

Evaluation of Awareness Level and Public Perception of the Image of Insurance Companies in Enugu State

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Abstract: - The study therefore examined the level of awareness and public perception of insurance companies in Enugu State. A structured open-ended and likert scale questionnaire were used to elicit information from 400 respondents. Tables, percentages, chart and means scores were used to analyze the research questions, while Pearson Chi Square test was used to test the postulated hypothesis. Findings show low awareness by the public of insurance enterprise in Enugu State, despite the fact that the city is viewed as an enlightened city. The image of insurance companies in Enugu State was also found to be poor. This low level of awareness coupled with the poor image of the insurance companies in the state was found to be the reason for the low demand and patronage of insurance products and services in the state. The study thus recommends among others that insurance companies should engage in trade fairs, workshops, radio/TV jingles, etc. as this will serve as effective communication strategies to enlighten the public on their products and services. Also staff and agents of insurance companies should be properly trained and monitored in order to ensure that carry out their activities in an ethical and professional manner.

I. INTRODUCTION

Historically, insurance practice rose from the need to protect against certain perils at each stage of human development. It offers a fall back to insurer in the case of uncertainty. Insurance involves pooling funds from many insured entities (known as exposures) to pay for the losses that some may incur. The insured entities are therefore protected from risk for a fee and this written fee being dependent upon the frequency and severity of the risk involved.

The origin of insurance in Nigeria can be traced to the activities of European merchants in the West African coast. This was influenced by two factors. First, the expansion of cash crops production for exports and the upward surge in economic activities in 1890s. Second, the British desire to protect its interest and properties in the protectorate of West Africa. According to Uche and Chikeleze (2001), increased trade in Nigeria led to increased activities in shipping and banking and it soon became necessary for foreign firms to handle some of their risks locally. Insurance business, in its modern practice started in 1921 in Nigeria with the establishment of a branch of the royal exchange assurance. The British insurers had appointed agents to represent their

interest in Nigeria. These agencies later gave way to full branches representing various insurers from United Kingdom. Private Nigerian investors who ventured into insurance business later could not compete effectively with those foreign owned companies due to various reasons of which include inadequate capital base, lack of requisite technical knowledge and non-provision of proper training facilities among others.

Insurance is of primary importance both in the national economy and international trade. Insurance premium cash-flows generate funds for investment in the economy. Studies have shown that insurance have contributed greatly to the global economy. By offering financial security to individuals and corporate organizations, the insurance industry encourages and promotes development. Majority of large scale projects embarked upon in the country today are made possible because of the availability of insurance cover. In addition, the assurance of compensation in the event of a loss provides security and peace of mind so that management time can be devoted to productive ventures without which there cannot be any substantial progress.

The public image of the industry has been one that has drawn a considerable attention given the fraudulent practices of certain insurance practitioners and the inability of the average individual to comprehend the intricacies of insurance practice. Today some people are still skeptical about the willingness and ability of Nigerian insurers to meet its contractual obligation in the event of a loss. It is to this end that this study investigates the level of awareness and public perception of the public image of insurance companies in Enugu State.

1.1 Research Objectives

1. To ascertain the level of insurance awareness in Enugu State.
2. To ascertain public perception of the image of insurance companies in Enugu State.

1.2 Research Questions

1. What is the level of insurance awareness in Enugu State?
2. What is the public perception of the image of insurance companies in Enugu State?

1.3 Hypothesis

H₀₁: The level of insurance awareness in Enugu State is not low

H₁: The level of insurance awareness in Enugu State is low

II. LITERATURE REVIEW

Concept of Insurance

Though the word 'insurance' appears not to be new, yet there has been contentions as to its exact meaning. It is often defined as a contract under which the insurer agrees to provide compensation to the insured in the event of a specified occurrence e.g. Loss or damage to property in return, the insured pays the insurer a premium usually at fixed intervals. The insurer estimates the probability that the event insured against will actually take place (Clark (1999) cited in Onomivbori 2010).

Ngunta (2008) cited in Onomivbori 2010 argues that insurance involves the concept of trade-off through the law of large numbers based on the payment of a known premium now against the expectation that if a defined loss is suffered, money will be forthcoming from the insurers, that is using trade off as a means of reducing financial uncertainty.

Finally, Egerue (1994) also cited in (Onomivbori, 2010) agrees that the word 'insurance' is a complex one lending itself to a variety of interpretations including notorious and untruthful approximation of which includes gambling and wagering.

From the above, one can deduce that Insurance means the act of securing the payment of a sum of money in the event of loss or damage to property, life, a person etc., by regular payment of premiums. Insurance is a method of spreading over a large number of persons, a possible financial risk too serious to be conveniently sustained by an individual. According to Gopalakrishna (2009), the aim of all types of insurances is to protect the owner from a variety of risks which he anticipates. The happening of the specified event must involve some loss to the insured or at least should expose him to adversity which is, in the law of insurance, called commonly the 'risk'.

Public Image and Image Management

A proper understanding of the concepts of image and corporate image seems to be the natural first step towards effective corporate image management. This is because we cannot manage what we do not understand, especially complex phenomena such as image and corporate image (Nwosu 1996).

Formbrun (1996) defined corporate image as "the overall estimation in which a company is held by its constituents through perceptual representation of an organisation's past actions and future prospects when compared with other leading rivals. According to Rayner (2003), corporate image

confers clear-cut advantages and privileges on companies. It proves difficult to imitate, at the same time, it creates responsibilities. Whereas, the obligations that managers and the organization owe must meet the personal standards of the employees, the quality standards of customers, the ethical standards of the community and the profitability standards of the investors. Therefore, organizations sustain their corporate image by building strong and supportive relationships with all of their constituents- i.e. customers, suppliers, investors, community, government. Moreover, as opined by Villanova, Zinkhan and Hyman (2000), corporate image is an overall perception of the company held by different segments of the public. For example, the products and services consumer stakeholder buy are seen as having personal and social meanings in addition to functional utility.

Corporate Image is determined by multiple factors that include its corporate performance or non-performance, corporate identity and corporate communications over a period of time. It may be wrong or may be right. It may be quite different from reality. But its importance lies in the fact that it is based largely on the fact that these public take decision on whether to relate to an organization or not and how to relate to that organization.

Perception and Attitudes of Nigerians to Insurance Product and Services

Perception is the process by which people interpret and organize sensation to produce a meaningful experience of the world (Lindsay & Norman, 1977). It affects and determines their attitude and response to things and people. In a recent study on quality of life in developing countries with reference to south Africa by Moller (2004), income and social security have been treated as one of the major indicators of quality of life. This standpoint stresses the significance of insurance to human life. Ironically, insurance services seem not to have been so accepted enthusiastically in developing countries. The abysmal level of insurance culture in developing economies has attracted relative interests among researchers and practitioners alike. Risks have been identified as a central fact of life in the rural areas of less developed countries (Udry, 1994).

Questions as to why the low acceptance of insurance products and services deserve closer attention especially as it had been stated that consumers in the insurance market are properly informed about insurance goods (Berger 1988 cited in (Seog, 2002).

Theoretical Framework

Application of the RICEE Model and Two-way Symmetric Model in enhancing the Image of Insurance Companies in Enugu State

The RICEE model has its root in the original RICE model propounded by Nwosu, (1996). The Public relations RICEE model is a name taken from the first letters that form the five main components of the model. As aforementioned, R refers

to Research, I refers to information, C, refers to communication, E stands for Education and the last E refers to Evaluation (Nwosu and Uffoh, 2005).

In applying the RICEE model to enhancing the image of insurance companies in Enugu State, first of all research must be carried out to understand the public perception of the corporate image of the companies and the underlying factors shaping this perception. The data generated from the field is processed into information/feedback to the companies. Designing of appropriate communication messages is done and massive/targeted public enlightenment is carried out to educate the public on the benefits inherent in the companies' insurance products and services. Using the two-way symmetric model, the insurance companies should ensure that the needs of the public are properly articulated to ensure a customer-focused and driven product decision. Finally, evaluation is crucial in understanding how the communication strategies deployed by the insurance companies has helped in terms of enhancing their corporate image and creating a buy in.

III. METHODS

3.1 Area of the Study

The study was carried out in the three Local Government Areas that make up Enugu metropolis (Enugu East, Enugu North and Enugu South).

3.2 Research Design

The study adopted a survey design which allows for investigation of part of the population and generalization made for the entire population.

3.3 Source of Data and Research Instrument

A structured questionnaire was used to elicit information from the respondents. The questionnaire consists of both open-ended and Likert scale questions of Strongly Agree (SA), Agree (A), Disagree (D) and Strongly Disagree (SD).

3.4 Sample Size and Sampling Method

The population of the three Local Government Areas is 722,664 (NPC, 2009). Using the Yaro Yamane formular (1967), a sample size of four hundred (400) was gotten from the study population.

The study adopted Random Sampling method which gives room for each element of the population under study to have the chance of being included among the sample taken. The questionnaire was however distributed according to the percentage contribution of each local government to the entire study population.

3.5 Method of Data Analysis

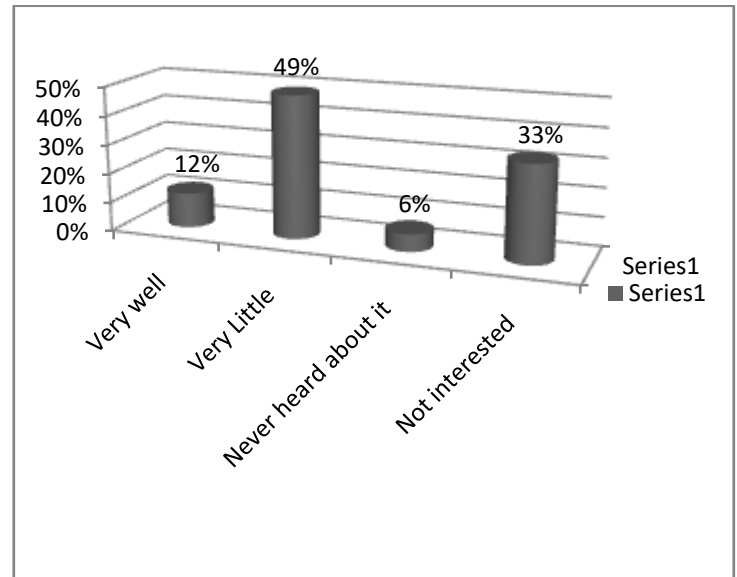
Both descriptive and inferential statistics were employed. Contingency tables, pie-charts, bar-charts, mean and simple percentage was used in analyzing the research questions. Pearson Chi-square was used to test the study

hypotheses. The decision rule for the analysis was set as $p < 0.5$ (reject null hypothesis) and $p > 0.5$ (accept null hypothesis).

IV. RESULTS

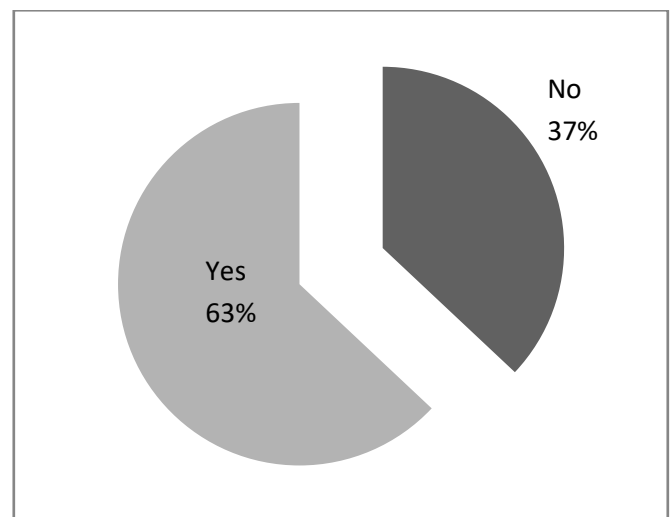
4.1 Research Question One: What is the level of insurance awareness in Enugu State?

Fig 4.1 Awareness of Insurance Enterprises in Enugu Urban



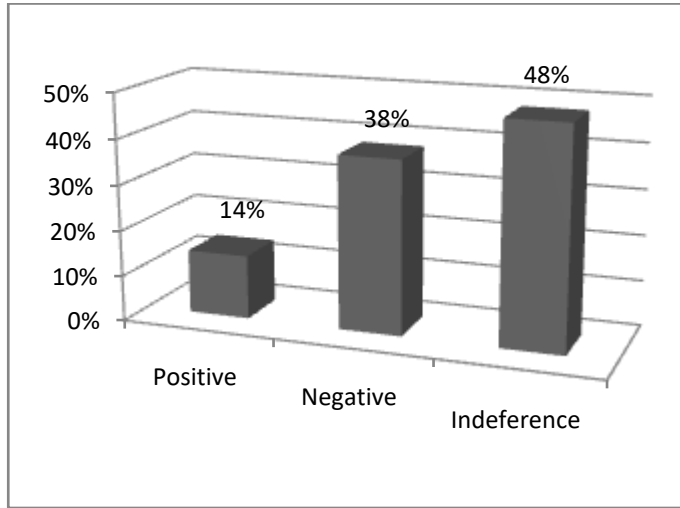
From the fig 4.1 above, only 12% of the respondents are very well aware of insurance enterprises in Enugu State. These probably are insurance workers and their relatives, bankers and also people who have acquired insurance before. About 49% know very little and they are mostly vehicle owners that buy mandatory third party insurance. The rest 6% says they never heard of insurance. About 33% of the respondents are not interested in anything that has to do with insurance, hence will not want to talk much about it.

Fig 4.1.2 Patronage/Demand of Insurance



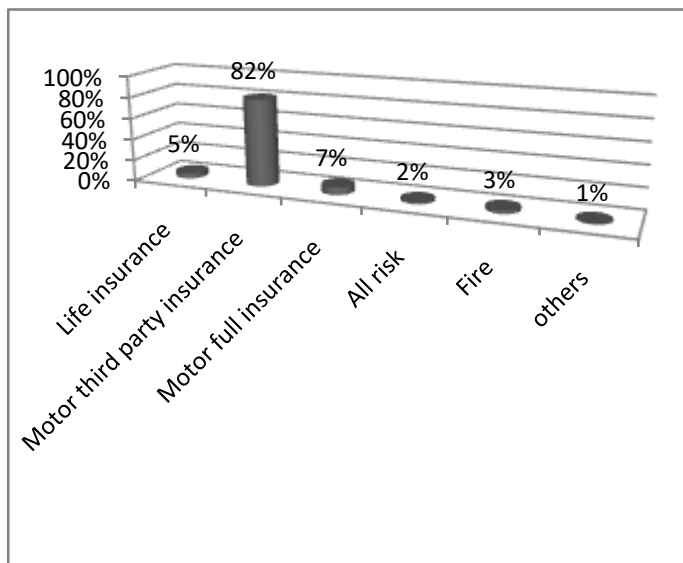
From figure 4.1.2 above, only 37% of the respondent has demanded and acquired insurance before while the remaining 63% has never taken insurance before. This is attributed to the lack of information on the availability and benefits of insurance products and services. Also, the poor image of insurance companies is also responsible for the negative attitudes of the people towards insurance and its products and services.

Fig 4.1.3 Respondent’s Feeling about Insurance



Among the respondents that have taken insurance before, only 14% of them are comfortable with it while 38% have negative feelings about insurance. About 48% of the recipient respondents are indifference on their feeling about the insurance business.

Fig 4.1.4 Types of Insurance Respondents Patronized

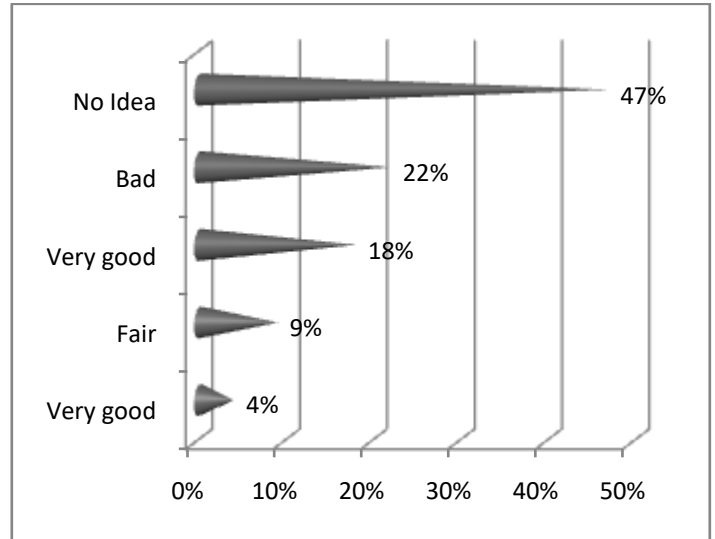


Out of this 148 respondents that has received insurance before, 5% took life insurance while 2% took all-risk insurance, 3% took fire and 1% took others. About 7% took full vehicle

insurance while about 82% took vehicle third party insurance only to avoid harassment

4.2 Research Question 2: What is the public perception of the image of insurance companies in Enugu State?

Fig 4.2.1 Public Perception of the Image of Insurance Companies



From fig 4.2.1 above, only 4% of the respondents perceived the image of insurance companies as very good, while 9% says it is fair. About 18% says the image is very bad, 22% says it is bad while the rest 47% have no idea of what the image of insurance companies are like.

4.3 Test of Research Hypothesis

4.3.1 H₀₁: The level of insurance awareness is low in Enugu State

Table 4.3.1 Chi-Square Tests Output

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.069(a)	8	.016
Likelihood Ratio	19.642	8	.013
Association	.012	1	.918
N of Valid Cases	400		

Following the result of the calculation which is 0.016, the null hypothesis which states that, “the level of insurance awareness in Enugu State is not low” is rejected. We therefore conclude that the level of insurance awareness in the state is low”

V. CONCLUSION

5.1 Level of Insurance Awareness in Enugu State

From the fig 4.1.1 above, only 12 percent of the respondents are very well aware of insurance enterprises in Enugu urban. These probably are insurance worker and their relative, bankers and also people who have acquired insurance before. About 49 % know very little and they are mostly vehicle

owners that buy mandatory third party insurance. The rest 6 % says they never heard of insurance. About 33% of the respondents are not interested in anything that has to do with insurance hence will not want to talk much about their knowledge of insurance.

In Fig 4.1.2, only 37% of the respondents have demanded and acquired insurance before while the remaining 63% have never taken insurance of any kind. This contrast the findings of Onomivibori (2010) that insurance in Nigeria has grown to become a household business in Nigeria while agreeing with Emilefo, (2010) and Nwaizugbo, (2014) that the image of insurance in Nigeria need to be enhanced if it will make head way.

Among the respondents that has taken insurance before, fig 4.1.3 shows that only 14% of them are comfortable with it while 38% has negative feelings about their insurance. About 48% of the respondents are indifference on their feeling about the insurance business. This also buttresses the findings of Emilefo (2010) and Nwaizugbo (2014) on the image of insurance in Nigeria. Out of 148 persons that has received insurance before, 5% took life insurance while 2% took *all-risk* insurance, 3% took fire and 1% took others. About 7% took full vehicle insurance while about 82% took vehicle third party insurance only to avoid police harassment. This also contrasts Onomivibori (2010) who may have generalized his study on the number of third party vehicle insurance. However Uduji(2007) argues in support of the findings that most of the vehicle insurance owners know little or nothing about insurance and given choice, will never chose to buy insurance. The test of hypothesis shows a Pearson chi square calculation which is 0.016, meaning that the level of insurance awareness and demand in Enugu State is low.

5.2 Public Perception of the Image of Insurance Companies in Enugu State

From fig 4.2.1 above, only 4% of the respondents perceive image of insurance companies as very good, while 9% said it is fair. About 18% said the image is very bad, 22% said it is bad while the rest 47% have no idea of what the image of insurance companies are like. This finding is in contrast with Emilefo, (2010) and Ajala (2011) who opined that the growth of insurance and the image is rapid. However the study is supported by Nwosu and Uffoh, (2005), Edeani (2013), Elewachi, (2013) in their agreement that the image of insurance needs urgent enhancement. Also 76% of insurance holders has it out of compulsion while 8% feel the image of the companies are not affecting demand and 16% say it does affect it. 24% of the respondents agreed that the image of insurance companies in Enugu urban is tarnished and that the distrustful activities of insurance company agents are responsible for this poor or bad image. This argument is supported by Nwosu and Uffoh, (2005), Edeani (1993), Elewachi, (2013).

Based on the above findings, the study thus recommends that:

- Insurance companies should from time to time organize workshops/seminars to inform and educate the public of their products and services
- Insurance companies should engage in trade fairs as this will help in marketing their products and services.
- Insurance companies should place adverts on television, radio, newspapers, internet etc. to make the public aware of their products.
- Corporate Social Responsibility (CSR) projects will such as scholarships awards to indigent students, health care service provision, talent hunt and development, skills acquisition and empowerment will help to redeem the poor image of Insurance Companies in Enugu State.
- Staff and agents of Insurance Companies should be properly trained and monitored in other to ensure they carry out their activities in an ethical and professional manner.

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