawit Mohammed conducted research on the topic of improving life insurance and its economic and social benefits. In a case study involving the Ethiopian Insurance Corporation, Zekarias Mekonnen (2010) investigated the buyer's attitude regarding the purchasing of life insurance policies. Mekonnen Gebrewahid (2015) performed research on the elements influencing the expansion of life insurance in Ethiopia.

Even though each of the aforementioned studies are significant in their own right, the researcher still tried to look into the elements that have the greatest impact on Nile Insurance Company's life insurance premium increase. One of the first private insurance companies in Ethiopia, Nile Insurance Company offers long-term (life insurance) plans in addition to general insurance. Like other businesses in the sector, this one has experienced relatively little development in the provision of life insurance services. Life insurance premiums have been growing slightly each year, although they make up a very small portion of a company's revenue when compared to general insurance. According to the company's annual reports for the three consecutive years (2019–20, 2020–21, and 2021–22), the premiums for life insurance were 48.1 million, 57.9

million, and 60.2 million, respectively. Only 9.7%, 9.6%, and 9.0% of those years' company's annual revenue were contributed by life insurance business.

Different gaps believed to have an impact for these slow development of life business in Nile insurance company for instance, when it comes to producing new items that will meet the needs of expanding populations, the corporation performs below par. Additionally, they use backward marketing strategies, they have a relatively small number of marketing intermediaries in compared to general insurance, lack experts with extensive backgrounds in life insurance, and lack specialists with such backgrounds. Not every branch that offers a general insurance package also provides life insurance coverage. Another key component of this is that it enables us to offer advice to consumers and assist them in understanding the benefits of life insurance while they are looking for auto insurance.

In order to resolve those problems and enhance performance, a company can address the factors that hinder total gross premium growth by identifying and examining those factors.

1.3 Research Questions

This researcher tried to assess the determinant factors that affect the growth of gross written premium of life insurance .so while identifying those factors it also tried to answer the following question ;-

1. How does a change on the current product package (new product development) of the company affect growth of gross written premium in Nile insurance company?
2. How does the level of profession (knowledge about insurance product) of staffs affect the growth of gross written premium in Nile insurance company?
3. How does a sales promotion and marketing strategy of the company on life insurance product affect its growth in gross written premium in Nile insurance company?
4. How does branch expansion (the number of branches providing the service) affect the growth of gross premium in Nile insurance company?
5. To what extent does the number and quality of insurance intermediaries (Insurance brokers and sales agents) affect the growth of life insurance premium in Nile insurance company?

1.4 Objective of the study

1.4.1 General Objective

The main objective of the study was assessing the determinant factors that affect the growth of life insurance gross written premium in Nile insurance company.

1.4.2 Specific Objectives

The specific objectives of this study were:

1. To identify how new life insurance product development will have an impact on competition and growth of gross premium in Nile insurance company.
2. To assess how level of profession and sales training have an impact on the growth of gross written premium in Nile insurance company.
3. To evaluate the impact of promotion and marketing of life insurance products on growth of premium.
4. To determine how increasing the number of branches providing the service have an impact on growth of premium
5. To find out how the number and quality of insurance intermediaries have an impact on growth of life insurance premium.

1.5. Hypothesis

Based on the above objectives and different literatures, the following hypotheses are set for the study under consideration: The hypotheses are indicated here below:

- Ho1: There is no statistically significant relationship between quality of current product package & new product development with life insurance gross written premium.

  Ha1: There is statistically significant relationship between quality of current product package & new product development with life insurance gross written premium

- Ho2: There is no statistically significant relationship between professionalism & sales training with life insurance gross written premium.

Ha2: There is statistically significant relationship between professionalism & sales training with life insurance gross written premium.

- Ho3: There is no statistically significant relationship between marketing & sales promotion of life products with life insurance gross written premium.

Ha3: There is statistically significant relationship between marketing & sales promotion of life products with life insurance gross written premium.

- Ho4: There is no statistically significant relationship between no. of branches providing the service and life insurance gross written premium.

Ha4: There is statistically significant relationship between no. of branches providing the service and life insurance gross written premium.

- Ho5: There is no statistically significant relationship between no. & quality of insurance intermediaries and life insurance gross written premium.

Ha5: There is statistically significant relationship between no. & quality of insurance intermediaries and life insurance gross written premium.

1.6 Significance of the study

There are a number of prior researches regarding the insurance industry and also some of them are specific to Nile insurance. But almost all of them lack attention on this specific and separate issue. Most of them focus on factors affecting profitability of insurance companies, determinants of dividend policy in Ethiopia, how claim handling processes affect the satisfaction of customers, how employee motivation affect service provision and the like.

Therefore as to the knowledge and information of the researcher, a study had not been conducted in the area of insurance with regard to factors that affect the growth of life insurance gross written premium. So conducting this study will help the company to deeply investigate on factors that hinder the growth of its life insurance product and also help to give an insight where this company is in the competitive insurance market.

1.7 Scope of the study

In order to focus attention and handle the research topic with the greatest efficiency of time and resources, it is helpful to limit a research project utilizing a specified place, population, time period, or issue to be researched (Creswell, 2009). As a result, the scope of this study is framed as follows:

Thematically, the scope of this research was on studying the determinant factors for the growth of life insurance gross written premium. Whereas geographically, this study was delimited to Nile insurance company, which is among one of the pioneer private insurance companies in Ethiopia. Additionally the target respondents for this research also delimited to sales staffs, senior underwriting/claim officers, branch managers & department managers/heads of life insurance work unit in Nile insurance company. This is because, it's believed for them to give true and well considerate response regarding life policy and its growth within their company.

1.8 Limitation of the Study

The study limited on one private insurance company, Nile insurance company, to analyze determinant factors that affect the growth of life insurance gross written premium in Nile insurance company. The reason to select this insurance company was, the company is among one of the pioneer insurance companies and it's easier to access for information. The literature review might be limited and not well discussed this is due to lack of easier internet access, but the researcher tried to handle those limitations by searching journals, books & using alternative internet access like VPN.

1.9 Organization of the paper

The study organized in five chapters. Chapter one contains introduction. It is all about the Background of the study, statement of the problem, objective of the study, research questions, and significance of the study, scope of the study and organization of the study. The review of the related literature part: introduction, theoretical, empirical and conceptual frame work were presented on the second chapter of the study. Methodology of the research presented on third chapter which deals about research design, approach, target population, source of data, data

collection technique, methods of data analysis, study variables, reliability, validity and conceptual frame work. The fourth chapter concerned on data presentation, analysis & discussion. The last chapter ends with summary, conclusion and recommendation.

1.10 Operational Definition of Terms

Insurance: Insurance is a social device, in which a group of individuals called "insured's" transfer risk to another party called "the insurer" in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from fund contributed (premiums) by all members who transferred risks.

Life Insurance: is a contract with an insurance company. In exchange for premium (payments), the insurance company provides a lump-sum payment, known as a death benefit, to the beneficiaries in the event of the insured's death.

Gross Written Premium (GWP): The total premium written by an insurance company before deductions for reinsurance and ceding commission.

Growth of GWP is defined as the annual percentage growth (increment) in the firms" total premium between two successive years divided by the preceding year. It is measured by the percentage change in total premium.

Growth of life insurance is equal to the growth of gross written premium (GDP)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

In this chapter, the researcher tried to investigate different literatures regarding the topic under study. Those literatures were identified, reviewed and analyzed. The literatures were sourced from various books, texts, journals, reports of regulatory bodies, internet, previous research works and observations related to the subject under study.

2.2. Theoretical Review

2.2.1 Aspects of Insurance

Insurance is a difficult term to understand because there are numerous potential definitions and interpretations from various angles. The following definitions of insurance are based on multiple definitions provided by scholars and writers from a variety of perspectives, including economic, social, legal, etc.

According to Hailu Zeleke (2007), insurance has the following economic definition: Through the transfer of certain risks to a third party, the insurer, who provides at least some compensation for the insured's economic losses, insurance serves as a tool to reduce the risk of one party, the insured.

According to Pritchett et al. in 1996:52, insurance has the following social definition: In order to pool loss experiences, a group of people known as "insured" transfer risk to a third party known as "the insurer." This social device enables statistical loss prediction and provides for the payment of losses from funds contributed (premiums) by all members who transferred risks.

An insurance policy is a contract whereby a person known as the insurer agrees to give someone known as the beneficiary money in the event that a specific risk materializes in exchange for one or more premium payments, according to Article 654(1) of the Empire of Ethiopia's Commercial Code (1960:140), which provides the legal definition of insurance.

9

2.2.2 Concept, Benefits & Types of Life Insurance

Life insurance, in accordance with Emmett &Vuauohan (2008), is a financial mechanism that distributes the risk of an individual's untimely demise across a number of others. Instead of covering the possibility of the insured person dying, which is a given, life insurance addresses early death. This is one of its distinguishing qualities. Another distinguishing feature of life insurance is that it is not a contract of indemnification; hence one's life cannot be valued.

According to Roman G. (2011), life insurance is a contract between the policyholder and the insurer where the policyholder agrees to pay the insurer a fixed amount at predetermined intervals and the insurer agrees to pay a predetermined sum of money upon the policyholder's disability as a result of an accident or aging, death, or other events. Insurance firms' primary goal is to reduce a person's insurable financial risks, but they also have a significant impact on how the financial industry develops. They make use of accumulated funds from individual payments for long-term investments that support economic development. The risk spreading nature of insurance is described in two directions by Carter in his book. The first one spreads over time, and the second one spreads between people and organizations. However, life insurance is primarily a tool for distributing risk over a longer period of time. Most insurance businesses are focused with distributing risk across individual entities at the moment. in Carter (1979).

The primary goal of insurance is to safeguard the insured against irreparable, unintentional economic loss that can be quantified in monetary or financial terms. The value of a person, however, cannot be calculated in terms of money, unlike the value of a piece of property or a liability. Therefore, a person's economic worth for insurance purposes is mostly represented by his income. All persons who rely on this revenue for their living would suffer a financial loss if it were to be lost completely, partially, permanently, or temporarily. The loss of such income could be due to a number of factors. However, not every cause (or danger) is inherently insurable. Life insurance solely addresses financial losses due to passing away, becoming disabled, or old age. When someone passes away, their dependents must pay for the costs of their final illness and funeral arrangements. Additionally, his or her dependents would lose the future income that is the basis of their livelihood; employers would benefit from the continued existence of their employee; creditors would likely lose capital if the debtor died before paying

what they owed; and business partners might lose their company should a key person pass away. All of these point to the necessity of life insurance. (Tigist, 2018)

As cited by Insurance information institute 2010 ,three basic types of life Assurance contracts may be offered by life insurance companies namely Term insurance, Endowment insurance & Whole life insurance.

I.   **Term life assurance-**is a plan, which provides for the payment of the death benefit only if death occurs to the assured during a predetermined period of time covered by the policy. If the assured survives to the end of the said period, no benefit of any kind is payable, and the policy will expire (or terminate) after the end of the specified period.

II. **Whole Life Assurance-** Whole life policies provide lifetime cover, and policy benefit (the sum assured) is payable generally upon death of the assured whenever this may occur.

III. **Endowment assurance-** The endowment plan is one of the most popular forms of assurance protection. It not only provides protection for the dependents of the assured (as is the case with term assurance) but also combines with it the advantage of an investment with funds set aside for the assured's own old age. That is, it provides for payment of the sum assured on death within a specified period or on the survival to the end of such period.

2.2.3 Theories of Insurance
2.2.3.1. Rational Choice Theory

Fatima Alinvi and MairaBabri cited in 2007 many business sectors are concerned about the wants and preferences of customers for various goods and services. It entails offering a range of goods and services that clients of various ages' desire in the insurance sector. It is a theoretical framework that is applied to economics and other academic discipline that suggests people make decisions based on maximizing their personal benefits. According to the notion, people weight costs and benefits while making decisions and act in their own best interests. Assumes that consumers are logical in their decision-making while deciding between various goods and

services. Rationality in this case means that customer have well-defined preferences which do not depend on a particular description of options or on specific methods used to obtain these preferences.

2.2.3.2. Bounded Decision Making Theory

According to this hypothesis, people's preferences for certain goods and services are typically erratic, ambiguous, and inconsistent. According to this definition, consumers build and express their preferences in relation to the options available to them.(Maira Babri& Fatima Alinvi, 2007).Therefore, it makes an effort to explain how easy it will be for a consumer to choose among those goods based on personal recommendations when an insurance business has a product range that suits their demands.

2.2.3.3. The Diffusion Theory

The Diffusion Theory was created in 1960 by Lionberger (1930–1960), who believed that when information is assimilated and accepted, people go through five stages. The first of these five stages, Awareness, is attained by first-stage individuals who are exposed to the idea but are not yet aware of its benefits. The interest stage comes after the awareness stage and encourages people to consider the idea; after the interest stage comes evaluation, where people are asked to assess the concept's potential use and degree of profit. The individual tests the concept on himself and others in the fourth stage to see how he can profit. The final step, known as the adoption stage, signifies the idea's final acceptance for use in order to be continuously satisfied. It deals with the idea's final acceptance for use in order to be continuously satisfied (cited on Peter N. Gitau. 2015).

2.2.3.4 Adverse Selection Theory

Michael Rothschild and Joseph Stiglitz were the forerunners in the creation of adverse selection theory in the insurance markets in 1976. Although this theory lacks institutional specifics, it has had a big impact on economics and legal research on the insurance industry. This establishes the conventional theoretical results regarding optimality and possibly even the existence of a competitive market equilibrium, which can fail in the presence of asymmetric knowledge

12

(Siegelman, 2004).The modernisation of the product and consumer acceptance of the service will be considerably aided by a wider pool of competent workers who will contribute to the company's information assets (Blomqvist &Leger, 2003).

2.2.3.5 Marketing Mix Theory

Following the publication of Neil H. Borden's 1964 article, The Concept of the Marketing Mix, the phrase "marketing mix" gained widespread use. After James Culliton referred to the marketing manager as a "mixer of ingredients" in his description of the position, Borden started using the phrase in his teaching in the late 1940s. Product planning, price, branding, distribution methods, personal selling, advertising, promotions, packaging, display, servicing, hands-on handling, and fact-finding and analysis were all components of Borden's marketing mix. These components were later categorized by E. Jerome McCarthy into the four groups that are now referred to as the 4 P's of marketing. Subject to the internal and external limits of the marketing environment, these four Ps are the parameters that the marketing manager may regulate. The objective is to make decisions that centre the four Ps on the target market's clients in order to build perceived value and elicit a favourable reaction.

2.2.5 Definitions & Concepts of growth

The term growth have numerous potential definitions and interpretations from various angles. The following are based on multiple definitions provided by scholars and writers from a variety of perspectives, including economic, social, legal, business, firm & etc.

Based on Wikipedia Economic growth is the rise or improvement in the market value of the commodities and services generated by an economy within a given fiscal year, adjusted for inflation. Statisticians typically use the percentage rate of growth in the real and nominal gross domestic product (GDP) to measure this type of growth.

Harrison, 2012, sees and defines growth from societal perspectives.as he stated that, Social Growth focuses on increased positive social experiences, expansion of social circles, elevating self-confidence and improving self-esteem through fun leisure programming in the community.

Business growth refers to the increase in a company's size, revenue, market share, and profitability over time. This can be achieved through a variety of means, including expanding into new markets, developing new products or services, and increasing sales(Priya Dhamija Gupta, Samapti Guha & Shiva Subramanian Krishnaswami,2013) . Growth can be defined in terms of revenue generation, value addition, and expansion in terms of volume of the business. It can also be measured in the form of qualitative features like market position, quality of product, and goodwill of the customers. While studying the growth of a firm, it is essential to understand the concept of 'the firm' also. For a company to grow and become competent in the market, they must follow different growth strategies. According to Ansoff's corporate strategy mix, there are 4 business growth strategies to be followed by any company who wants to grow and outshine in this tough competent market. These are:-market penetration, product & service development, market development & Diversification.

There are various variables believed to be determinant factors for growth of any firm. According to Storey's (1994), these factors are classified into 3 cathagories.i.e. (i) Those related to the entrepreneur (also defined as founder-specific); (ii) those related to the firm (also defined as owner/manager specific); and (iii) those related to strategy. However, all of these elements should be combined in an appropriate way so that the firm grows rapidly.

Insight into a company's current position and potential future success can be gained by measuring the firm's growth. It's critical for startups and small enterprises to be able to show growth to financiers. The majority of companies that depend on grants and investors will be required to report on performance in order to support the investment and justify additional funding. Any innovation-based business will find it much simpler to obtain future funding if it can show a track record of success, as this demonstrates competence to potential investors. Early on, it's critical to establish reliable systems and procedures for businesses wishing to expand. These processes will need to be stronger when a business grows in size. Effective tracking systems are essential as a company expands because it may find that it has less control over its workforce. These systems can highlight areas for improvement, areas where advancement is needed, and KPIs that aren't being met by firms(Eileen,2008).

According to Eileen while measuring growth the key areas to focus on are; Revenue growth, Employee growth & Market growth.

Revenue Growth Rate is an indicator of how well a company is able to grow its sales revenue over a given time period. While the revenue is an actual number, the revenue growth rates simply compares the current sales figures (total revenue) with a previous period (typically quarter to quarter or year to year).This provides an indicator that allows easier comparisons between different firms (especially in the same industries or markets) and provides a measure of the extent to which a company is able to grow (Bernard Marr, 2021).

Market Growth Rate is a measure of the extent at which the market a company operates in is growing. This provides an insight into the size of the opportunity a company might have. The size of the market that a company operates in can be an indicator of growth potential. A larger market offers more opportunities for growth than a smaller one. The company's market share can be a good indicator of its growth potential. If the company has a small market share, there may be opportunities for growth through increased market share (Rahul Revne, 2023).so understanding o the current position of the firm within the market have a positive implication or its growth in the future.

2.2.5 Determinants of the Growth of Life Insurance Gross Written Premium

2.2.5.1 New Life Product Innovation & Development

Innovation is a creative solution to a problem or "new stuff that is made useful" (McKeown 2008). It may be referring to subtle, emergent changes or drastic, revolutionary ones in businesses, services, operations, or modes of thought. According to Schumpeter (1934), authors of academic works on innovation typically make a distinction between innovation—which is an idea successfully turned into reality—and invention thought made manifest. In many fields, including the arts, economics, business, and public policy, something new must depart significantly from the norm, not just slightly. In economics, the modification must increase the producer, the customer, or the value. Innovation attempts to make things or people better by bringing about positive change. The main driver of rising wealth in an economy is innovation that boosts productivity.

Modern customers need simple, intuitive solutions that let them get the help they need online without having to waste time phoning, emailing, or seeing their agents, according to the 2021 Accenture global insurance consumer study. The most important part is advising insurers that are confused of where to start when developing unique new products to begin by identifying the unmet needs of their target market. Through research, data analysis, and design thinking workshops, goes beyond what you're doing right now to identify ideas that could be important, relevant, and beneficial to your customers tomorrow. Most of the time the current need of our customer is something that shortens the amount of time to process the policy, the one with clear and fast claim settlement period and the like. So having a better understanding of our clients help the insurance company to work as they need which in return help to increase the growth in premium.

In order to keep up with the changes brought about by the Internet, insurance must continually develop new goods and services while simultaneously improving the suitability of its current offerings for online distribution, according to Mills and Morris (1986). In the context of the Australian insurance sector, (Mols, 1998) outlined a number of important success conditions for Internet service.

2.2.5.2 Professionalism & Sales Trainings

Customers anticipate that salespeople (sales representatives and underwriters) in the insurance industry would be educated about their offerings, able to offer advice on how to improve their company, as well as reliable and effective. Due to these expectations, businesses have had to invest significantly more in the training of their sales teams. They must be instructed in sales techniques and informed on the products, policies, and customer satisfaction (Ogutu, 2004).

According to Maigo (2000), life insurance businesses ought to be aware of the pricing at which they are offering their products and ought to comprehend the requirements of their clients. Etemesi (2004) identified a lack of professionalism as the reason why customers are unsatisfied with the insurance sector. The absence of technical and experienced staff may result in an incorrect interpretation of the policy provisions and, as a result, the payment of a claim that would not have been covered by the policy otherwise.

According to Munguti (2006), numerous industry players have expressed serious concerns about the high level of customer discontent in the insurance sector. This is because of different barriers that prevent clients from receiving services effectively. So understanding of the policy to be sold,the covers it contains and their customers need help workers to be effective in the area and it in returns helps on premium growth of the company.

2.2.5.3 Marketing & Sales Promotion of Life Insurance Products

Promotion, according to Makau (2013), covers all actions taken by a business to reach out to and market to its target audience. The fourth component of the marketing mix, also known as the "4Ps of marketing," is promotion. The promotional mix, a collection of instruments available to marketers, makes up the promotion component.

According to Gupta (2007), the objectives of promotions are to increase market size by encouraging the use of an entire product category, to attract new consumers, to maintain existing customers' loyalty, to reward loyal customers, and to enhance the effectiveness of other communication channels. As a product moves through its life cycle, managers often invest more money in sales and marketing. The same is true for businesses that charge less, and merchants also have a big impact on the final price and how promotions are used. Nearly all organizations must use promotions as either aggressive or defensive strategies in the battle for market dominance.

According to Hartley and Cross (2004), sales promotions cover a wide spectrum of marketing initiatives, including trade, sales force, and consumer campaigns. Discounts, incentive programs, coupons, contests, and promotions with value added are all examples of sales promotion. The benefits of these activities on consumer brand loyalty are still being studied. The effective management of promotional budgets and trade promotion spending is of increasing relevance to marketing managers. Therefore, a significant, if perplexing, aspect of budgeting involves trade-offs between advertising, consumer promotion, and trade promotion. Although the importance of sales promotion has considerably increased, it is still generally unknown outside of the objectives of getting results quickly and successfully introducing new products into the consumer market.

In the past, the ratio of advertising to sales volume was roughly 60:40, according to Kotler (2010). Sales promotion makes up 65% to 75% of the total budget in many consumer packaged goods companies nowadays. For the past 20 years, the cost of sales promotion has risen annually as a share of budget spending, and the rapid growth rate is anticipated to continue. Sales promotion is increasingly more extensively used by product managers to boost their present sales, and senior management has come to recognize it as a powerful sales technique. Sales promotion is frequently the last resort for some businesses who are focused on short-term sales growth. Sales promotion is a tool that businesses employ to elicit a greater and faster response, to emphasize product offers, and to boost sagging sales (Kotler, 2010)

These are the methods life insurance companies employ to interact with their customers and persuade them to purchase their plans. Kotler (2010) asserts that significant alterations in the corporate environment, such as market fragmentation, deregulation, computer and telecommunications advancements, and globalization, frequently necessitate reorganizing company and marketing processes. One of the main ways that organizations are adjusting to a rapidly changing world is by giving employees more freedom to come up with new ideas and take more initiative. This should be the case when marketing and selling life insurance products. Including a number of benefits in the packaging of insurance products will significantly boost consumer interest.

2.2.5.4 Branch expansion

By building new branches in uncharted terrain, one can explore new markets and raise premiums. This is due to the fact that accessibility, which allows customers to receive services from nearby locations, is the most important aspect for the insurance industry. In terms of labor costs and office space costs, opening new branches could be highly expensive. However, the increased urbanization is pushing insurance companies to open additional branches in potential locations due to business canvassing.

Lietivos Bankas (2015) asserts that a sizeable percentage of the insurance market was driven by the growth of insurance branches. According to McKinsey's Global Insurance Industry Insights, insurers must concentrate their efforts in order to increase their market share in the industries and

regions that have the greatest likelihood of seeing rapid growth, such as major cities in developing countries.

The rise of the Philippine insurance market is attributed to the opening of new branches, according to Swiss Re's 2015 global insurance survey. This study looked at the sensitivity of the number of branches in premium growth.

2.2.5.5. Having professional & well-trained insurance intermediaries

Insurers usually acquire business through intermediaries or direct from customers. The role of intermediaries' is to say the role of sales agents and insurance brokers.

The intermediaries are necessary for insurance firms to raise their premium. Agents and insurance brokers are believed to have significant influence in canvassing and persuading clients to do business. Non-life insurance policies are mostly distributed in Europe through intermediaries (agents and, to a lesser extent, brokers), direct writing by workers, and distance selling, according to Insurance Europe (2015). According to Insurance Brokers Association of India (IBAI) (2016), the rise in auto and health insurance premiums from the years 2010 (53%) to 2014 (70%) was mostly attributed to the broking industry. According to the Independent Insurance Agents and Brokers of America's 2016 report, personal line insurance premiums accounted for 35% of sales in America, while commercial insurance sales accounted for 80% bay insurance agent.

Even though this intermediaries help the company to outshine in the competitive market they also have a negative impact on the growth of premium by increasing the cost of sales commission (Insurance Europe 2015).

2.3. Empirical Literature Review

Companies that offer life insurance are growing more relevant in the financial world, according to Thorsten Beck and Ian Webb (2002). In the same countries between 1995 and 1997, the total assets of life insurance companies were 28% of GDP, compared to only 11% of GDP during the period 1980 to 1985 for a sample of 13 countries for which data are available. This increased significance is also reflected in the number of corporate life insurance. For a sample of 19

nations for which data are available, life insurance penetration, measured as the ratio of premium volume to GDP, went from 1.2% between 1961 and 1965 to 3.2% between 1991 and 1996.

Despite the developed world's increasing relevance of life insurance as a source of financial services and investment funds on the capital markets, the majority of developing countries still consume very little life insurance. Over the 1980–1996 era, Iran's penetration ratio was barely 0.02%, while South Africa's was 7.4%.

Given the large variation in indices of life insurance consumption between countries, the question of the causes of this variance and, subsequently, the drivers of life insurance consumption arises.

Andres Cudiamat and Jay Stephen Siy (2017) they highlighted that the sustainability of the life insurance business is crucial for developing economies. The paper examined the influence of selected firm level, industry level and macro level factors on ROA (a measure of profitability) of Life Insurance Companies. The results show that most of the firm level factors affected ROA while industry level and macroeconomic factors have not much effect on it.

Demis Hailegebreal (2016) conduct on the determinants of profitability of Ethiopian insurance industry. The study attempts to examine the firm specific factors which are age of company, size of company, leverage ratio, liquidity ratio, premium growth, technical provision, underwriting risk, solvency, re insurance dependency and tangibility of assets and macroeconomic factors, GDP and inflation on profitability of insurance industry. The study found that underwriting risk, technical provision, leverage and inflation have negative and significant effect whereas other variables have statistically positive and significant relationship with profitability of insurance industry.

Lucia Spotorno etal, (2016) the article analyses the relationship between Italian life insurers' profitability and bank affiliation. The results highlights that neither distribution efficiency nor being bank affiliated significantly affected performance. After the start of big financial crises both distribution efficiency and bank affiliation prove to be crucial in fostering performance.

Sisra Kumara etal (2016) analyzes the determinants for life insurance in the Central region of Sri Lanka. The paper incorporated social capital as determinant of demand for life insurance. Results

confirmed that gender, income, trust and social capital has significant effect on demand for life insurance in the study area. Sandra Teodorescu (2016) the paper analyses the impact of the economy on the insurance sector. The analysis of correlation between the studied variables reveals that is a strong correlation between Gross Written Premiums and GDP, the number of employees, average earnings and non-government domestic credit. Economic growth, rising income, the increasing number of employees and facilitating credit conditions could be some elements that would lead to sustainable growth of the insurance market.

Teklit Atsbeha Berhe and Pof. Jasmin deep Kaur (2015) they conduct research to identify key factors that affect profitability of insurance companies in Ethiopia. The study suggested that managers of insurance companies as well as the policy makers in the country should take crucial measures by forming policies and strategies that aimed in improving the overall profitability of insurers.

Ijaz Hussain (2015) he uses firms level data of 39 companies of insurance industry of Pakistan. The findings of study suggest that based on overall regression results macroeconomic environment, equity market conditions and inflation have a positive and significant impact on profitability of insurance companies.

PritiJha and Bindu Roy (2015), The findings of this study reveals that LIC should strived to increase its business by adopting new marketing strategies and by issuing more and more policies in order to retain its market share in the competitive scenario as well as it should make advertisement to promote and aware about its policies to the consumers.

Suheyli Reshid (2015), this study seeks to find the determinants of insurance company's profitability in Ethiopia. The findings of the study showed that underwriting risk, technical provision and solvency ratio have statistically significant and negative relationship with insurer's profitability. On the other hand, variables like liquidity, company size and premium growth have a positive and statistically significant relationship with insurer's profitability. E.L.Prokopjeva (2015) ,The scope of this paper is to carry out the comparative analysis of functioning of the markets for life insurance in territorial subjects of the Russian Federation. The finding of the paper is that the collaboration of authorities of all levels and insurance community is necessary for the effective development of the life insurance market in regions. Dr.Sonal Nena (2013) ,The

idea behind this study was to know the growth and performance of life insurance companies. The researcher analysed the major source of income i.e. premium earned of the sampled unit as well as the significant heads of expenses of life insurance companies to measure the performance during the period of study. The study conducted by Joseph Oscar Akotey (2013) to identify the determinants of profitability in the life insurance industry of Ghana. The study also examines the relationship among three measures of insurer's profitability which are investment income, underwriting profit and the overall net profit. The findings indicate that whereas gross written premiums have a positive relationship with insurer's sales profitability, its relationship with investment income is negative one.

Olja Munitlak and Co-authors (2013) shows a projection of life insurance premium on the basis of linear trend parameters and correlation degree between the average net income and the amount of life insurance premium. The results indicate that there is significant influence of net income on the amount of life insurance premium of insurance companies in the Republic of Serbia.

Daniel Mehari and Tilahun Aemcro (2013), the study investigated the impact of firm level characteristics on performance of insurance companies in Ethiopia. The results showed that insurer's size, loss ratio (risk), tangibility and leverage are important determinants of performance of insurance companies in Ethiopia.

Dr.Arnika Srivastvaetal (2012), the authors are of opinion that the growth of insurance sector in India has been phenomenal. The insurance industry has undergone a massive change over the last few years and the metamorphosis has been noteworthy.

Naveed Ahmed and Ishfaq Ahmed (2010), the authors investigated the impact of firm level characteristics on capital structure of life insurance companies of Pakistan. The results showed that size, profitability, risk, liquidity and age are important determinants of capital structure of life insurance companies. Dr.Saif Siddiqui (2009) ,this paper has produced an overview of present position of life insurance sector in India and study various economic indicators related to all life insurance companies operating in India. Vigaykumar and Kadirevelu (2004) were of opinion that age of firm is an important determinant of profitability. Older the firm more will be the profitability due to experience and efficiency cost decreases. They found the positive relationship between profitability and age of firm.

Kugler and Ofaghi (2005) used Johansen's co-integration test for the components of insurance premium and find a long run relationship between insurance market size development and economic growth in 284 countries. A research conducted by Arena (2008), used an estimation generalized method of moments (GMM), to test whether there is a causal relationship between insurance market activity not only data on total insurance premiums but also their aggregation in to life and non life insurance premium in order to assesses their potential different effects on economic growth. Njegomir and Stojic (2010) examine the impact of insurance on economic growth and interaction of insurance and banking in promoting economic growth by applying linear country specific fixed effects model for panel data encompass 5 countries of the ex-Yugoslavia region for the period of 2004-2008.

Gabriel (2015) empirically investigates the effect of insurance sector development on the growth of Nigeria economy, apply Augmented Dickey Fuller test, Ordinary least square method, Descriptive statistics, Co- integration and Granger causality test is used to annual data spanning from 1981-2013.Analysis used multiple regression model regressed based on the identified dependent and explanatory variables as: GDP of the country is an dependent variable, Total claim Payment (TCP), Total insurance Investment (TIN), Total Insurance premium (TIP) and total Insurance Return (TIR) expressed in terms of profit are identifies as explanatory variable for this study. The results show that insurance investment and insurance premium are positively and significantly correlated to economic growth. However, causality flows from GDP to some insurance sector development indicator (TIP, TIN, and TIR). Further, Insurance claims has a negative association to economic growth, and recommended that law makers, authority and the independent regulatory bodies should look into the claim payment policy of the insurance companies so as to ensure transparency, avoid extortion of claim process and ensure fair dealing in order to realize the sectors objective and hence, promote economic growth in Nigeria economy.

Richard and Victo (2013) examined that the impact of insurance premium, insurance investment and insurance income on economic growth in Nigerai, finding of this study revealed that insurance industry would contributes meaningful to the economic growth of the country in the long run .This is achieved through the effective and efficient risk transfer and risk management

which is the function of insurance industry through various channels of marginal productivity of capital and innovation.

2.4. Conceptual Framework

The study focused on five independent variables which are believed to be factors affecting the growth of life insurance gross written premium. So in order to show the relationship between premium growth (dependent variable) and factors affecting its growth (independent variables) in Nile insurance company, the following conceptual model was hypothesized.
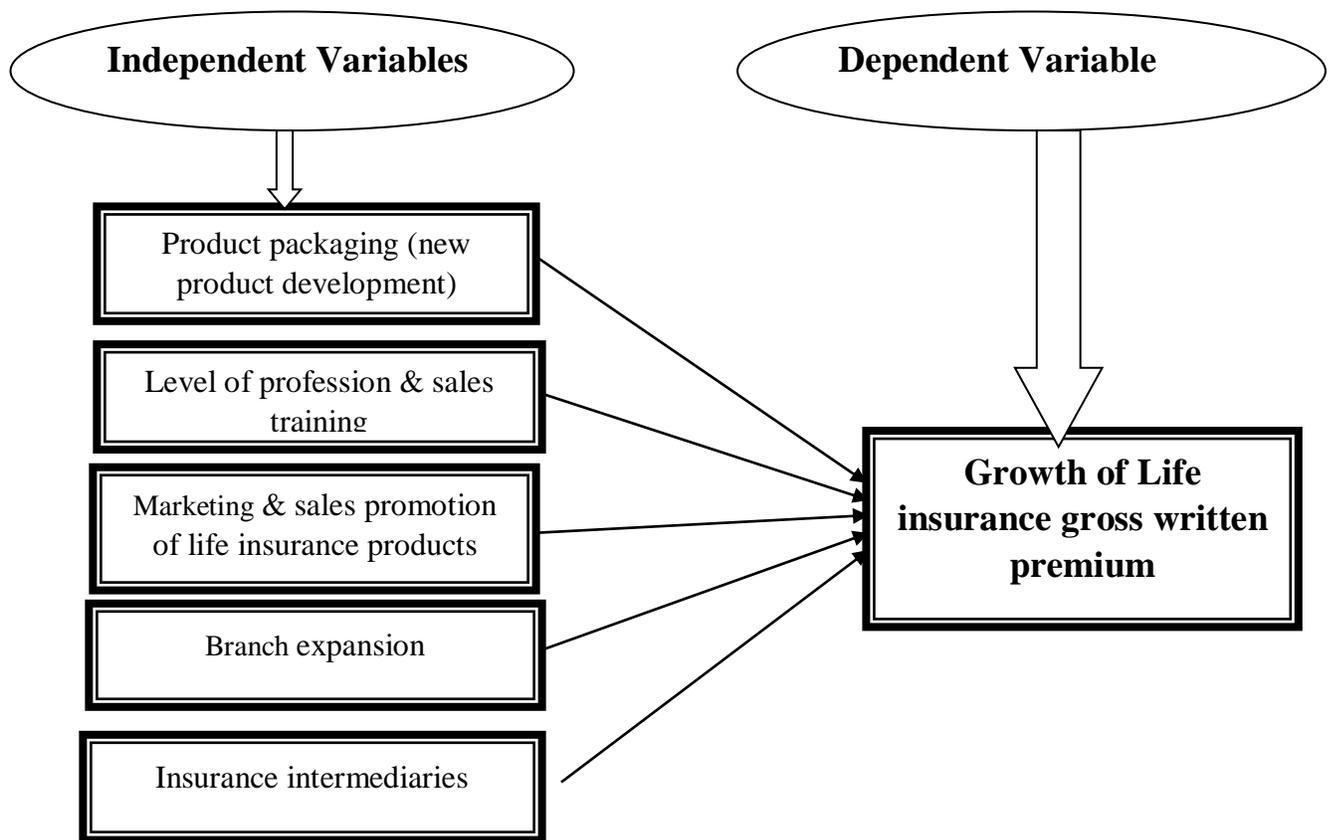
Figure 2.1; Conceptual framework of the study Source:

Self-constructed based on previous studies, 2023

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

Under this chapter the researcher tried to show the methodologies that was used to collect data in order to address the objectives stated in the previous chapters. It showed the overall methods and steps to be used by the researcher while carrying out the study.

3.2. Research Design and Approach

Research design refers to the overall strategy utilized to carry out research that defines a succinct and logical plan to tackle established research question through the collection, interpretation, analysis, and discussion of data. According to Creswell (2009), research designs are plans for a study and a technique that cover everything from general hypotheses to specific or precise methods of data collecting. It serves as a blueprint for carrying out the business research project and outlines the specific steps to take in order to gather the data required to formulate or address business research issues. Explanatory research design was employed in this study to determine & analyze the factors affecting the growth of life insurance gross written premium.

In this study the researcher used a mixed research strategy as its methodology. According to Creswell, 2003, data collection entails acquiring numerical or quantitative information via organized questionnaires, resulting in the presentation of both quantitative and qualitative information in the final data. The fact that the data collected from the respondents was both qualitative and quantitative in nature was one of the key justifications for using a mixed approach.

3.3 Target Population

According to Hair et al. (2010), target population is to be, a specified group of people or object for which questions can be asked or observation made to develop required data structures and information. It is total number of entities in which the researcher is interested in, it could be the

collection of individuals, objects or events about which the researcher wants to make inferences. Under this study, the researcher chooses all departments in Nile insurance that have a link with that of life insurance business. There are 1 life main branch and 4 satellite offices which provide life insurance policy. So the above 5 offices, life insurance claims department, branch operation department, marketing and sales department and finally re-insurance departments are taken as a target population for this study.

Table 3.1: Target Population of the Study

Branches	Department manager	Branch manager	Senior officers /sales staffs	Total
Life main branch	1	1	3	5
Leghar branch		1	2	3
Kassanchis branch		1	1	2
Arada branch		1	1	2
Beklobet Branch		1	1	2
Life claim department	1	1	3	5
Branch Operation	1		3	4
Marketing & Sales department	1	1	5	7
Re-insurance department	1		3	4
		Total		**34**

Source: Nile insurance HR report, 2023

Then the research questioners were distributed to all those above management and senior staffs' because it's believed that they are well informed about the life business and also, they can provide the researcher with true and considerate answer.

3.4. Sources of Data

In order to achieve the above objectives and to answer those stated questions the researcher used both primary and secondary sources of data.

3.4.1 Primary Data

Blaxter (2001) described primary data as materials that one has independently obtained through methodical observation, information archives, the outcomes of questionnaires and interviews,

and case studies that one has put together. Primary data source utilized to gather pertinent data from representative samples on the target demography. The primary sources of information are;- life insurance department heads, branch managers, life & health underwriting and claim officers and finally marketing and sales department workers of Nile insurance company. Attitude-related variables having five response options (strongly agree, disagree, neither agree nor disagree, and agree definitely agree) would be measured using a Likert scale. The Likert scale approach was chosen, according to Robson Colin (2002), "to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate." The necessary data was gathered using a self-structured questionnaire.

3.4.2 Secondary Data

Secondary data, as described by Saunders et al. (2007), are those that were gathered for one project but are now being used for another. Examination of a variety of pertinent documents, including published and unpublished reports, journals, reviews of related research, historical records, and organizational papers to gather secondary data for the study and in-depth discussion of the issue was done. These documents provide the study's baseline data. A review of public and unpublished documents will provide secondary data for this research; the secondary sources mostly include: National Bank of Ethiopia reports, the company's annual report, books, articles, journals, research works, internet browsing, etc. that have relevance with the research topic.

3.5 Data Collection Technique

Data collection is the process of gathering and analyzing accurate data from various sources to find answers to research problems, trends and probabilities to evaluate a possible outcome (Simplilearn, 2023).For this particular study the researcher used self-administered questioners and the company's annual report.

3.6 Methods of Data Analysis

The goal of data analysis is to organize, summarize, and interpret the results while looking for patterns and using statistical approaches to decrease collected or massive amounts of data to a manageable size (Cooper and Schindler, 2011). The Statistical Package for Social Sciences

(SPSS) version 26 was used to compile and analyze the information gathered from the respondents after it had been coded and input into the computer for analytical purposes. The proportions and frequencies of the variables were ascertained by descriptive analysis.

3.6.1 Descriptive Statistics

Without assuming or estimating anything regarding the target population, descriptive statistics simply describe the data as it is. It also discusses how to utilize statistical tools like frequencies and percentages to describe the data acquired in order to organize and condense large amounts of numerical data into an understandable form. The researcher used frequency table, mean and standard deviation to describe the data from respondents.

3.6.2 Inferential Statistics

Sekaran (2000) claims that using inferential statistics enables one to draw conclusions about the relationship between two or more variables and how various independent variables may contribute to the variance in a dependent variable. To ascertain the link between the variables, the researcher utilized inferential analysis, such as correlation and regression analysis. As a result, the goal of inferential statistics is to draw conclusions or estimate about a population using data from the sample.

Given the values of one or more independent variables, linear regression is a technique for estimating or forecasting the value of the dependent variable. Multiple regressions were used in this study. The relationships between the predictor scores are also taken into account by this method (John Adams et al., 2007). Every independent variable (X's) value has a corresponding dependent variable (Y) value. The dependent variable (Life insurance gross written premium) and independent variables, Xs (product packaging (new product development), level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries make up the majority of the equation of regressions used in this study. The general multiple liner regression models for this study was:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_2 5 + \varepsilon_i$

Where Y= the dependent which is Life insurance gross written premium

X's = product packaging (new product development), level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries

$\varepsilon_{i=}$ error term

3.7 Major Variables of the Study

The researcher wants to analyze factors affecting the growth of life insurance gross written premium.

.In this study the researcher categorised the variable in to two groups namely:

- ❖ **Dependent or response variable**: is a variable which depends on other variable or estimated by other variables. Since the dependent variables used for this study was Life insurance gross written premium.
- ❖ **Independent or explanatory variables**: are variables used to estimate the dependent variable (Life insurance gross written premium). Since the independent variables consider by the researcher for this study were product packaging (new product development), level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries.

3.8. Reliability and Validity

Being fundamentally concerned with difficulties of measurement consistency is what reliability is referred to as (Bryman and Bell 2003). According to Hair, et al. (2006), if is larger than 0.7, it indicates a higher liability level, and if is less than 0.3, it suggests a poor reliability level. The validity of the primary data is crucial because the study's major source of information is respondent's opinion. In order to ensure that respondents understand the purpose of each question, research instruments are written in basic, straightforward language. The order in which the questions are asked also increases the likelihood that respondents will provide reliable responses.

By using SPSS to calculate Cronbach's alpha using all the variables, the study evaluated the validity of the questionnaire used. As per (Walsh, 1995) recommendation, a minimum level of

Cronbach's alpha should be 70% for the reliability of the response to be ensured. According to Cronbach (1951) describes that sometimes measurements with low reliability result might still influence the scale measure and the overall reliability tastes results indicate excellent internal consistency.

Table 3.2: Reliability Statistics

Variables	Cronbach's Alpha	No. of Items
Life insurance gross written premium	0.711	5
Product packaging(new product development)	0.781	3
Level of profession & sales training	0.812	3
Marketing & sales promotion	0.795	3
Branch expansion	0.793	3
Insurance intermediaries	0.775	3
Aggregate	0.722	20

Source: Own Survey, computed in SPSS, 2023

According to Walsh's guideline from 1995, Cronbach's alpha should be at least 70%. As a result, the accuracy of the response could be verified and the data that was gathered was accurate. In some cases, following analysis, the Cronbach's alpha value did not meet this minimum value, but the best way to address this issue was to carefully design the questionnaire, seek the advice of an expert, maintain good communication with the advisor, and gather pilot data. In this case the Cronbach's alpha value for each variable and also the overall Cronbach's alpha value meets the requirements so that it's easy to conclude that the response of the respondents is reliable

3.9 Ethical Considerations

Most of the time, conducting research won't be simple because part of it activates needs and has ethical implications that must be addressed by the researcher in order to raise and ensure the accuracy and validity of the study findings. Depending on the type of research being conducted, ethical considerations might take many different shapes. The researcher met some ethical requirements for this research or study by taking the proper action. An official authorization letter from the university was held by the researcher, allowing them to contact specific responders who can aid with data gathering. Additionally, the researcher also obtained the respondents' official consent and acceptance before the data collection activity takes place. The

researcher didn't attempt to use any coercion or compassion, and the responses were uploaded anonymously. The nature of this study also be kept in such a way that the research participants can react without worry of repercussion.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1. Introduction

Data analysis, study findings, and comments related to those findings are covered under this chapter. This study's objectives were to identify, examine, and make suggestions based on the ideas from the literature review and its empirical findings about the factors affecting the growth of life insurance in Nile insurance company Sc. New product development, level of profession & sales trainings, life insurance product marketing & sales promotion, Branch expansion, and number & quality of life insurance intermediaries were some of the factors examined. Tables, charts, frequencies, and percentages were used to analyze and present the data that was gathered from the respondents. The researcher also used inferential analysis like correlation and regression.

4.2. Demographic Characteristics of Respondents

These were analyzed with regard to Gender, Level of education, length of time worked in the organization and position held within the organization.

Table 4. 1: Demographic Characteristics of Respondents

No.	Demographics		Frequency	Percentage
1	Gender	Male	20	58.8
		Female	14	41.2
		Total	**34**	**100.00**
2	Educational level	High school complete	0	0
		College Diploma	2	5.9
		University degree	24	70.6
		Masters or higher	8	23.5
		Total	**34**	**100.00**
3	Level of Experience	1-5 Years	18	52.9
		6-10 Years	9	26.5
		11-15 Years	6	17.6
		Above 15 Years	1	2.9
		Total	**34**	**100.00**
4	Position held in the organization	Officer/Sales staff	17	50
		Senior officer	5	14.7
		Branch Manager	7	20.6
		Department manager/Head	5	14.7
		Total	**34**	**100.00**

Source: Own Survey, computed in SPSS, 2023

When we see the gender distribution of Nile insurance company, 58.8% of the respondents were men and 41.2% was female, these shows that in Nile insurance life industry the no. of male operational employees are larger than female operational employees.

When we come to educational level of respondents, the majority (94.1%) of them have university degree & above. We didn't find any respondent with only high school completion.5.9% of the remaining respondents were college diploma holders. These shows the majority of the respondents can easily understand the questions and they provide us with sufficient information without any assistance/problem.

The table also illustrates the level of experience & organizational position of respondents. Depending on it, the majority of the respondents (52.9%) have a working experience of 1-5 years and also 50% of them are officers/sales staffs. This indicates the life business of Nile insurance is highly operated by young officers, which helps the company to have an image of what the current needs of the society and the market as a whole. This is because, it's believed that youngsters are highly exposed to information, change and innovation.

4.3 Descriptive Analysis

The measurement was based on the results of the survey, and the descriptive interpretations for the variables or dimensions employed on the Likert scale; In a scale of 1 to 5, 1 indicates strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less)And, to make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane B. 2007).

The mean indicates that to what level of agreement the response of all respondents is approached. Standard deviation, however, measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses. Thus, the means and standard deviations of variables are described as request as the analysis. Therefore based on this interval the descriptive statistics interpreted as bellows

4.3.1 Life Insurance Gross Written Premium.

Table 4.2: Descriptive of Life Insurance Gross Written Premium

Attribute	Response	Frequency	Percentage	Mean	Std. Deviation
I am sure that in the last three years the growths of life insurance written premium increase.	Strongly disagree	11	32.4	2.44	1.418
	Disagree	11	32.4		
	Neutral	2	5.9		
	Agree	6	17.6		
	Strongly agree	4	11.8		
The management applies check and balance in order to improve gross written premium.	Strongly disagree	12	35.3	2.24	1.327
	Disagree	13	38.2		
	Neutral	1	2.9		
	Agree	5	14.7		
	Strongly agree	3	8.8		
Employees tried to upgrade in academic to add their own contribution to company.	Strongly disagree	13	38.2	2.21	1.343
	Disagree	12	35.3		
	Neutral	1	2.9		
	Agree	5	14.7		
	Strongly agree	3	8.8		
The company promotes its service for customers' regularly.	Strongly disagree	12	35.3	2.18	1.314
	Disagree	14	41.2		
	Neutral	2	5.9		
	Agree	2	5.9		
	Strongly agree	4	11.8		
The management hires the right persons on the right position.	Strongly disagree	11	32.4	2.38	1.349
	Disagree	11	32.4		
	Neutral	3	8.8		
	Agree	6	17.6		
	Strongly agree	3	8.8		
Aggregated mean & Standard Deviation				2.29	1.35

According to Table 4.2 above, the majority of respondents disagreed and disagreed strongly about the rise in life insurance written premiums during the previous three years, with the fewest respondents not deciding whether they agreed or disagreed..

The finding also shows that 12(35.3%), 13(38.2%) strongly disagree and disagree about the statement that management applies check and balance in order to improve gross written premium but 5(14.7%) and 3(8.8%) are neutral & agreed respectively about this statement. This shows that the management not applies check and balance effectively.

The finding also indicates that majority of the respondent not upgrade their educational status due to inadequate finance.

Additionally, the management does not hire the right people for the correct positions, and the organization does not adequately promote its service based on acceptable methods. Therefore, based on this data, there was no discernible change in Nile Insurance's gross written premium for life insurance.

4.3.2 Factors affecting the growth of life insurance gross written premium in Nile insurance company

This section uses a variety of statistical tools to describe the factors that influence the growth of life insurance in Nile Insurance Company, including Product packaging (new product development), level of profession & sales staff training, marketing & sales promotion, branch expansion, and quality & number of insurance intermediaries.

4.3.2.1 Current Product Packaging & development of new product line

Table 4.3: Descriptive Statistics of Current Product Packaging & Development of new Products

Attribute	Response	Frequency	Percentage	Mean	Std. Deviation
The current product of the company meets the needs of the larger society	Strongly disagree	0	0	3.38	.888
	Disagree	8	23.5		
	Neutral	6	17.6		
	Agree	19	55.9		
	Strongly agree	1	2.9		
The current product of the company is attractive & easily understandable	Strongly disagree	1	2.9	3.38	.922
	Disagree	6	17.6		
	Neutral	7	20.6		
	Agree	19	55.9		
	Strongly agree	1	2.9		
New product development will enhance premium growth	Strongly disagree	0	0	4.38	.697
	Disagree	0	0		
	Neutral	4	11.8		
	Agree	13	38.2		
	Strongly agree	17	50		
Aggregated mean & Standard Deviation				**3.7059**	**.63439**

Source: Own Survey, computed in SPSS, 2023

According to the data in the table 4.3 above, the majority of respondents (55.9%) thought that the company's current product satisfied societal needs. As they said, the company's product packages and services are cutting-edge, appealing, and simple to understand, and they provide a substantial amount of support for societal requirements and concerns.

Although the company's existing product fits the bulk of societal needs, a majority of respondents (50%) also strongly agreed on the necessity to produce new product packages. The development of those new product lines and services, which are thus thought to have a favorable effect on the growth of life premium, is attributed to the always evolving inventive market and societal needs. This variable's aggregate mean values is 3.7059, thus Which demonstrates that the majority of respondents agreed both on the need to produce extra new products and on the quality of the current product in order to significantly affect the growth of premium and to make the firm competitive in its industry.

4.3.2.3 Level of Profession & Sales Trainings

Table 4.4: Descriptive Statistics of Level of Profession & Sales Staff Training

Attribute	Response	Frequency	Percentage	Mean	Std. Deviation
The company have a well-trained life insurance processionals with good knowledge & skill about the products	Strongly disagree	1	2.9	3.32	.976
	Disagree	8	23.5		
	Neutral	5	14.7		
	Agree	19	55.9		
	Strongly agree	1	2.9		
The company prepares periodic trainings to enhance the skill & knowledge of its staffs.	Strongly disagree	1	2.9	3.00	1.155
	Disagree	15	44.1		
	Neutral	5	14.7		
	Agree	9	26.5		
	Strongly agree	4	11.8		
Staffs of the company are always ready to accept & adjust themselves to the change in the market	Strongly disagree	1	2.9	3.50	.961
	Disagree	5	14.7		
	Neutral	7	20.6		
	Agree	18	52.9		
	Strongly agree	3	8.8		
Aggregate mean & std. deviation				3.2745	.88180

Source: Own Survey, computed in SPSS, 2023

According to the research's findings in 4.4 the majority of respondents (55.9%) agreed that there are employees available who have the necessary knowledge and skills to deliver the product or service, and they also agreed (52.9%) that these employees have a flexible demeanor and are always willing to accept changes in the market environment and adjust themselves accordingly.

According to above table 44.1% of respondents, the organization has trouble planning regular trainings to improve the knowledge and abilities of its employees. Although the company has knowledgeable employees who are constantly prepared to adapt to changes in the environment and the market, regular training will assist them in getting a deeper understanding of the sector, which will ultimately help the company be more productive.

The aggregate mean of these variables displays a neutral value, indicating that neither the respondents' disagreements nor their agreements with the topic under discussion As a result, the company must examine some aspects of these areas and attempt to make changes there.

4.3.2.3 Life Insurance Marketing & Sales Promotion

Table 4.5: Descriptive Statistics of Marketing & sales promotion.

Attribute	Response	Frequency	Percentage	Mean	Std. deviation
The company have well-structured marketing & promotion strategy	Strongly disagree	4	11.8	2.59	1.048
	Disagree	15	44.1		
	Neutral	7	20.6		
	Agree	7	20.6		
	Strongly agree	1	2.9		
The company works on its staffs to enable them become figureheads	Strongly disagree	4	11.8	2.50	1.022
	Disagree	17	50		
	Neutral	6	17.6		
	Agree	6	17.6		
	Strongly agree	1	2.9		
The company is open for change &innovation regarding advertisement of its products	Strongly disagree	3	8.8	2.65	1.041
	Disagree	15	44.1		
	Neutral	9	26.5		
	Agree	5	14.7		
	Strongly agree	2	5.9		
Aggregate mean & standard deviation				**2.5784**	**.87351**

Source: Own Survey, computed in SPSS, 2023

According to the study's findings, the majority of respondents (44.1%) believe that the company's present marketing and promotion plan is not effectively organized and structured. 50% of respondents thought that the organization had a problem grooming its employees to take on leadership roles. The majority of respondents (44.1%) disagreed with the company's approach to embracing change and innovation in the market.

When we look at the individual and aggregate mean values of each variable, they all fall below 3.5, which mean that nearly all respondents are dissatisfied with the company's current marketing and sales promotion activities. As a result, there must be a great deal of concern on this area in order to increase the company's growth in terms of life insurance business.

4.3.2.4. Branch Size & Expansion

Table 4.6: Descriptive Statistics of Branch size & Expansion

Attribute	Response	Frequency	Percentage	Mean	Std. deviation
The company have enough number of branches providing the service	Strongly disagree	12	35.3	2.03	1.000
	Disagree	12	35.3		
	Neutral	8	23.5		
	Agree	1	2.9		
	Strongly agree	1	2.9		
The company have branches that are easily accessible compared to competitors	Strongly disagree	3	8.8	2.32	.843
	Disagree	21	61.8		
	Neutral	7	20.6		
	Agree	2	5.9		
	Strongly agree	1	2.9		
Each branches have a well-trained staffs and structured system to provide the service	Strongly disagree	1	2.9	2.74	.963
	Disagree	16	47.1		
	Neutral	10	29.4		
	Agree	5	14.7		
	Strongly agree	2	5.9		
Aggregate mean & standard deviation				2.3627	.78867

Source: Own Survey, computed in SPSS, 2023

According to the findings of the survey, 35.3% of respondents agreed that there are not enough branches offering life insurance services. According to data gathered from respondents, only 5 out of the total 56 branches—2 major branches and 3 satellite/contact offices—offer life insurance services. The majority of respondents (61.8%) thought that the company didn't have an easily accessible branch offering the service when compared to other rival insurance companies. For instance, Awash Insurance Company offers life insurance services in all of its branches that offer general insurance packages.

The quality of the workforce at those locations is another issue for the corporation, in addition to the issue with the number of branches. 47.1% of respondents disagreed with the notion that the corporation employed professionals with the necessary training in each of its branches. According to the information we have, this is a result of the staff members who work at most satellite offices are specialize in general insurance not receiving any further training to improve their knowledge of life insurance. Therefore, because of this knowledge gap, they won't be able to convince their consumers to buy the product because they won't be able to effectively explain the advantages of life insurance to them.

The overall mean value for these factors is 2.362, indicating that the majority of respondents are dissatisfied with the quantity of branches and caliber of the employees at the current branches and think that this will negatively affect the expansion of Nile Insurance Company's life insurance business

4.3.2.5. Insurance Intermediaries

Table 4.7: Descriptive Statistics (Frequency, Mean and Standard deviation) on number & quality of insurance intermediaries

Attribute	Response	Frequency	Percentage	Mean	Std. deviation
The company have enough number of insurance intermediaries with better knowledge & skill about the product.	Strongly disagree	0	0	3.24	.923
	Disagree	8	23.5		
	Neutral	13	38.2		
	Agree	10	24.9		
	Strongly agree	3	8.8		
The intermediaries continually attain on different trainings to enhance & develop their knowledge.	Strongly disagree	1	2.9	2.91	.965
	Disagree	11	32.4		
	Neutral	15	44.1		
	Agree	4	11.8		
	Strongly agree	3	8.8		
Having large number of intermediaries believed to have a negative impact on growth of premium by increasing the cost of sales commission.	Strongly disagree	1	2.9	3.12	.913
	Disagree	7	20.6		
	Neutral	15	44.1		
	Agree	9	26.5		
	Strongly agree	2	5.9		
Aggregate mean & standard deviation				**3.0882**	**.77550**

Source: Own Survey, computed in SPSS, 2023

According to the study's findings, 24.9% of respondents believed that there are enough insurance intermediaries with product knowledge.38.2% of them have a neutral opinion, which may be a result of their lack of familiarity with the topic under study or a communication gap because they are not affiliated with the insurance firm.

The majority of responds (44.1%) for the other factors, which relate to training and the detrimental effect that the number of intermediaries has on premium growth by raising the cost of sales commission, similarly yield a neutral conclusion.

In order for the intermediaries to effectively represent the firm to the market and improve their quality, the corporation must seriously try to improve the mean values for each variable. The other variables' low means values suggest that those elements need to be fixed in order for Nile Insurance Company's life insurance premium to increase.

When assessing the mean values for each variable, the company must highly work on improving the quality of intermediaries by asking them to take sensitizing trainings so that they can be able to represent the company to the market. The other variables' low means values suggest that those elements need to be fixed in order for Nile Insurance Company's life insurance premium to increase.

4.4 Inferential Analysis

4.4.1 Pearson's Correlation Analysis

Correlation is an analysis that measures the strengths of association between two variables. The value of the correlation coefficient varies between +1 and -1. When the value of the correlation coefficient lies around ± 1, then it is said to be a perfect degree of association between the two variables. The more the correlation coefficient value goes towards 0; the relationship between the two variables becomes weaker (Cohen & West, 2003). The sign indicate the direction of the relationship between two variables is negative or positive. Positive correlation coefficients indicates that a direct positive relationship between two variables, but the negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et al., 2012).

Table 4.8: Ranges of Correlation Coefficient

Correlation coefficient(r)	Strength of the correlation
From 0.01 up to 0.09	Negligible association
From 0.10 up to 0.29	Low association
From 0.30 up to 0.49	Moderate association
From0.50 upto0.69	Substantial association
From 0.70 and above	Very strong association

Source: *Joe W. Kotrlik, J. C. Atherton, A. Williams and M. KhataJabor. (2011)*

The correlation coefficient of the dependent variable (Life insurance gross written premium) and the independent variables determinants factors of life insurance (product packaging or new product development, level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries) illustrated in the following table:

Table 4.9: Correlation Analysis

		Growth of life insurance gross written premium	Product packaging(new product developme nt)	Level of professi on & sales training	Marketin g & sales promotio n	Branch expans ion	Insurance intermedi aries
Growth of life insurance gross written	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	34					
Product packagi ng(new product develop	Pearson Correlation	-.361*	1				
	Sig. (2-tailed)	.036					
	N	34	34				
Level of professi on & sales training	Pearson Correlation	-.009	.350*	1			
	Sig. (2-tailed)	.958	.043				
	N	34	34	34			
Marketi ng & sales promoti on	Pearson Correlation	.216	.436**	.256	1		
	Sig. (2-tailed)	.221	.010	.144			
	N	34	34	34	34		
Branch expansio n	Pearson Correlation	-.331	.172	.235	.118	1	
	Sig. (2-tailed)	.056	.332	.180	.505		
	N	34	34	34	34	34	
Insuranc e intermed iaries	Pearson Correlation	-.148	.524**	.280	.318	.313	1
	Sig. (2-tailed)	.403	.001	.109	.067	.071	
	N	34	34	34	34	34	34

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Own Survey, computed in SPSS, 2023

Product packaging (new product development): according to the above table 4.9 there were a statistically significant relationship between product packaging (new product development) and growth of life insurance gross written premium (r =-0.361, N=34, 0.036< 0.05), the correlation coefficient value indicates a moderate association between growth of life insurance gross written premium and product packaging (new product development).

Level of profession & sales training: as shown the above table 4.9 there was a negative relationship between level of profession & sales training and growth of life insurance gross

written premium (r = -0.009, N=34, p < 0.05), the correlation coefficient value indicates a negligible association between growth of life insurance gross written premium and level of profession & sales training.

Marketing & sales promotion: as shown in the above table 4.9 there was a positive relationship between marketing & sales promotion and growth of life insurance gross written premium (r =0.216, N=34, p > 0.05), the correlation coefficient value indicates a low association between growth of life insurance gross written premium and marketing & sales promotion. Therefore there was a positive significant relationship growth of life insurance gross written premium with marketing & sales promotion.

Branch expansion: as shown in the above table 4.9 there was a negative and significant relationship between branch expansion and growth of life insurance gross written premium (r =-0.331, N=34, p >0.05), the correlation coefficient value indicates a moderate association between growth of life insurance gross written premium and branch expansion.

Insurance intermediaries: there was a negative and significant relationship between insurance intermediaries and growth of life insurance gross written premium (r =-0.148, N=34, p >0.05), the correlation coefficient value indicates a moderate association between growth of life insurance gross written premium and insurance intermediaries.

4.5. Regression Analysis

4.5.1 Assumption Tests of multiple linear regression

There are many multiple linear regression assumptions, but for the purpose of this study the researcher tried to check only the following three assumptions:

4.5.1.1 Test of Linearity

The linearity of the variable can be checked by drawing the scatter plot of response variable versus fitted value. To attain linearity the pattern of the plot must be approximately linear or the distribution of the points around the fitted line otherwise there may be out layer points.

Figure 4. 1: Normal p-p plot of Regression Standardized Residual

Source: Own Survey, computed in SPSS, 2023

the above figure 4.1 indicates that the error term has constant variance and zero mean. This means the line distributed around the straight. So, the assumption of linearity satisfied.

4.5.1.2 Test of Normality

Normality can be checked by drawing histogram, if the distribution of error terms under histogram is approximately normal (bell shaped), and the distribution of points in probability plot (PP) plot lays around the straight line normality is attained otherwise it is violated.

Histogram

Dependent Variable: Growth of life insurance gross written premium

Mean = -9.71E-16
Std. Dev. = 0.921
N = 34
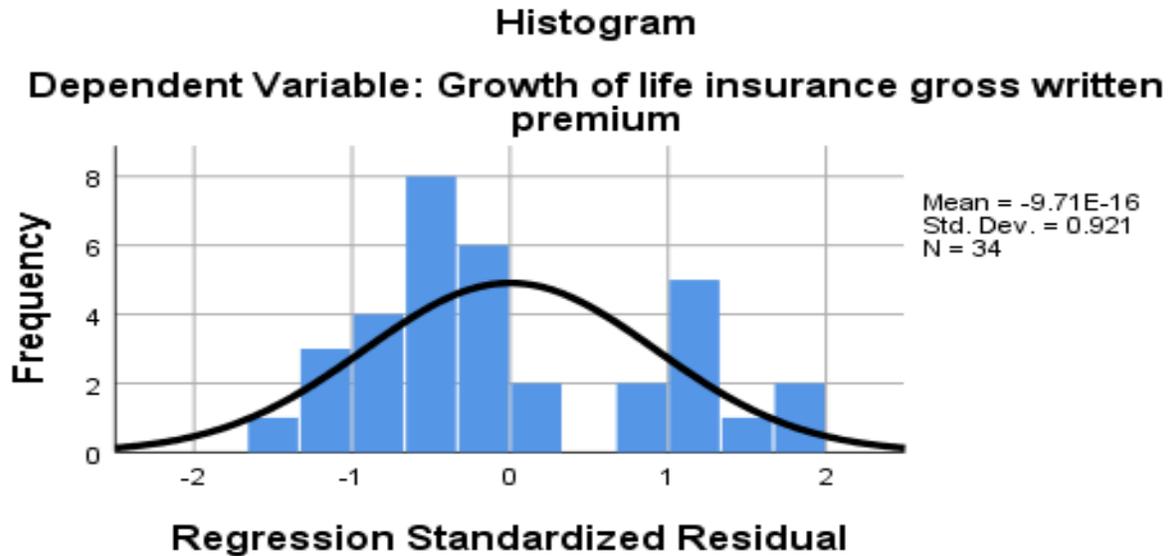
Figure 4.2: *Histogram Plot*

Source: Own Survey, computed in SPSS, 2023

As shown from the above figure 4.2, normality assumption (mean=0, and variance=1) was approximately satisfied. This means the residual of the growth of life insurance gross written premium normally distributed. The graph shows relatively normal but due to small target population it is not exactly fulfilled.

4.5.1.3 Test of Multicollinearity

Multicollinearity is one of the assumptions of multiple regressions which are checked by using bivariate correlation analysis and variance inflation factor (VIF). If the value of Pearson correlation in bivariate correlation analysis is less than 0.5 and the value of VIF is less than 10, the assumption of absence of Multicollinearity is satisfied otherwise not satisfied or violet this assumption. In other word, a serious problem for Multicollinearity is occurred if the correlation is about 0.8 or larger (Gujarati 2003). The Multi-co-linearity of the explanatory variable are below 0.80 and it can be confident to say there is significant Multi co-linearity since any of them are not above the conventional 80%.

Table 4.10: Multicollinearity Test

	Collinearity Statistics	
Independent variables	Tolerance	VIF
Product packaging(new product development)	.618	1.619
Level of profession & sales training	.831	1.203
Marketing & sales promotion	.789	1.267
Branch expansion	.877	1.140
Insurance intermediaries	.664	1.506

Source: Own Survey, computed in SPSS, 2023

From the above Table 4.12, while testing the Multicollinearity of the predictor or explanatory variables of this study, it indicates that for all predictor variables the result does not show the multicollinearity problem. We use the VIF as an indicator of multicollinearity that means if VIF is greater than 10, there is multicollinearity. So for this study the study variables of VIF is less than 10, so we concluded that the assumption of Absence of Multicollinearity was fulfilled.

4.5.2. Model Summary

There are several measurements of the goodness-of-fit of the regression model to the data that have been collected, but the most popular and known measure is R square (R^2) or coefficient of determination. It is the square of the correlation coefficient (r) between the dependent and independent variable. In short it is the ratio of the variation in the response variable that is accounted by the variation in the independent or explanatory variables. Its value faces between zero (no linear relationship) and one (perfect linear relationship). R^2 mathematically calculated as the sum of squares due to the regression divided by the adjusted total sum of squares of the dependent variable. It measured the goodness of fit of the explanatory variables in explaining the variation in the growth of life insurance gross written premium.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641[a]	.411	.306	1.113
a. Predictors: (Constant), Insurance intermediaries, Level of profession & sales training, Branch expansion, Marketing & sales promotion, Product packaging(new product development)				
b. Dependent Variable: Growth of life insurance gross written premium				

Source: Own Survey, computed in SPSS, 2023

From the above table 4.10 the values $R^2=0.411$ (41.10%) shows that the dependent variable ,growth of life insurance gross written premium, explained by the independent variables (product packaging (new product development), level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries). The remaining 0.589(58.9%) of the growth of life insurance gross written premium not explained by those determinant factors used for this study. Therefore it fit the regression model but still needs elaboration in the future studies.

4.5.3. Analysis of Variance

Analysis of Variance (ANOVA) is used to show how well the model containing those nine of the independent variables.

Table 4.12: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.242	5	4.848	3.912	.008[b]
	Residual	34.700	28	1.239		
	Total	58.941	33			
a. Dependent Variable: Growth of life insurance gross written premium						
b. Predictors: (Constant), Insurance intermediaries, Level of profession & sales training, Branch expansion, Marketing & sales promotion, Product packaging(new product development)						

Source: Own Survey, computed in SPSS, 2023

From the above table 4.12 the regression included a constant; the total sum (58.941) reflects the sum after removal of means, as does the sum of squares due to the model. The F statistic associated with the ANOVA table was 3.912. The value of F-statistic shows that all coefficients excluding the constant are zero. The chance of observing an F statistic that large or larger is reported as significant value. Alpha value 0.008; this indicates that all the independent variables are jointly potent to explain the dependent variable (growth of life insurance gross written premium). In other word the model used for this study was significantly good enough to explain the variation in the dependent variable.

4.5.4 Regression Coefficients

Multiple linear regression analysis performed to evaluate the effect of each independent variable on growth of life insurance gross written premium dependent variable. It is also a statistical tool for the investigation of the magnitude of associations between variables (Faraway, 2002). Multiple regression estimates the β's in the equation by ordinary least square method (OLS).

Table 4.13: Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	4.034	1.009		3.997	.000	1.967	6.102
Product packaging(new product development)	-.864	.268	-.594	-3.221	.003	-1.413	-.315
Level of profession & sales training	.188	.215	.139	.873	.390	-.253	.629
Marketing & sales promotion	.606	.219	.452	2.768	.010	.158	1.055
Branch expansion	-.466	.210	-.343	-2.215	.035	-.897	-.035
Insurance intermediaries	.161	.326	.088	.495	.625	-.507	.829
a. Dependent Variable: Growth of life insurance gross written premium							

Source: Own Survey, computed in SPSS, 2023

In the general multiple linear regression model, the researcher included five determinants of growth of life insurance gross written premium(product packaging (new product development), level of profession & sales training, marketing & sales promotion of life insurance products, branch expansion and insurance intermediaries) that affect growth of life insurance. But this general model reduced in to final fitted multiple linear regression model based on the criteria of the significance level (Sig.) or p-value greater than alpha-value (0.05) whose effect considered as insignificant. Based on this criteria as shown in above table 4.13 ,level of profession & sales training and insurance intermediaries had insignificant effect on growth of life insurance gross written premium .so no need of further discussion and interpretation unlike significant determinant.

Therefore the final fitted model was:

Growth of life insurance gross = 4.034-0.864$_{\text{Product packaging}}$+0.606$_{\text{Marketing & sales promotion}}-0.466_{\text{Branch expansion}}$

From the above table 4.13 the final estimated regression model and coefficient interpretations are discussed below:

Product packaging (new product development): the effect of product packaging (new product development) on growth of life insurance gross written premium was statistically significant at 5% significant level. This shows that the mean change in growth of life insurance gross written premium per a unit change in product packaging (new product development), when other independent variables are constant. Therefore, a one-unit increase in not constructing product packaging (new product development) will result the growth of life insurance gross written premium to decrease by an average 0.864.Therefore, product packaging (new product development) has significant effect on growth of life insurance gross written premium with in confidence interval (-1.413, -0.315).

Marketing & sales promotion: The effect of marketing & sales promotion on growth of life insurance gross written premium was statistically significant at 5% significant level. This shows that the mean change in growth of life insurance gross written premium per a unit change in marketing & sales promotion, when other independent variables are constant. Therefore, a one-unit increase in marketing & sales promotion will result the growth of life insurance gross

written premium to also increases by an average 0.60.6.Therefore,fully understanding marketing & sales promotion have significant effect on growth of life insurance gross written premium with in confidence interval (0.158, 1.055).

Branch Expansion: The effect of branch expansion on growth of life insurance gross written premium was statistically significant at 5% significant level. This shows that the mean change in growth of life insurance gross written premium per a unit change in branch expansion, when other independent variables are constant. Therefore, a one-unit increase in improper branch expansion will result the growth of life insurance gross written premium to decrease by an average 0.466.Therefore,branch expansion have significant effect on growth of life insurance gross written premium with in confidence interval (-0.897, -0.035).

Therefore, because of greater p-value no need of interpretations for level of profession & sales training and insurance intermediaries. This shows that those two factors were not significant contributor for growth of life insurance gross written premium with in indicated confidence interval.In general the finding shows that product packaging (new product development), marketing & sales promotion of life insurance products and branch expansion had significant effect on growth of life insurance gross written premium.

4.5.5 Hypothesis Testing

Hypothesis testing is the method of testing whether claims or hypotheses regarding a population are likely to be true. The goal of hypothesis testing is to determine the likelihood that a population parameter, such as the mean, is likely to be true. Here there are two hypotheses: null (H0), and alternative (Ha). The null hypothesis (H0), stated as the null, is a statement about a population parameter, such as the population mean, that is assumed to be true. The null hypothesis is a starting point. The researcher tests whether the value stated in the null hypothesis is likely to be true. The only reason of testing the null hypothesis is because the researcher thinks that it is wrong. An alternative hypothesis (Ha) is a statement that directly contradicts a null hypothesis by stating that the actual value of a population parameter is less than, greater than, or not equal to the value stated in the null hypothesis. The significance (sig.) value expresses a value to accept or reject the (null) hypotheses. It is also called the p-value. The p-value is the probability that the correlation is one just by chance. Therefore, the smaller the p-value, the

better will be. The general rule is: reject H0 if p < .05 and accept H0 if p ≥ .05 (Pallant, 2007). For this part of the research, it is better to state again what the three hypotheses were under the introduction part of the study.

Hypothesis 1:

Ho1: There is no statistically significant relationship between quality of current product package & new product development with life insurance gross written premium

Ha1: There is statistical significant relationship between quality of current product package & new product development with life insurance gross written premium.

As shown on table 4.13 the correlation between gross written premium and GDP Service was moderately strong with r=0.361 &, p =0.003. In this case, the p-value is less than 0.05 so the value is highly significant. Thus, we reject the null hypothesis (Ho1) and, instead, accept the alternative hypothesis (Ha1) it says that there is statistically significant relationship between quality of current product package & new product development with life insurance gross written premium.

Hypothesis 2:

Ho2: There is no statistically significant relationship between professionalism & sales training with life insurance gross written premium.

Ha2: There is statistically significant relationship between professionalism & sales training with life insurance gross written premium.

As shown on table 4.13 the correlation between professionalism & sales training with life insurance gross written premium negligible with r=-0.009 & p < 0.390. In this case, the p-value is greater than 0.05 so the value is non-significant. Thus, we accept the null hypothesis (Ho2) and, instead, reject the alternative hypothesis (Ha2) it says that there is significant relation between professionalism & sales training with life insurance gross written premium.

Hypothesis 3:

Ho3: There is no statistically significant relationship between marketing & sales promotion of life products with life insurance gross written premium.

Ha3: There is statistically significant relationship between marketing & sales promotion of life products with life insurance gross written premium.

As shown on table 4.13 There was low correlation between marketing & sales promotion of life products with life insurance gross written premium with r=0.216 &, p= 0.010. In this case, the p-

value is less than 0.05 so the value is highly significant. Thus, we reject the null hypothesis (Ho3) and, instead, accept the alternative hypothesis (Ha3) it says that There is statistically significant relationship between marketing & sales promotion of life products with life insurance gross written premium..

Hypothesis 4:

Ho4: There is no statistically significant relationship between no. of branches providing the service and life insurance gross written premium.

Ha4: There is statistically significant relationship between no. of branches providing the service and life insurance gross written premium.

As shown table 4.13 the relationships between no. of branches providing the service and life insurance gross written premium. There is a moderate and statistically significant negative correlation between gross written premium and number of branches, $r = -0.331$, $p < 0.035$. In this case p-value is less than 0.05 so the value is highly significant. Thus, we reject the null hypothesis (Ho4) and, instead, accept the alternative of hypothesis (Ha4) that says there is statistically significant relationship between no. branches and life insurance gross written premium

Hypothesis 5:

Ho5: There is no statistically significant relationship between no. & quality of insurance intermediaries and life insurance gross written premium.

Ha5: There is statistically significant relationship between no. & quality of insurance intermediaries and life insurance gross written premium.

As shown table 4.13 the relationships between life insurance gross written premium and number & quality of insurance intermediaries. There is a moderate but statistically insignificant positive correlation between gross written premium and no. & quality of insurance intermediaries, $r = -0.148$, $p < 0.625$. In this case p-value is greater than 0.05 so the value is non-significant. Thus, we accept the null hypothesis (Ho4) and reject the alternative of hypothesis (Ha4) that says there is statistically significant relationship between no. & quality of insurance intermediaries and life insurance gross written premium.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter includes a summary of the research's findings, conclusions pertaining to the research's goals, ideas or recommendations on the variables influencing the growth of the life insurance market in Nile insurance company, and areas that require additional study. The purpose of the study was to identify the variables influencing Nile insurances life insurance market growth. Data pertaining to the study's goals was gathered and examined, and the results are reported in chapter 4.

5.2. Summary of the Findings

The research's objectives included the identification and evaluation of factors affecting the growth and expansion of the life insurance premium at Nile Insurance Company as well as the formulation of recommendations based on the concepts from the literature review and empirical findings from the study.

This research paper had a main objective and based on that there are 5 specific objectives to be addressed by the result. The first objective was to identify those factors affecting the growth of life insurance premium. Depending on the study, 5 variables/factors had been identified and believed to have an impact on premium growth. These are;-the current product package & development of new product, level of profession of staffs & periodic trainings, marketing & sales promotion of life products, the number of branches providing the service and finally the quality & quantity of insurance intermediaries.

The second one was determining the effect of new product packaging on premium growth. Depending on the result even though the current product of the company meets the needs of a larger society & is attractive & easily understandable, they believed that developing a new product package will help the company to be competitive by bringing an updated service which fits the modern world. So new product development believed to have a positive impact on

growth of premium. The result shows that developing new product will have a significant impact on growth of premium.

The third objective was revolved around the concept of marketing and sales promotion & its impacts on premium growth. Depending of the result, innovating the marketing strategies of the company, helping staff members to outshine in the marker & following new platforms to advert the company's products believed to have a positive impact on premium growth. It shows that once the company fails to develop and modernize its products, there will be a significant change or problem on its development.

Identification of the impacts of branch size on premium growth was the fourth objective of the study. Depending on the result, the company has only 5 branches providing the service and also when compared to other competitors it's difficult to get access to those branches and each branch also lack a professional staff who can explain better about the product. So this problem highly affects the growth of premium because the customers must easily access the service and they also need knowledgeable sales staffs that have an ability to convince them to purchase the product. So size & quality of branch have an impact on the growth of life insurance premium.

The fifth & last objective was related to the concept of insurance intermarries and their impact on premium growth. Based on the result we can't conclude that there is a direct impact of those intermediaries on the growth of premium in Nile insurance company. We can't find a significant impact of numbers and qualities of intermediaries on the growth of life premium. This is because most of the respondents don't have clear information regarding the number and quality of intermediaries serving Nile insurance company so additional research must be done on this area.

In general the finding shows that product packaging (new product development), marketing & sales promotion of life insurance products and branch expansion had significant effect on growth of life insurance gross written premium but level of profession & sales training and insurance intermediaries didn't have that much of a significant effect on it and further studies needs to be done on this specific factors.

5.3. Conclusions

Based on the findings of the study, the researcher concluded that product development has a positive effect on growth of life premium in Nile insurance company. It explains that the majority of respondents believed on the need of new product development for the increase of premium. It also shows that there is a significant impact of product development on premium growth. The study also concluded that change on marketing & promotion strategy of the company has positive effect on premium growth. The company must follow a modernized marketing strategy with new advertisement ideas to outshine in this competitive market. Further, based on the findings it was also concluded that increasing the numbers of branches providing the service have also a positive impact on premium growth. Making branches available for customers need and having a well trained staff on those branches have a significant effect on premium growth.

With these overall results, it is possible and right decision to conclude that product packaging (new product development), marketing & sales promotion of life insurance products and branch expansion had significant effect on growth of life insurance gross written premium while level of profession & sales training and insurance intermediaries also have an impact but not that of significant enough to determine growth. The researcher also conclude that growth of life insurance gross written premium in Nile insurance is not effective because the management fails to apply check and balance in order to improve gross written premium, promotes its service for customers' regularly and miss much of employee job assignment.

5.4. Recommendation

On the basis of the findings of the study, the following recommendations can be made:

☞ Underwriting & branch operation department of the company must cautiously work on planning & developing of new product packages that will help the company to become competent in the market. This is done through periodic assessment of the position of the firm in the market, by trying to capture the needs of this generation by having different researchs,trying to have an information about the product packages of competitors and work on improving their current product and the like

☞ The company must focus on modernizing its marketing & promotion strategies and have to follow the current and updated platforms to reach the wider societal needs. This is done first by understanding the educational & professional level of our customres.understandig this helps the company to identify what type of customers they are serving, what those customers need and how can we reach to them. The other means of modernizing firms marketing strategy is done by having professional sales persons who have a specialized background on life insurance business and are always on training to enhance their knowledge.

☞ The company must have to focus on increasing the number of branches that provide the service and those branches must be structured with a knowledgeable staffs who take different trainings that help them to be confident enough when facing the customers. This is done by budgeting specific amount of finance to open branches mostly to areas that are close to the centre of the city and also areas with international organization.

☞ The company must highly focus on its staffs because they are the figures who represent its performance of the firm so periodic trainings, sensitizing programs, motivations & incentives must be provided in order to make them positive about their working environment & for them to provide their maximum effort.

☞ The management should apply effective check and balance procedures, promote the service provided by the company and must properly assign individuals to a specific job .

5.5 Suggestions for Further Research

Studies need to be conducted using more variables that seem to be pertinent to the study. The studies should be conducted to investigate the interaction of other variables that influence the growth of life insurance business. The study needs to be done using a larger sample and tried to find out the correlation among variables so as to give more insight on life insurance business in Nile insurance company.

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ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

Appendix I: Questionnaire

Dear Respected Respondents:

This questionnaire is designed based on the Topic: **Determinant Factors for the Growth of Life Insurance Gross Written Premium; In the case of Nile Insurance Company S.C.** The main purpose of this questionnaire is to obtain information about your company's overall experience on factors affecting for the growth of life insurance gross written premium. The quality of the result of this research is based on the accuracy of the information you provided.

Any information you give would be kept confidential as the data are needed for academic purpose only.

The questionnaires are filled by department manager, branch manager, senior officers /sales staffs and related employees, framed into three parts: part one deals with overall profile of the respondents, part two focuses on factors affecting the growth of life insurance growth written premium and part three open-ended questions.

I am very thankful for your valuable time and contribution in advance.

With best regards,

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Part-I: Demographic Characteristics

Direction: Please select the appropriate option by putting an X in the box against each question.

1. Gender

1. Male   [   ]

2. Female   [   ]

2. Education

1. High school complete   [   ]

2. College diploma   [   ]

3. University degree   [   ]

4. Master's degree   [   ]

3. Experience

1. 1 – 5yrs.   [   ]

2. 6 – 10yrs.   [   ]

3. 11 – 15yrs.   [   ]

4. above 15yrs.   [   ]

4. Position held in the organization

1. Officer/Sales staff   [   ]

2. Senior officer   [   ]

3. Branch Manger   [   ]

4. Department Manager/Head   [   ]

5. Other   [   ]

Part-II: Question related to objectives

Instruction: Please indicate your degree of agreement or disagreement by encircling the appropriate option for each of the following statements Where, **1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly Agree.**

Growth of Life Insurance Gross Written Premium

Item No.	Growth of Life Insurance Gross Written Premium	Level of agreement				
		1	2	3	4	5
1.1	I am sure that in the last three years the growths of life insurance written premium increase.					
1.2	The management applies check and balance in order to improve gross written premium.					
1.3	Employees tried to upgrade in academic to add their own contribution to company.					
1.4	The company promotes its service for customers' regularly.					
1.5	The management hire the right persons on the right position.					

Determinants of Growth of Life Insurance Gross Written Premium (Product packaging (new product development), Level of profession & sales training, Marketing & sales promotion of life insurance products, Branch expansion and Insurance intermediaries)

Item No.	1. Product Packaging(New product development)	Level of agreement				
		1	2	3	4	5
1.1	The current product of the company meets the needs of the larger society					
1.2	The current product of the company is attractive & easily understandable					
1.3	Developing a new product package will enhance the growth of gross written premium					
	2. Level of Profession & sales training	**1**	**2**	**3**	**4**	**5**
2.1	The company have a well-trained life insurance professional (sales, underwriters& claim officers)with good knowledge about the product to be sold					
2.2	The company prepares periodic trainings to enhance the knowledge & skills of its staffs					

		1	2	3	4	5
2.3	The company have members of staffs who are always ready to accept the change in the market and adjusts themselves with it					
	3. Marketing & Sales Promotion	**1**	**2**	**3**	**4**	**5**
3.1	The company have a well-structured marketing & promotion strategy					
3.2	The company works highly on its staffs to enable for them to become figureheads.					
3.3	The company is always open for change and innovations regarding advertisement of its products (use of internet, accessibility to mobile etc...)					
	4. Branch Expansion	**1**	**2**	**3**	**4**	**5**
4.1	The company has enough number of branches providing the service.					
4.2	The company is easily accessible in terms of branches compare to other competing insurance companies					
4.3	Each branches have a well-trained staffs and structured organization to provide life insurance service					
	5. Insurance Intermediaries	**1**	**2**	**3**	**4**	**5**
5.1	The company has enough amounts of life insurance brokers and agents with a better knowledge and skill about the products & the company as well.					
5.2	The intermediaries continuously attain on different trainings to enhance and develop their insight (knowledge) about the products and also to be competitive in the market.					
5.3	Having a large number of intermediaries believed to have a negative impact on premium growth by increasing the cost of sales commission					

Part-III: Open ended questions

1. Above all stated factors for growth of life insurance gross written premium, which one do you think is a "Game changer"? Explain why?

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2. What do you recommend as a staff of Nile insurance company to help your organization to outshine in this competitive insurance market?

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Annex 2

Life insurance gross written premium & its % contribution to the annual revenue of Nile insurance company in the last 3 years.

	YEARS		
	2019/20	**2020/21**	**2021/22**
Companies Annual premium	494,200,000.00	597,000,000.00	668,200,000.00
Life insurance gross written premium	48,100,000.00	57,900,000.00	60,200,000.00
% of Growth	6.40%	20.40%	5.70%
Contribution to companies annual premium	9.70%	9.60%	9%

Source: Nile insurance companies annual report