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EFFECT OF DEMOGRAPHIC FEATURES OF INSURED ON UPTAKE OF INSURANCE POLICY AND PRODUCT IN NIGERIA

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Abstract

The overall performance of insurance sub-sectors is reported to be weak because of inadequate personal resources of the consumer which entails their demographic characteristics. These demographic features of consumers change over time as a result of economic, cultural, and political circumstances which hindered service delivery to the customers by the insurance companies. Disparities in these demographic characteristics influence their decision on uptake of insurance policy which in turn affects the penetration of insurance sub-sector. Therefore, this study examines the effect of consumers' demographic features on uptake of insurance policy in Nigeria. The study adopts survey research design with infinite population. The sample size is 384 respondents and the data obtained through questionnaire was analysed using descriptive and inferential statistics. The result of OLS regression analysis reveals that academic qualification, age and type of work of the consumers significantly relate with insurance uptake of customers. However, gender, marital status, annual income and working experience of the customer have no significant relationship with insurance uptake of customers. The study concludes that academic qualification and age of consumers positively influences their decision on demand for insurance policy while the nature of the work of customers negatively affects their demand for insurance uptake. Therefore, the study recommends that insurance companies should not only focus on educated customers should sensitize all their customers across age bracket on various insurance policies available to them.

Keywords: Demographic features, insurance uptake, performance.

JEL Classification Codes: J11; R22; P27

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1. INTRODUCTION

The insurance sub-sector of financial service industry aims at smoothening any forms of financial calamity in the economy hence, strengthening the financial and economic system of the country (Shawar & Siddiqui, 2019). A sound and profitable insurance sector should be able to withstands any distresses and contribute to the stability of the economy (Athanasoglou, Brissimis & Delis, 2005). However, the overall financial performance of insurance sub-sectors is reported to be weak because of inadequate resources both from insurers and the insured. Among the inadequate resource are the personal resources of the consumer which entails their demographic characteristics. These demographic features of customer change over time as a result of economic, cultural, and political circumstances. Therefore, hinder service delivery to the customers and achievement of strategic objective of the entity.

Disparities in the demographic characteristics of customers influence their decision and expenditure. Therefore, its relevance's on insurance policy uptake cannot be underrated. Some of the demographic factors that influence customers' decision to demand for insurance policy or product include income level, age, gender, education level, job sector and marital status of the consumer. There is general belief that men take up insurance policy than women which in turn affect the performance of the sector because of dominance of women in the world. Old people are prone to disaster than the young people, so they are expected to patronize insurance more than youth customers (Mahdjour & Benhabib, 2017). Taking up of Insurance policy depends on the residual income level. Customer with insufficient income will not want to embark on such decision except being force or in line with organisation requirement.

Insurance language involve some technical terms which only understandable by customer with sufficient level of educational qualification. Therefore, uptake of insurance product expected to be influence with level of education of customers. Besides, level of working experience also considered as an important factor affecting decision on insurance uptake by customers (Mahdjour & Benhabib, 2017). All these factors have maximum influence regarding decision on uptake of insurance products because they made to think twice and to be very sceptical in obtaining insurance policies. These consequently lead to poor penetration and performance of insurance sector in Nigeria. Thus, the present study intends to assess the influence of factors emanating from consumers that affecting the performance of insurance companies in Nigeria.

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Based on the problems identified earlier, question on the extent to which demographic factors of consumers influencing uptake of insurance policies in Nigeria. Consequently, seven research hypotheses were developed as follow:

H₀₁: There is no significant relationship between gender of the customers and the performance of insurance companies in Nigeria.

H₀₂: There is no significant relationship between marital status of the clients and the performance of insurance companies in Nigeria.

H₀₃: There is no significant relationship between educational background and the performance of insurance companies in Nigeria.

H₀₄: There is no significant relationship between age and the performance of insurance companies in Nigeria.

H₀₅: There is no significant relationship between annual income level of consumer and the performance of insurance companies in Nigeria.

H₀₆: There is no significant relationship between class of work and the performance of insurance companies in Nigeria.

H₀₇: There is no significant relationship between working experience of the customers and the performance of insurance companies in Nigeria.

The current study will contribute to the body of the existing literature on the impact of demographic characteristic of insured on uptake of insurance policy. The findings will also expose the policy maker to those important factors of the consumer needed to be considered when formulating an insurance policy. The rest of the paper covers conceptual review, theoretical underpinning, empirical review, methodology, presentation and discussion of finding, conclusion and recommendations.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Performance of Insurance Companies

Performance is the capability of an entity to expand and deal with its available resources in several different ways to maintain competitive advantage. High performance implies that management are effective and efficient in utilization of the entity's resources which in turn improve the economy at large (Mazviona, Dube & Sakahuhwa, 2017). With these, it implies performance cannot be restricted to financial performance alone. The issue of performance of corporate organizations has been one of the major concerns of management, experts, investors and as well as researchers. The performance of a firm can be measured using different indices, financial or otherwise, through different methods.

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However, attention is usually placed on the ability of the organization to lift up their income level (Ahmed, Ahmed & Usman, 2011). Little or no attention is usually placed on other non-financial methods. A good example with respect to uptake of insurance policy or product is one of the parameters that is being used to assess the level of performance of insurance companies. The demand for insurance products is of the non-financial performance because of its impact on the level of penetration of the industry. Effective and efficient performance of the insurance industry is a reflection of proper management of these demographic characteristics. A strong understanding of these factors and their impacts on business operations like insurance companies are essential.

2.1.2 Demographic Factors

The term Demography refers to the overall study of population. In 1855, a Belgian scholar Achille Guillard defined demography as the natural and social history of human species or the mathematical knowledge of populations, of their general changes, and of their physical, civil, intellectual and moral condition (Caves, 2004). Demographic is the collection and study of data regarding the general characteristics of specific populations. It is frequently used as a business marketing tool to determine the best way to reach customers and assess their behavior. The use of demographics helps to determine whether its products and services are being targeted to that company's most important consumers (Chappelow, 2019).

Demographic data can be directly and indirectly collected. The direct method usually involves sources like census while indirect methods of collecting data where full data are not available particularly in much of the developing world (Chappelow, 2019). Demographic data is collected to build a profile for the organization's customer base and to make certain generalizations about groups to identify customers. The common variables that are gathered in demographic research include age, sex, income level, race, employment, location, homeownership, and level of education. Most large companies conduct demographic research to determine how to market their product or service and best market to the target audience. It is valuable to know the current customer and where the potential customer may come from in the future (Srivastava, 2005).

2.2 Theoretical Review

2.2.1 Resource-Based View Theory

This theory was postulated by Penrose (1959) and has gained respect as a potential contemporary theory that combines strategic insights on competitive advantage and organizational insights on firm existence. The resource-based focus on firm's

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resources as the primary factors of competitive benefit and performance (Penrose, 1980). The theory visualized firm a collection of physical and human productive resources. The central idea of the resource-based view is that firms compete based on the level of their resources and capabilities in order to explain the profit and value of the organization (Peteraf & Bergen, 2003). Therefore, the theory is adopted to clarify differences in performance within an industry (Hoopes, Madsen, & Walker, 2003).

The rise of the resource-based approach shift attention regarding the sources of sustainable competitive advantage from industry to entity specific factors like demographic characteristic of individual customers (Spanos & Lioukas, 2001). The theory further emphasised that differences in performance happen when a vibrant organization possess important characteristics that it competitor do not have which make the firm to suppress others. These differences are viewed in terms of demographic capabilities which are the important factors of important decision like uptake of insurance policy. Therefore, resource based view of an entity is a strategic line of reflection that analyses the individual strengths and weaknesses as well as attributes that allow it to make appropriate decision.

2.3 Empirical Reviews

Kirigia (2005) assessed the determinants of health insurance ownership among South African women. The study actually examined the relationship between health insurance ownership and the demographic, economic and educational characteristics of South African women. Based on the primary data gathered and analysed using OLS regression, the study found that the coefficients of the covariates for area of residence, income, education, environment rating, age, smoking and marital status were significantly positive. Yadav and Tiwari (2012) examined the factors affecting customers' investment towards life insurance policies in Jabalpur district. The study gathered data from both primary and secondary sources. The study sampled 150 policyholders of Life Insurance Company through a stratified and purposive sampling method. The responses from questionnaire were analysed using chi-square, correlation and weighted average method. The study found that the market share of private insurers was gradually increasing with people trust and better services offered by them. The study concluded that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies and recommended that Insurance companies should spread more awareness about life insurance, reduction in premium amount and giving more attention on need based innovative products.

Curak, Dzaja and Pepur (2013) examined the effect of social and demographic factors on Life Insurance Demand in Croatia. The study was based on the survey data

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gathered from selected 95 respondents which was analyzed with Chi-Square test. The research result showed that age, education and employment impacted life insurance demand of household in Croatia while gender, marital status and number of family members do not have statistically significant influence. The implications of the study are to encourage life insurance demand macroeconomic decision makers should provide policies that ensure employment and encourage education. This is especially important in situation of lowering pensions and other social welfare provisions. The findings of the research should be taken into consideration by life insurance companies especially in planning their distribution channels.

Singh, Sirohi and Chaudhary (2014) conducted a study on customer perception towards service quality of Life Insurance companies in Delhi NCR Region. The primary data was collected from 139 respondents and analysed with factor analysis and correlation. The reliability of the data was checked using Cronbach's Alpha Value. Both Bartlett's test of sphericity and measure of sampling adequacy (MSA) were also conducted to ensure that the requirements of factor analysis were met. The study found that four major factors which influence customer perception of service quality are responsiveness and assurance, convenience, tangible and empathy. Only age of the respondents have been found to be significantly related with the customer perception and other demographic factors have no significant impact. The study concluded that the managers of life insurance service providers can use these findings to further improve their product offering and marketing strategies by enhancing their brand image as well as customer loyalty and retention resulting in increased sales of their products.

Panda, Dror, Koehlmoos, Hossain, John, Khan and Dror (2016) carried out a systematic review of factors that affect take up of voluntary and Community Based Health Insurance (CBHI) programmes in low- and middle- income countries. The study employed online databases related to thematic areas such as EconLit, MEDLINE, GOODGLE, Global Health, ProQuest, Scopus and Cochrane. The study used the PROGRESS-Plus framework. The findings of the study revealed that enrolment in CBHI were positively associated with household income, education of the head of household, age of the head of household, household size, female headed household, and married head of the household and presence of chronic illness episodes in the household. However, presence of acute illness episodes and presence of elderly persons in the household has a negative association with enrolment in CBHI. Surprisingly, household income and female headed of household were negatively associated with renewal decisions while education of the head of household, household size and trust in the scheme management were positively associated with renewal decisions.

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Wielen, Falkingham and Channon (2018) assessed the determinants of National Health Insurance enrolment in Ghana across the life course to confirm if the results consistent between surveys. Using data from the 2007-2008 study on Global Ageing and Adult Health (SAGE) and the 2012-2013 Ghanaian Living Standards Survey (GLSS) the determinants of NHIS enrolment among younger adults (aged 18-49) and older adults (aged 50 and over) are compared. Logistic regression was employed. The findings of the study revealed that people aged 18-49 and people aged 50 plus having a slightly lower probability of dropping out of insurance coverage compared to younger adults. Both surveys confirm that education and wealth increase the likelihood of NHIS affiliation. Further, residential differences in insurance coverage are found, with greater NHIS coverage in urban areas which give assurance that both datasets (SAGE and GLSS) are suitable for research on insurance affiliation in Ghana. The study concludes that although the gap in coverage among rich and poor and urban and rural residents appears to have decreased, these factors still determine NHIS coverage of younger and older adults. The same holds for education.

Badu, Agyei-Baffour, Acheampong, Opoku and Addai-Donkor (2018) conducted a cross sectional study on the effect of household socio-demographic profile on health insurance uptake and service utilization in a municipality of Ghana. A cross-sectional design with quantitative methods was conducted among a total of 380 respondents, selected through a multistage cluster sampling. Data were collected using a semi-structured questionnaire. Data were analysed using descriptive and multiple logistic regressions. The overall result revealed that households' profiles such as age, gender, education, marital status, ethnicity, and religion were key predictors of NHIS active membership. Compared with other age groups, 38-47 years (AOR 0.06) and 58 years and above (AOR = 0.01), widow, divorced families, Muslims, and minority ethnic groups were less likely to have NHIS active membership. However, females (AOR = 3.92), married couples (AOR = 48.9), and people educated at tertiary level consistently had their NHIS active. Proximate factors such as education, marital status, place of residence, and NHIS status were predictors of healthcare utilization. The study concluded that households' proximate factors influence the uptake of NHIS policy and subsequent utilization of healthcare. The NHIS policy should revise the exemption bracket to wholly cover vulnerable groups such as minority ethnic and religious groups and elderly people at retiring age of 60 years.

Gautam and Kumar (nd), the results of this study show that socio demographic and economic variables have significant impact on Indian consumers' towards insurance services. All the nine variables mentioned in the study namely age, gender, marital status, level of education, household monthly income, mode of employment, professional

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inclination, mortgage property ownership, and insurance policy ownership were found to be significant in order to measure attitude with varying degrees.

Aregbeshola and Khan (2018) assessed the level of enrolment in the National Health Insurance Scheme among women of reproductive age in Nigeria. The study gathered secondary data from the 2013 Nigeria Demographic and Health Survey (NDHS). The survey reported total participants of 38,948 in Nigeria. Demographic and socio-economic characteristics of women were determined using univariate, bivariate and multivariate analyses. Data analysis was performed using STATA version 12 software. The finding of the study depicted that 97.9% of women were not covered by health insurance. Multivariate analysis indicated that factors such as age, education, geo-political zone, socio-economic status (SES), and employment status were significant predictors of enrolment in the NHIS among women of reproductive age. The study concluded that health insurance coverage among women of reproductive age in Nigeria is very low. Additionally, demographic and socio-economic factors were associated with enrolment in the NHIS among women. Therefore, study recommended that policy-makers need to establish a policy on health financing mechanism targeted at women who are young, uneducated, from poorest households, unemployed and working in the informal sector of the economy.

3. METHODOLOGY

3.1 Research Design, Population and Sample Size

This study adopts survey research design which involves enquiring from large numbers of people about their opinions about a particular phenomenon (Geoffrey, David & David, 2005). This avails the researcher an opportunity to obtain a more candid and valid responses which are completely confidential. Due to frequent changes in the existing and potential customers of the insurance companies, it is difficult to estimate the total population. Therefore, the population of the customers of insurance companies is an unlimited population. Determination of sample size is based on mathematical model developed by Cronchan (1963) as obtained in Smith (2013). In this formula, there are some important criteria which include the level of precision, the level of confidence or risk and the degree of variability in the attributes being measured (Miaoulis & Michener, 1976). These are the participants from which socio-cultural and demographic factors affecting the performance of insurance companies can be obtained in Nigeria.

For the purpose of this study which based on the margin of error of 5%, Population proportion of 50% and confidence level of 95%. The appropriate sample size for this study is calculated as follow.

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$$SS = \frac{Z^2 \times p(1-p)}{M^2}$$

$$SS = \frac{1.96^2 \times 0.5(1-0.5)}{0.05^2} = 384.16 \text{ (Approximately 384)}$$

Therefore, the sample size for questionnaire is 384 respondents to whom questionnaire was administered proportionally with headquarter of the insurance company.

3.2 Model Specification

The resource-based theory focuses on collection of physical and human productive resources as the primary factors of competitive benefit and performance and each of the customers are heterogeneous in nature, the heterogeneity in the resource endowments is the key factors to obtain competitive victory and performance (Barney, 2001). The heterogeneous characteristics of customers in this contest include demographic differences. These was supported with previous studies like Kirigia (2005); Langat, Naibei and Getare (2017); Aregbeshola and Khan (2018); Badu *et al* (2018) that demographic factors influence consumers’ behaviour and decision on uptake of insurance products. The model developed from these previous studies coupled with the postulation of resource-based view theory were employed to develop a new model on impact of demographic information of consumers on performance of insurance companies as follow:

$$Performance\ of\ Insurance\ companies = f(Demographic\ Factors).....(1)$$

The performance was considered in terms of insurance policies uptake while the demographic factors were expanded to include factors relevant for the purpose of this study.

$$Performance\ of\ Insurance\ companies = f(Gender, Age, Marital\ Status, income\ level, Academic\ qualification, work\ experience, class\ of\ work).....(2)$$

This was mathematically transformed as follow:

$$Perf = f(GN, AGE, MS, INC, AQ, EX, CW).....(3)$$

This was transformed into the following linear equation:

$$Perf_{it} = \beta_{0it} + \beta_{1}GN_{it} + \beta_{2}AGE_{it} + \beta_{3}MS_{it} + \beta_{4}INC_{it} + \beta_{5}AQ_{it} + \beta_{6}EX_{it} + \beta_{7}CW_{it} + \mu_{jt}.....(4)$$

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Where:

VARIABLES	DEFINITIONS OF PRIMARY DATA	a-prior expectation
$Perf_{it}$	Performance of Insurance of Companies	+
GN_{it}	Gender of the Customer	+
AGE_{it}	Age of the Customer	+
MS_{it}	Marital Status of the Customer	+
INC_{it}	Income Level of the Customer	+
AQ_{it}	Academic Qualification of the Customer	+
EX_{it}	Experience of the Customer	+
CW_{it}	Class of Work of the Customer	+
$\beta_0 - \beta_7$	Coefficient of the variable	
μ_{it}	Error term	

Source: Author's conceptualization (2020)

3.3 Data Source and Method of Data Analysis

Data for this study was primarily collected through questionnaire. The questionnaire contains series of closed ended statement and information about the consumer of insurance products. The data was analysed using descriptive and inferential statistics. However, different inferential statistics was used to analyse data depends on the type of data-set. The descriptive statistics include the use of percentage analysis, mean, range of scores (Minimum & Maximum), standard deviation, skewness and kurtosis. The mean is used to measure the average of the variable to understand the magnitude of the data. The standard deviation measures the variability of values for each variable to measure the reliability of the mean. The minimum and maximum show the range of values for each variable. The rationale for the normality test is to explain the proportioned and hell-shaped curve which is the peak of value in the center and minor scores that move towards the boundaries. OLS regression estimator was used for data from questionnaire to assess the influence of demographic characteristics on performance of insurance companies in Nigeria.

4. FINDINGS AND DISCUSSIONS

4.1 Preliminary Assessment of Demographic Profile of the Respondents

Out of the 384 questionnaires (Hardcopy and Online Questionnaires), 333 were retrieved, a response rate of 87%. 33 questionnaires were not satisfactory due to incompleteness and outliers and thus removed because presence of outliers in the data-set

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for any regression-based analysis can seriously distort the coefficients and lead to unreliable results (Verardi & Croux, 2008). This brought down the response rate to 78% which is still adequate and above the 30% considered sufficient for surveys (Sekaran & Bougie, 2010). The profile of the respondents was presented using their demographic characteristics such as grade level, gender, work place, age, academic qualification, as well as length of service in the Nigeria public service. The details were presented in Table 1.

Table 1: Respondents' Demographic Profile

VARIABLES	RESPONDENTS PROFILE	FREQUENCY	PERCENTAGE (%)	CUMULATIVE (%)
AGE	30yrs and below	114	38	38.0
	31 – 40yrs	84	28	66.0
	41 – 50yrs	78	26	92.0
	51 – 60yrs	24	8.0	100.0
	61yrs and Above	00	0.0	100.0
GENDER	MALE	192	64	64.0
	FEMALE	108	36	100.0
MARITAL STATUS	SINGLE	114	38	38
	MARRIED	147	49	87
	DIVORCE	33	11	98
	OTHERS	6	2	100.0
TYPE OF WORKING CLASS	Civil Servant	171	57	57
	Business	60	20	77
	Professional Services	54	18	95
	Others	15	5	100.0
ACADEMIC QUALIFICATION	Diploma/NCE	24	8	8
	HND/Degree	186	62	70
	Master	75	25	95
	PhD	6	2	97
	Others	9	3	100.0
ANNUAL INCOME	Below 216,000	72	24	24
	216,000-450,000	24	8	32
	451,000-750,000	54	18	50
	751,000-999,000	48	16	66
	Above 1,000,000	102	34	100.0
WORKING EXPERIENCE	Below 5 years	129	43	43
	6-10years	42	14	57
	11-15years	69	23	80
	16-20years	27	9	89
	Above 20years	33	11	100.0
TYPE OF INSURANCE	Life Insurance	42	14	14
	Non-life Insurance	258	86	100.0

Source: Author Computation (2020)

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Table 1 shows the general demographic profile of the respondents of questionnaire. It depicts that 114 (38%) of the respondents are between age 31-40 years, 84 (28%), 41-50 years were 78 of the respondents representing 26% while 24 (8%) are in the age bracket of 51-60 years. Surprisingly, none of the respondent is above the age of 60 years. This implies that all the respondents are in active period of their life. By gender, 192 (64%) are males while the remaining 108 (36%) are females, a reflection of staff distribution along gender line of Nigerian. Regarding the marital status, 114 (38%) is still single and may represent the age brackets below 30 years. The number of married respondents are 147 representing close to 50% (49%) while 33 (11%) accounted for divorcee and 6 respondents (2%) respondents who are neither single, married nor divorce. However, the study reveals that 98% of the respondents are responsible and matured.

Based on the classes of work, more than 50% of the respondents are civil servants showing that civil servant patronize insurance company than other working class. Respondents who are in business are 60 (20%) while those in professional services are 54 (18%). Fifteen (15) representing 5% of the respondents cannot be categorized under any the above categorization. Table 4.1 also reveals that 24 (8%) of the respondents possessed Diploma/NCE certificates, 186 (62%) of the respondents are HND/Degree holder, 75 (25%) are Master's degree holders while 6 (2%) are with Doctorate degree. Numbers of respondents with other professional certificates which cannot be categorized under the above are just nine (9) equivalents to 3%. More than 90% of the respondents possessed at least B.sc/HND educational certificates.

The study reveals that annual income of the respondents is distributed as follow. 72 (24%) received annual income below N216,000, 24 (8%) received annual income between N216,000 and N450,000, 54 (18%) received annual income between 451,000 and N750,000, 48 (16%) received annual income between N751,000 and N999,000 while 102 (34%) received annual income of NI,000,000 and above. This implies more than 50% of the respondent received annual income of N451,000 to N750,000 which represent average annual income for all category of workers. The working experience shown that the highest number of the respondents 129 (43%) have a work experience between below 5years, 42 (14%) had 6-10 years' work experience, 69 (23%) had 11 -15 years, 27 (9%) had 16-20 years while only 33 (11%) had over 20 years of work experience. This implies that 40% and above have spent more than 10 years in service and will be full of wealth of experience.

In terms of type of insurance uptake by clients, 42 (14%) of the respondents uptake life insurance while 258 (86%) of the respondents uptake other type of insurance. This shows that the Nigerian uptake more of other type of insurance than life insurance policy. Generally, the demographic information indicates that all the respondents are

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versatile and possessed the pre-requisites to provide the required answers to the questions in the questionnaires.

4.2 Descriptive Statistics of Demographic factors

The summary of descriptive statistics of demographic factors of customers employed in this study is presented in Table 2.

Table 2 Summary of Descriptive Statistics for Customers' Demographic factors

		GN	MS	AQ	AGE	CW	INC	EX
N	Valid	300	300	300	300	300	300	300
	Missing	0	0	0	0	0	0	0
Mean		1.36	1.77	2.30	2.04	1.71	3.28	2.31
Std. Deviation		0.481	0.720	0.769	0.981	0.932	1.578	1.386
Skewness		0.586	0.700	1.291	0.434	0.983	-0.315	0.638
Std. Error of Skewness		0.141	0.141	0.141	0.141	0.141	0.141	0.141
Kurtosis		-1.667	0.321	2.972	-0.987	-0.291	-1.425	-0.861
Std. Error of Kurtosis		0.281	0.281	0.281	0.281	0.281	0.281	0.281
Minimum		1	1	1	1	1	1	1
Maximum		2	4	5	4	4	5	5

Source: Authors' computation (2020)

The result of descriptive statistics in Table 2 show that the mean value between 1.36 and 3.28. The lowest mean value of 1.36 with standard deviation of 0.481 is attributed to gender. This is because the range of value for gender is between 1 and 2. The value of the mean is close to 2 than 1. This is also applicable to type of working class of the respondent which ranged from 1 to 3 with a mean value of 1.76 which is also above average. Other variables reported mean and standard deviation as follow: Marital status (M=1.77, SD=0.720); Academic Qualification (M=2.30, SD=0.769); Age (M=2.04, SD=0.981) and Working experience (M=2.31, SD=1.386). This implies that the mean value presented for all the variables are moderate and high level of mean score. The minimum and maximum depicts by each of the variable shows the range of value from which the respondents should choose. The result of descriptive statistics show mean values that is moderate and high level of mean score.

In addition, Table 2 also depicts the skewness and kurtosis statistics which employed to determine if variables are normally distributed. The coefficients for skewness and kurtosis indicate that the data are normally distributed as these values are

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within the cut of point of -3 and 3 (Peck, Olsen & Devore, 2008). The coefficients for skewness reveal values between -0.315 and 1.291 while the coefficient of kurtosis reported is between -1.667 and 2.972. Therefore, the result obtained from Table 4.5 show that all the variables observed are normally distributed. Therefore, analysis can be conducted with parametric statistics. The number of observation depicts that all the values for each of the variable are valid and there is absence of missing value.

4.3 Inter-item Correlation analysis.

Prior to regression analysis, the study checks for existence of multi-correlation among the dependent and independent variables. The result of inter-item correlation analysis using pearson correlation techniques is presented as follow:

Table 3 Result of Correlation Analysis for Customers' Demographic Factors

	PERF	GN	MS	AQ	AGE	CW	INC	EX
PERF	1.000							
GN	-0.084	1.000						
MS	0.163	0.182	1.000					
AQ	0.357	-0.130	0.089	1.000				
AGE	0.304	-0.031	0.567	0.290	1.000			
CW	-0.016	-0.035	0.199	0.136	0.177	1.000		
INC	0.147	-0.107	0.260	0.352	0.466	0.062	1.000	
EX	0.259	0.043	0.574	0.355	0.737	0.280	0.391	1.000

Source: Authors' computation (2020)

The result of inter-item correlation analysis presented in Table 3 shows that the insurance uptake is positively related to marital status, academic qualification, age of the respondent, annual income and working experience but negatively related gender and type of working class. Gender of the respondents is positively related marital status and working experience but negatively associated with academic qualification, age of the respondents, type of working class and annual income. This implies that gender does not determine the level of annual income. The result also reveals that positive relationships exist among marital status, age of the respondents, type of working class, annual income and working experience. The academic qualification of the respondents is positively associated with age of the respondents, type of working class, annual income and working experience. Finally, the correlation result also reveals that positive relationship exists age of the respondent and type of working class, annual income and working experience as well as annual income and age of the respondents.

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The results generally show that the coefficients correlations of the relationships among the variables are well below the rule of thumb threshold of 0.7. The results from the correlation analysis revealed that there was no multicollinearity problems as all the independent variables show a value of less than the proposed cut-off point of 0.7 (Kennedy, 2008).

4.4. Result of OLS Regression Analysis

The result of OLS regression analysis of impact of Customers' Demographic Variables on the performance of insurance companies in Nigeria is presented in Table 4.

Table 4 OLS Regression Result for Insurance uptake and Demographic Factors

VARIABLES	OLS Regression Analysis		
	Coefficient	t-value	p-value
Gender	-0.091	-1.071	0.285
Marital Status	0.053	0.741	0.459
Academic Qualification	0.308***	5.394	0.000
Age of the client	0.175***	2.734	0.007
Type of Working Class	-0.088**	-2.014	0.045
Annual Income	-0.043	-1.484	0.139
Working Experience	0.008	0.168	0.866
Constant	3.253	15.946	0.000
F-Statistic value	9.790		
F-P Value	0.000		
R-Squared	0.190		
Adjusted R-Square	0.171		
Durbin-Watson	1.718		
Observations	300		

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Author's Computation (2020)

The regression result presented in Table 4 revealed F-statistic value of 9.79 with a p-value of 0.000. This result indicates that there is less than a 0.1% chance that an F -ratio this large would happen if the null hypothesis were true. Therefore, the study can conclude that the regression model results in significantly better prediction of performance of insurance companies with respect to insurance uptake by customers. The result also reported R-squared value of 0.190 which indicate that 19 percent of in the performance of insurance companies in term of uptake of insurance policy in Nigeria is explained by the demographic factors of the customer. The Durbin Watson statistics of

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1.718 is within the acceptable range which means that there is no problem of serial correlation in the model (Gujarati and Porter, 2009).

The result of the regression analysis in Table 4 show that academic qualification, age and type of work of the customers have a statistically significant influence on insurance uptake of customers while gender, marital status, annual income and working experience of the customer have no statistical significant influence on insurance uptake by customers. This implies that performance of insurance companies in terms of the uptake of insurance policy by customer is not affected by gender, marital status, annual income and working experience of the customers. Meanwhile, academic qualification and age of the customers are positively significant at one percent while the type of work of the customer is negatively significant at 5 percent.

The significant positive coefficient of academic qualification indicates that a percentage point increase in academic qualification will lead to a rise in the insurance uptake by 0.308 points and a decrease by a percentage points will result to a decrease of 0.308 in uptake of insurance policy in Nigeria. The uptake of insurance policy by customers also changes by 17 percent when the age of the customers increases by one year and vice versa. This is based on the positive coefficient of 0.175 reported for age of the customer. However, the significant negative coefficient of -0.088 indicates that a change in the type of work doing by customers will result to decline in the uptake of insurance policy in Nigeria and vice versa.

4.5. Discussion of findings

Regression analysis was conducted to provide answers to the research question. Demographic factors of the customers employed for this analysis include gender, marital status, academic qualification, age, type of work, annual income and working experience of the customers. The result of the regression analysis depicts that academic qualification; age and type of work of the customers have a statistically significant influence on insurance uptake of customers while gender, marital status, annual income and working experience of the customer have no statistical significant influence on insurance uptake by customers.

The result showed a significant positive relationship ($\alpha=0.308$, $t=5.394$, $P<0.1$) between academic qualification and uptake of insurance policy. The study rejects the null hypothesis which states that level of education of customers influence performance of insurance industry in Nigeria. This concurs with a prior expectation of this study. This positive coefficient of the academic qualification indicates that increase in the number of academic qualification will result to an increase in the performance of insurance company

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in Nigeria by 0.308 0.005 points, and vice versa. This aligns with a prior expectation of the study and supported by Kirigia (2005); Yadav and Tiwari (2012); Curak, Dzaja and Pepur (2013); Panda *et al* (2016); Wielen *et al* (2018) that the level of education of customers influence the extent of demand for insurance services. The finding is also in line with the view of resource based view theory that education is one of the resources at disposal of customer and positively contributed to level of demand for insurance service by the customer. The success of an entity (individual and organization) is hinged on the resources available which can seen here as the level of education.

The age of the customers revealed a positive significant relationship with demand for insurance service ($\alpha=0.175$, $t=2.734$ $P<0.007$). Therefore, the null hypothesis restated that there is significant effect of age of customers regarding their decision on uptake of insurance products. This can be interpreted that an increase in the age of the customer increases the demand for insurance services. The finding is in line with a prior expectation developed for this study. This means that a rise in the age of customers by one year will result to a rise in the demand for insurance services by 17.5 percent and vice versa. The finding is in accordance with Kirigia (2005); Curak *et al* (2013); Singh, Sirohi and Chaudhary (2014); Panda *et al* (2016); Badu *et al* (2018); Aregbeshola and Khan (2018) that age is one of the demographic variable of customers that influence the demand for insurance service.

The results of regression analysis reveals that type of work of customers negatively influence the extent of demand for insurance services. Based on the negative coefficient ($\alpha=-0.008$, $t=-2.014$, $P<0.045$), it implies that a negative change of type of work will increase in the percentage of demand for insurance service and vice versa. The study fails to reject the null hypothesis. The finding is against a prior expectation of this study. This means that class of work of the consumers do not affect the performance of insurance company with regards to decision to demand for insurance policy by customers. The finding is in line with the conclusion of Singh, Sirohi and Chaudhary (2014). However, there are more studies having result contrary with this finding such as Curak, Dzaja and Pepur (2013); Aregbeshola and Khan (2018). They found that type of employment influence the extent of demand for insurance services.

However, the overall result implies that demand for uptake of insurance police is not influence by gender, marital status, annual income and working experience of the customers. Since the result the result is statistically significant, further discussion on it is limited. However, the finding is not in line with a-prior expectation of this study. The age, level of education and type of work of customers constitutes resources at the disposal of the customer that can influence their decision on demand for insurance. This

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is in line with resource based view theory which state that resources is the primary factors of competitive benefit and performance of any entity.

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of this study, the following conclusions were made.

- i. The academic qualification of the customers influences their decision on demand for insurance policy which in turn affects performance of the insurance companies.
- ii. Age of the customers affect their demand for insurance policy in Nigeria.
- iii. The nature of the work of customers negatively affects their demand for insurance uptake.

Taking the conclusion of this study into consideration, the study proposes the following recommendations.

- i. The listed insurance companies should not only focus on educated customers but to cut across all customers regardless of their educational background.
- ii. The insurance companies should sensitize all their customers across age bracket on various insurance policy available to them.
- iii. The insurance companies should not target customers only from a particular line of business in order to improve uptake of an insurance policy and the benefits accrued.

Based on the limitations and delimitations addressed above, the study provides an opportunity for future research on assessment of financial performance of life and non-life insurance company in Nigeria. It will also be worthwhile to conduct comparative analysis of CAMELS measure of insurance companies in Sub-Sahara Africa.

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