

Attitude of senior civil servants Towards Insurance policy in Nigeria

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Abstract: The attitude of Nigerians towards owning insurance policy is quite discouraging and this has made insurance to remain among the least purchased item in the country. This paper examined this attitude among the senior civil servants in Nigeria using urban workers in Enugu as a case study. The data obtained were analyzed using chi squared test (χ^2). The results obtained revealed that owning insurance policy depends on individual's level of income and educational attainment. This paper suggests the need for more public enlightenment to educate the masses on the benefits of owning insurance policy. These symbols used are defined as follows: χ^2_c is critical value of χ^2 , α is the level of significance, v is the degrees of freedom

Keyword: Attitude, Benefits, Civil servants, Chi-squared, Education, Income level, insurance policy,

1. INTRODUCTION

Insurance in one form or the other has been in use for as long as man lived in historical society [1] Since the Second World War, the insurance industry in the world over has experienced remarkable growth. Concurrent with this growth has been significant changes in the industry. The Nigerian insurance industry is unaffected by this general growth malady. The growth of multiple line transition, introduction of package policies, the universal banking system, grassroots insurance, the variable annuity, growth life insurance, universal life policy, changes in regulatory framework, continued expansion of the social security system and the involvement of government as a provider of private insurance are all of the challenges with which the insurance industry must contend with. Historically, some form of social insurance existed in Nigerian society long before the introduction of the modern insurance in Nigeria [2]. These social schemes evolved through the existence of extended family system and social associations such as age grades, and other unions. Although the future of insurance industry in Nigeria appears bright, a number of unresolved problems still exist; of a particular interest is the insurance marketing system which has affected the consumption of insurance products. In Nigeria, this problem seems to be even more pronounced because of the level of literacy of the Nigerian populace. Insurance has remained on the least purchased items within the financial market. The Insurance policy holder, commonly known as the insured, pays certain amount of money called premium monthly or yearly as agreed upon. This premium compensates for the risk which the insurance company has taken over from the insured. The injured is off-cover as soon as the period for which premium has been paid expires. In the event of any loss, the insured will only be indemnified if he is on cover at the time of the loss bearing all other conditions and exceptions of the insurance policy document. At any expiring date of an Insurance policy, the insured has the option of renewing or lapsing of the policy.

Every person has a legally insurable interest in his or her own property and may validly insure it even though there is no knowledge that any loss would be suffered in the future. Concerning the performance of the insurance industry, [3] observes that even though life insurance industry engages in product innovation, the market for life insurance appears to have a serious weakness in that not many new improvements have been forthcoming in recent years.

One of the basic issues surrounding insurance policy is lack of proper knowledge about the type of policy one should take up. People who have taken up policies in recent times finally don't remain as a premium member of a particular insurance company.

There are three main types of insurance in actuarial literature including whole life insurance which provides death benefit for lifetime; term life insurance that provide a death benefit for a limited number of years and endowment life insurance which is a term life insurance with a saving medium for consumers. It also plays important psychological and social roles. [4]

[5] in his study stated that the major function of life insurance of human life, besides covering the risk of death is that it also covers the risk of disability, critical illness and superannuation. Life insurance is therefore developed on the economic component of human life. Any event affecting an individuals earning capacity has an impact on the individual human life value. This event may be premature death, incapacity, retirement or unemployment. [4]

The human life value concept provides the philosophical basis for the life insurance which is a product designed to protect the individuals against two distinct risks; premature death and superannuation. [6] .Thus while death itself is not a risk, the time of death is. For most people death in any age may be considered premature when one dies before adequate preparation has been made for future financial requirements dependents. Life insurance thus becomes the mechanism for one to ensure a continuous stream of income to the beneficiaries [4]. In this regard, life insurance may be regarded as a saving medium, financial investment or a way of dealing with risks [7]

[8] said that life is full of risks and uncertainties; and social human beings have the responsibilities of minimizing these risks. Nigerians exhibit some emotional and rational attitude in their buying decisions. They believe the future rather than the present and desire to have a secured future. In this direction, life insurance has its own value in terms of saving, as savings investment and risk protection. The average selling purchases of life insurance policies in Nigeria is still lower than many western countries [9], this has led to a considerable unexpected potential of life insurance. With so many life insurance products available, one continues to wonder why the majority of Nigerians have no any life policy.

[9] further stated that Purchase intention as a function of an attitude towards a particular behavior is the degree to which the person has favorable and unfavorable evolution of behavior in question. Purchase intention is influenced by anticipated situational factors. The consumer forms a purchase intention on the basis of such factors as expected family income, expected price, benefit from the product.

The consumer is shown as passing through four stages before purchasing an item, they are problem recognition, information search, evaluation of alternatives and buying decisions [9]. Purchase of insurance policy is a shoot of investment decisions; hence, a preview of investment theory. Investment decisions are based on expectations about the future. As we know that attitudes and actions are very closely related, and are often consistent, because they influence each other in both superficial and deliberate ways. How actions influence attitudes depends on the level of processing: Self-perception theory states that actions influence attitudes because people infer their attitudes by observing their own behavior and the situations in which their behavior occurs [10] Therefore, the purpose of this study is to appraise insurance responses attitude of senior civil servant in Enugu of Nigeria. This will be done based on the following questions.

1.1 Research questions

1. Does the tendency to own insurance policy is dependent on, level of income
2. Does the tendency to own insurance policy is dependent on Educational attainment..

2. METHODOLOGY

The simplify technique used in this study is the stratified random sampling. The stratification factor is the income level while the variable of interest is the tendency to own insurance policy. It is believed that income level has relationship with the tendency to take up an insurance policy. Proportional allocation was used to allocate sample units to different strata.

Primary source of data was used in this study, by distributing the questionnaires to the number of selected civil servant in the selected ministries and parastatals in Enugu. Pilot survey was needed in this survey to ensure that the sample frame is adequate. Senior civil servants were allocated into three strata, 07-09, 10-12, 13 and above on the basis of their income. For the purpose of the pilot survey, a sample size of 20 senior civil servants was proportionally allocated to the three strata. The sample size for the main survey was computed based on the pilot survey returns. The distribution of senior civil servant in Enugu urban by salary grade level used in this survey was obtained from the man power section of the state cabinet office.

TABLE 1 THE TABLE BELOW SHOWS THE DISTRIBUTION OF SENIOR CIVIL SERVANTS BY SALARY GRADE LEVEL.

Stratum	Number of senior civil servants
07 – 09	765
10 – 12	414
13 and above	191
Total	1370

The Neyman’s proportional allocation formula given by

n_h = was used for pilot survey sample allocation where

n_h = sample size within each stratum

n = total sample

N_h = population of each stratum

N = total population.

The result of the pilot survey was used for computation of the mean sample size. A sample size of 432 was obtained. This sample size is considered appropriate for this survey bearing cost and a more precise result.

Having obtained the sample size, we proceeded to allocate sample units, to the three strata, using the Neyman's proportional allocation.

TABLE.2 THE TABLE BELOW SHOWS THE PROPORTIONAL ALLOCATION OF SAMPLE UNITS TO THE STRATA

Stratum	Nh	Nh
07 – 09	765	241
10 – 12	414	131
13 and above	191	60
Total	1370	432

There are 24 ministries and 9 parastatals in Enugu urban as obtained from of the state cabinet office, NCSC Enugu. The techniques of simple random sampling were employed in selecting 15 ministries and 5 parastatals which ensure adequate representation of the whole ministries and parastatals.

For the selection of the 15 ministries and 5 parastatal, a series of random number was generated and the random number was assigned to the list of all the ministries and parastatals. Then starting from the ministry and parastatals name, every ministry or parastatal name that has an even random number attached to it was chosen until the required 15 ministries and 5 parastatals were obtained.

Once more, the Neyman's proportional allocation was employed in allocating sample units to the selected ministries and parastatals.

A comprehensive list of the senior civil servant in the 15 ministries and 5 parastatals selected was obtained then the simple random sampling technique was also applied to each and every one of the senior civil servants for the selection of the final total sample size of (432) senior civil servants.

3. RESULTS

In answering the two research questions; to determine whether the tendency to take up insurance policy is dependent on:

- 1 Educational attainment
- 2 Level of income of civil servant.

3.1 Research question1

To determine whether the tendency to own insurance policy is dependent on the level of educational attainment, the following hypothesis was tested at 5% the level of significance.

H₀: The tendency to take up insurance policy is independent of the level of Education attainment.

Vs

H_A: The tendency to take up insurance policy is not independent of the level of Educational attainment.

Decision Rule: Reject H₀: if the critical value > (α, v) otherwise, do not reject H₀.

TABLE 3 CLASSIFICATIONS BASED ON LEVEL OF EDUCATIONAL ATTAINMENT

EDUCATIONAL ATTAINMENT	POLICY	NO POLICY	TOTAL
University/College	10 (72)	55 (83)	155
Secondary	10 (42)	80 (48)	90
Others	30 (26)	25 (29)	55
Total	140	160	300

$$\chi^2_c = 67.216, \chi^2(\alpha, v) = (0.005, 2) = 5.991$$

Since $\chi^2_c \geq \chi^2(\alpha, df)$ i.e. $67.216 > 5.991$, we reject the null hypothesis and conclude that the tendency to own insurance policy depends on educational attainment.

3.2 Research question 2

To determine if the tendency to own insurance policy is dependent on level of income, the following hypothesis was tested at 5% the level of significance.

H₀: The tendency to take up insurance policy is independent of level of income.

Vs

H_A: The tendency to take up insurance policy is not independent of level of income.

Decision Rule is: Reject H₀: if the critical value > (α, v) otherwise, do not reject H₀.

TABLE 4 CLASSIFICATIONS BASED ON LEVEL OF INCOME

LEVEL OF INCOME	POLICY	NO POLICY	TOTAL
07 – 09	60 (84)	120 (96)	180
10 – 12	52 (40)	25 (37)	77
13 & above	28 (20)	15 (23)	43
Total	140	160	300

$$\chi^2_c = 26.33, \chi^2(\alpha, v) = (0.05, 2) = 5.991$$

Since $\chi^2_c > \chi^2(\alpha, df)$ i.e. $26.33 > 5.991$, we reject the null hypothesis and conclude that, the tendency to own insurance policy depends on level of income.

4. CONCLUSION AND RECOMMENDATIONS

From the analysis carried out based on this study, it has been observed that the tendency to take up an Insurance policy is dependent on level of educational attainment and level of income. This supports the idea that one can only enter into the scheme based on the level of awareness and understanding of the policy. In addition, since it involves money issues, the lower class citizens may not see the need to enter into insurance policy; apart from life, they may not have any valuable thing to insure. In view of these, there should be wider publicity to the Insurance Business; this could lead to attitudinal change of the citizens towards insurance policy. The senior civil servants and the general public as a whole should be educated in the clearest terms, on the operation and benefits of the Insurance policy.

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