

ANTECEDENTS OF INSURANCE ADOPTION IN GHANA: THE MODERATING ROLE OF QUOTED PREMIUM.

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Abstract

In an economy where insurance penetration is 1.2 percent and insurance adoption hovers around 5 percent, the role of insurance companies in ensuring that a considerable number of the population adopt insurance is imperative, not only to the insurance industry but, to the economy generally. Since risk is pervasive and cannot be eliminated from our lives completely, it must be managed. Insurance companies play an important role in managing risks of individuals and entities, giving them the peace of mind to concentrate on their core activities. The sustenance and growth of the insurance business is thus pivotal to the growth of every economy. The current study is of importance as it investigates the antecedents of insurance adoption and further finds out the moderating role of quoted premium. The study adopted a quantitative approach with a case study. A sample size of two hundred and fifty (250) insurance users and two hundred and fifty (250) non-insurance users were conveniently selected whiles the case study focused on the operations of one of the leading insurance companies in Ghana. The quantitative data were analysed using the Statistical Package for the Social Sciences (SPSS) Program to generate descriptive and inferential statistics. Descriptive analysis was employed in the case study section of the study. The findings from the study showed that product acceptability and product affordability have a positive relationship with adoption and propensity to adopt insurance, whiles product awareness has no relationship with adoption of insurance but rather with propensity to adopt insurance. Quoted premium negatively moderated the relationship between the three product features and propensity to adopt. The study also found that sales promotion, direct marketing, customer service, broker channel, customer centricity and customer engagement had a positive relationship with adoption and propensity to adopt insurance. Quoted premium negatively moderated the relationship between four firm strategies and adoption of insurance. The study found out that, results for the two dependent variables were significantly different in all analysis and could not be said to be the same. The study revealed some important implications for the regulator, insurance companies and the insurance broking firms.

Keywords: Adoption of insurance, propensity to adopt, quoted premium.