



INSURANCE REGULATORY AUTHORITY

**FACTORS AFFECTING INSURANCE UPTAKE BY TEACHERS IN
PUBLIC PRIMARY SCHOOLS: CASE STUDY OF MOMBASA**

REPORT

BY

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EXECUTIVE SUMMARY

A survey was conducted among public primary school teachers attending an education forum in Mombasa in December 2011 to establish the level of insurance uptake among teachers and the factors that affect insurance uptake and specifically to:

- i. Establish awareness levels of different insurance policies among teachers
- ii. Establish current level of insurance uptake by teachers
- iii. Establish the policies the teachers have currently
- iv. Establish barriers to insurance uptake by teachers
- v. Establish intended future uptake of insurance
- vi. Make suggestions to enhance insurance uptake by teachers

It was established the uptake of different insurance policies vary across gender and age. Only 66% of the teachers have insurance while 34% do not mainly because: of negative talk they have heard from others regarding insurance (33%); perceived complications in compensation (22%). The key challenge the teachers face in accessing insurance is to do with the dishonesty of the insurance agents (83%).

There is potential of insurance growth among teachers as majority (81%) said they would purchase insurance in the future, and 93% said they would recommend insurance to colleagues/relatives.

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1.0 INTRODUCTION

1.1 Background of the study

The Insurance Regulatory Authority's mandate is to regulate, supervise and develop the insurance industry in Kenya. Developing the sector is a key challenge as penetration is very low, at about 2.6%. The Authority has adopted various approaches to enhance penetration; one of these approaches is Consumer Education which is aimed at creating awareness of insurance among the public, and the role of the Authority in the insurance industry. One such program was held in Mombasa County among Public primary school teachers in December 2011. This group was targeted because teachers play an important role in society as opinion leaders and shapers. It is therefore assumed that if teachers get knowledgeable about insurance, they would positively influence the society towards the purchase of insurance.

On the other hand, teachers present the largest proportion of insurance claimants (IRA internal records 2010). In this light, a survey was conducted among the teachers during the education forum to establish their information needs on insurance and the challenges they face in accessing insurance. Some of the areas that were covered in the survey include: level of awareness of insurance policies; insurance policies currently have; reasons for not having insurance; insurance policies intend to have in future; likelihood of recommending insurance to others; challenges to accessing insurance; suggestions of how insurance uptake by teachers could be enhanced.

The key limitation of this survey is that the teachers were drawn from One County only and therefore may not be representative of all teachers in the country. However, the findings will provide an indication of factors that affect insurance uptake by teachers.

This report is a summary of factors affecting insurance uptake among teachers.

1.2 Terms of Reference

1.2.1 Aim

The survey was carried out to assess insurance information needs of teachers and the challenges they face in accessing insurance so as to develop a policy paper on insurance in the education sector.

1.2.2 Objectives

The main objective of the survey was to establish the factors affecting insurance uptake by public primary school teachers. Specifically it was meant to:

- i. Establish awareness levels of different insurance policies among teachers
- ii. Establish current level of insurance uptake by teachers
- iii. Establish the policies the teachers have currently
- iv. Establish barriers to insurance uptake by teachers
- v. Establish intended future uptake of insurance and the policies they intend to purchase
- vi. Suggestions to enhance insurance uptake by teachers

1.3 Limitations of the survey

The teachers were drawn from One County only and therefore the results may not be representative of views of all teachers in the country. However, the findings will provide an indication of factors affecting insurance uptake by public primary school teachers.

2.0 METHODOLOGY

2.1 Survey Study Areas

The survey was carried out in Mombasa County and mainly targeted public primary school teachers attending an education forum; the teachers were drawn from the County.

2.2 Data collection

The data was collected by the use of a structured questionnaire; the questionnaire was self administered. However, where necessary, the Authority's staff at the forum provided assistance to the teachers in completing the questionnaires.

Some of the issues in the questionnaire that respondents addressed include: level of awareness of insurance policies; insurance policies currently have; reasons for not having insurance; insurance policies intend to have in future; likelihood of recommending insurance to others; challenges to accessing insurance; suggestions of how insurance uptake by teachers could be enhanced.

2.3 Sampling procedure

The teachers who attended the forum were randomly selected by education officials from Mombasa County. In conducting the survey at the forum, a random procedure was used; all the teachers at the forum filled in the questionnaire. The distribution of the respondents is detailed in the "characteristics of sample population" section.

2.4 Data analysis and report writing

After the fieldwork the questionnaires were edited, a code-list for open-ended questions was developed to facilitate coding of the open-ended; the questionnaires were then coded. The data was entered into SPSS after which it was cleaned before

analysis was carried out. The data was analysed by use of SPSS and the outcome is hereby presented using simple statistics

3 FINDINGS

3.1 Characteristics of sample population

There were more female teachers (56.4%) at the forum than male teachers (43.6%); majority of the teachers were aged 31-40 years. see **table 1**.

Table 1 : Characteristics of sample population - Gender and age

Source: Survey data, Base, n = 110

Sex	Total	Age category			
		18-30 Years	31-40 Years	41-50 Years	Above 50 Years
Male	44%	15%	42%	31%	12%
Female	56%	10%	50%	29%	11%

3.2 The impression of teachers on different insurance policies

Life policy (31%) and Education policy (30%) take the lead in awareness among the public primary school teachers in Mombasa County; Teachers Above 50 years are more aware of life insurance policy than other age groups. Teachers between 18-30 years seem to be more aware of Education policy. **See Figure 1**

The proportion of female and male teachers who are aware of Education policy is approximately the same (29%) however majority of the male teachers are aware of medical insurance policy (15%) as compared to their female counterparts (9%). see **Figure 2**

Figure 1: Proportion of insurance policies – Age

Source: Survey data, Base, n = 173

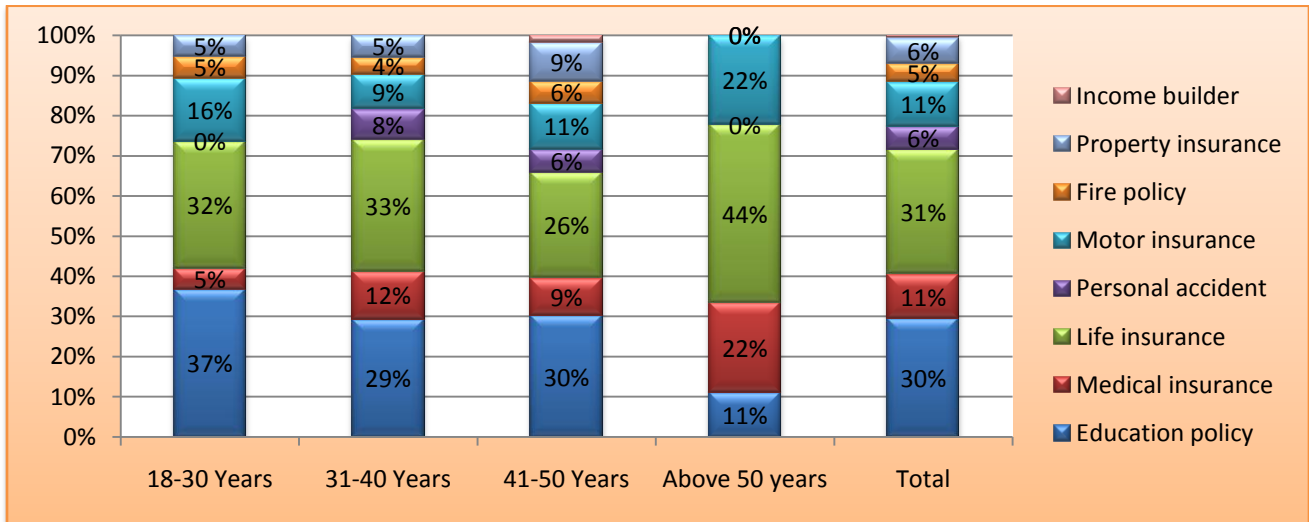
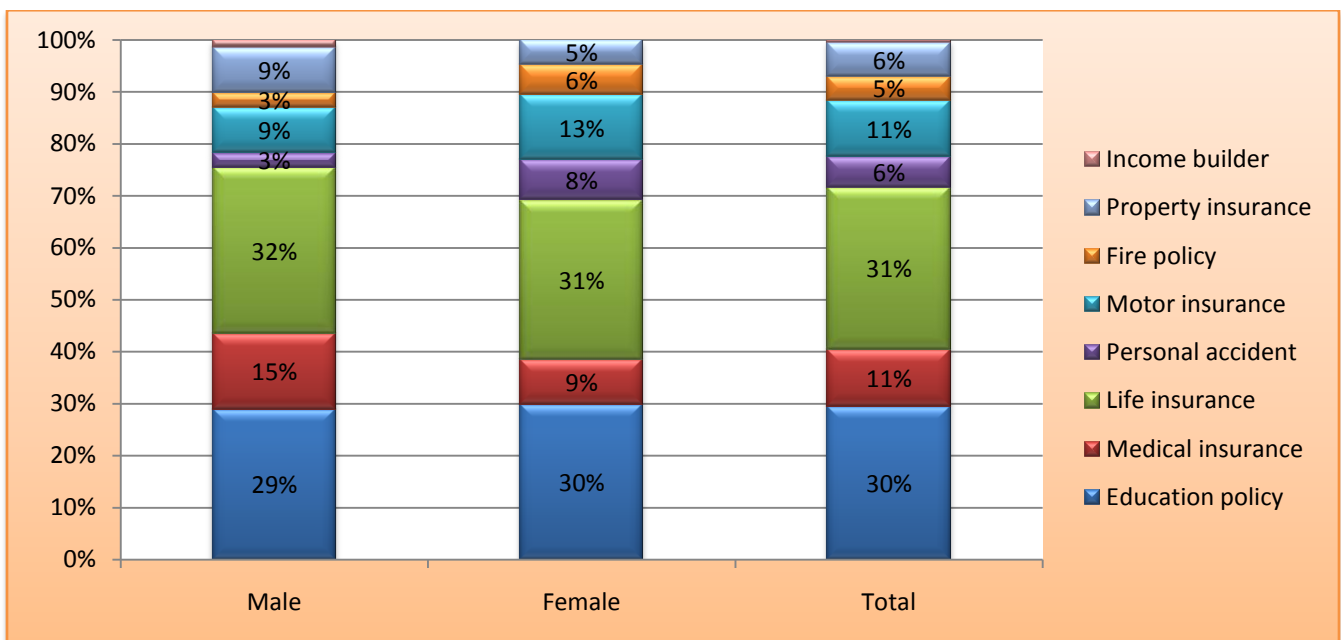


Figure 1 : Proportion of awareness of insurance policies – Gender

Source: Survey data, Base, n = 173



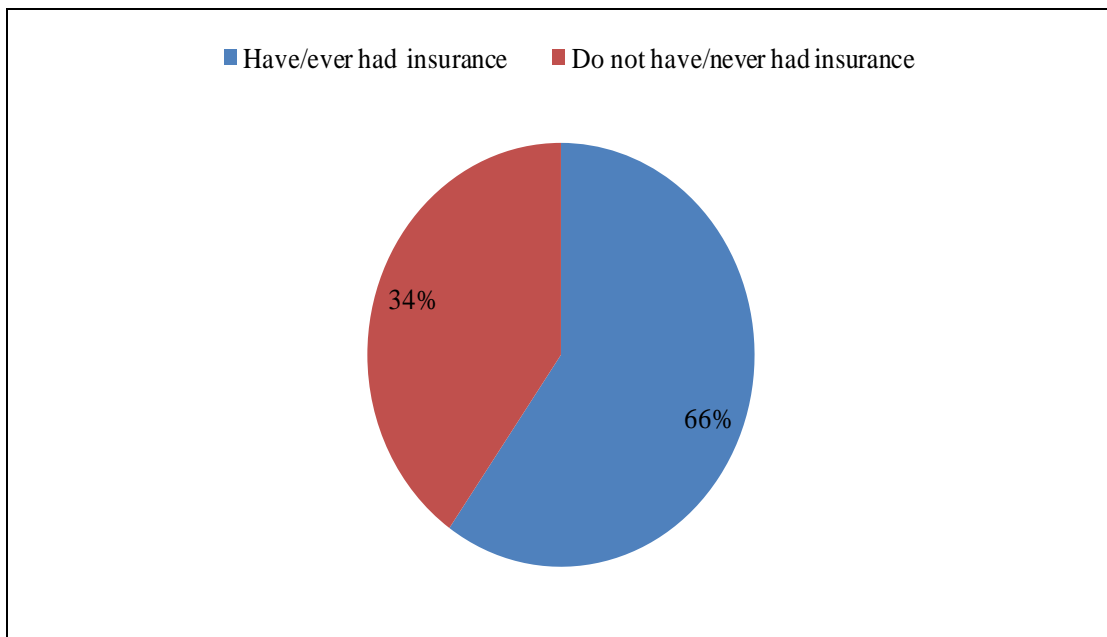
3.3 Penetration of insurance among teachers

The penetration of insurance among public primary school teachers in Mombasa County is at 66%. However, 34% of the teachers who attended the forum are not insured; this presents an opportunity to grow insurance uptake among teachers.

Figure 3 summarizes current insurance uptake by teachers

Figure 2 : Current insurance uptake by teachers

Source: Survey data, Base, n = 107



3.4 Share of different insurance policies among public primary school teachers

Education and Life policies combined contribute to more than half (65%) of the share of policies held by public primary school teachers in Mombasa County. The uptake of Life insurance policy is relatively higher among teachers aged 41-50 years (43%) while the proportion of Education policy uptake is highest among teachers aged 18-30 years (40%). The proportion of teachers with Life policy is approximately the same among teachers aged 18-30 years, and above 50 years of age at. There is a higher proportion of teachers between 31-40 years and teachers above 50 years of age with Motor insurance policy compared to the teachers in the other age brackets. **Figure 4** summarizes insurance policy uptake by the teachers in different age groups.

Male teachers show high preference for life insurance policy (36%) while female teachers show high preference for Education policy (34%).see **figure 5**

Figure 4: insurance policy uptake by teachers- Age

Source: Survey data, Base, n = 127

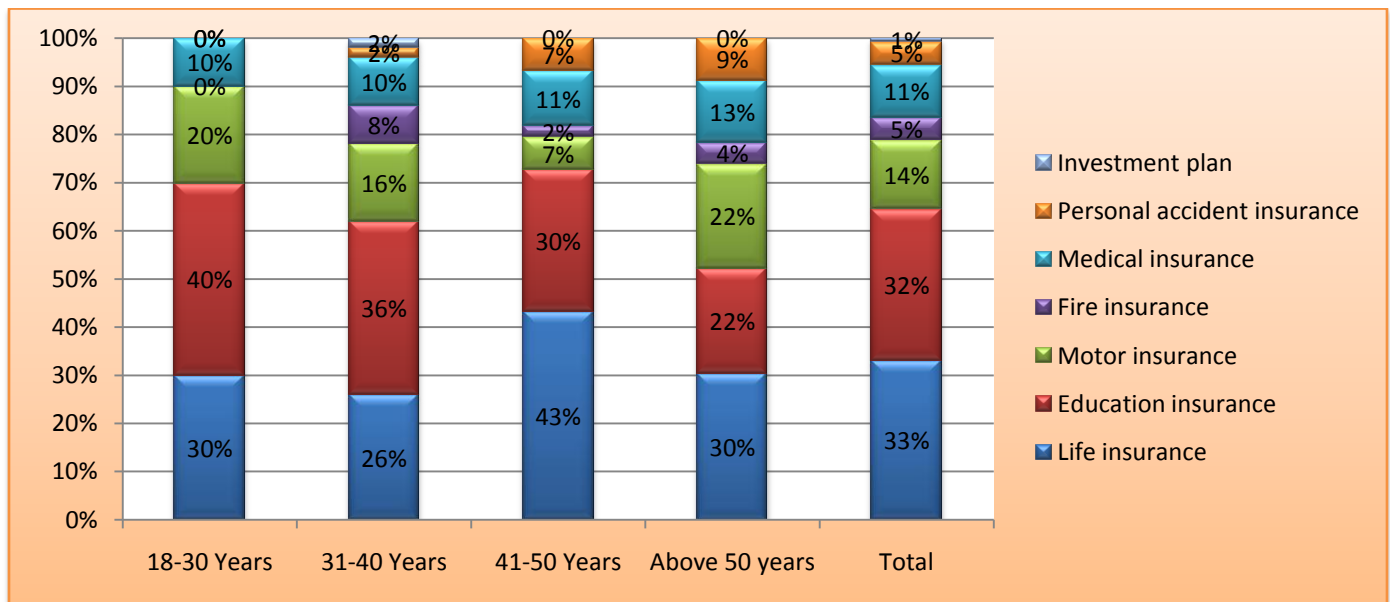
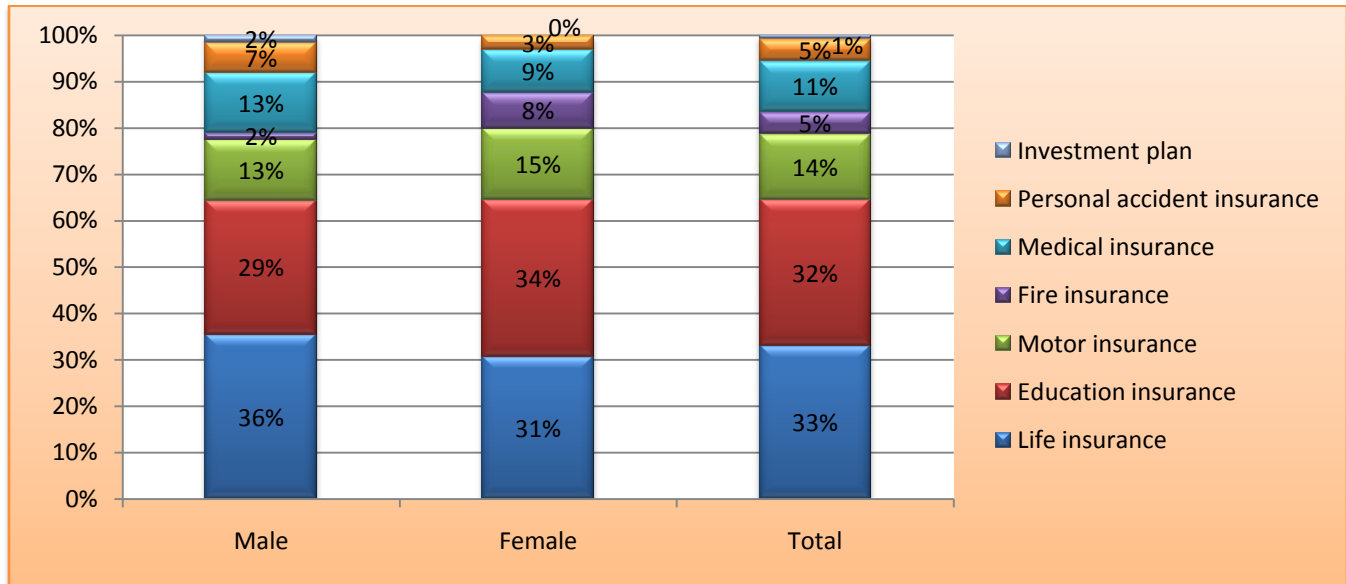


Figure 5: Insurance policy uptake by teachers- gender

Source: Survey data, Base, n = 127



3.5 Barriers to insurance uptake by public primary school teachers

Negative talk about insurance (34%) from other people is the main barrier to insurance uptake among teachers. Complications related to compensation (22%) and the cost of insurance (11%) is also considerable contributors to none purchase of insurance by teachers. A perception that insurance companies do not give compensation is higher among teachers aged 18-31 years (22%) while the perception that insurance compensation is complicated is higher among teachers above 50 years (25%). **Table 2** summarizes the barriers to insurance uptake by teachers.

Negative talk about insurance by other people (34%) is the major hindrance to insurance uptake by both female and male teachers in Mombasa County. See **table 3**

Table 2 : Barriers to insurance uptake – Age

Source: Survey data, Base, n = 74

	18-30 Years	31-40 Years	41-50 Years	Above 50 years	Total
Have never had about insurance	22%	3%	8%	0%	7%
Have heard my colleague/people talk negatively about insurance	22%	40%	23%	75%	34%
No insurance policies that meet my needs	0%	0%	4%	0%	1%
Insurance is expensive	11%	9%	15%	0%	11%
I dont know the insurance products available	0%	3%	4%	0%	3%
I dont have good understanding of insurance	11%	9%	4%	0%	7%
Compensation is complicated	11%	23%	23%	25%	22%
Its against my beliefs	0%	6%	12%	0%	7%
Insurance companies do not give compensation	22%	9%	8%	0%	10%

Table 3 : Barriers to insurance uptake – Gender

Factors hindering insurance uptake	Total	Male	Female
Have never had about insurance	7%	11%	3%
Have heard my colleague/people talk negatively about insurance	34%	34%	33%
No insurance policies that meet my needs	1%	0%	3%
Insurance is expensive	11%	11%	11%
I dont know the insurance products available	3%	3%	3%
I dont have good understanding of insurance	7%	5%	8%
Compensation is complicated	22%	21%	22%
It's against my beliefs	7%	5%	8%
Insurance companies do not give compensation	10%	11%	8%

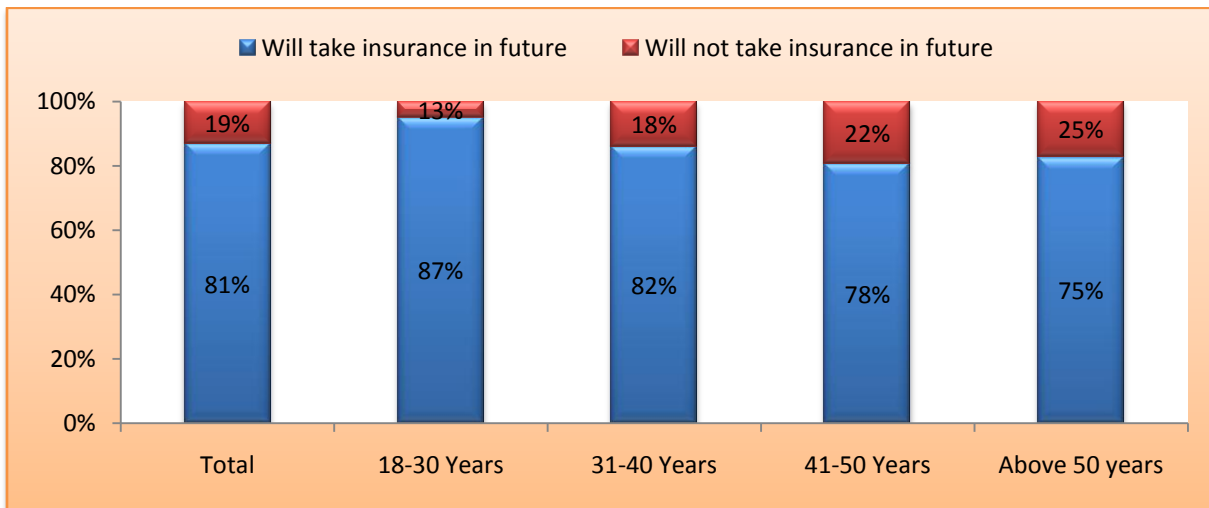
Source: Survey data, Base, n = 74

3.6 Potential of insurance

Majority of the teachers (81%) said they would take insurance policy in future; there is a greater probability (95%) of purchasing insurance in the future among teachers aged 18-30 years when compared to the other age groups. Figure 6 summarizes the intention of the teachers to purchase insurance in future.

Figure 3 : Intention of teachers to buy insurance in future – Age

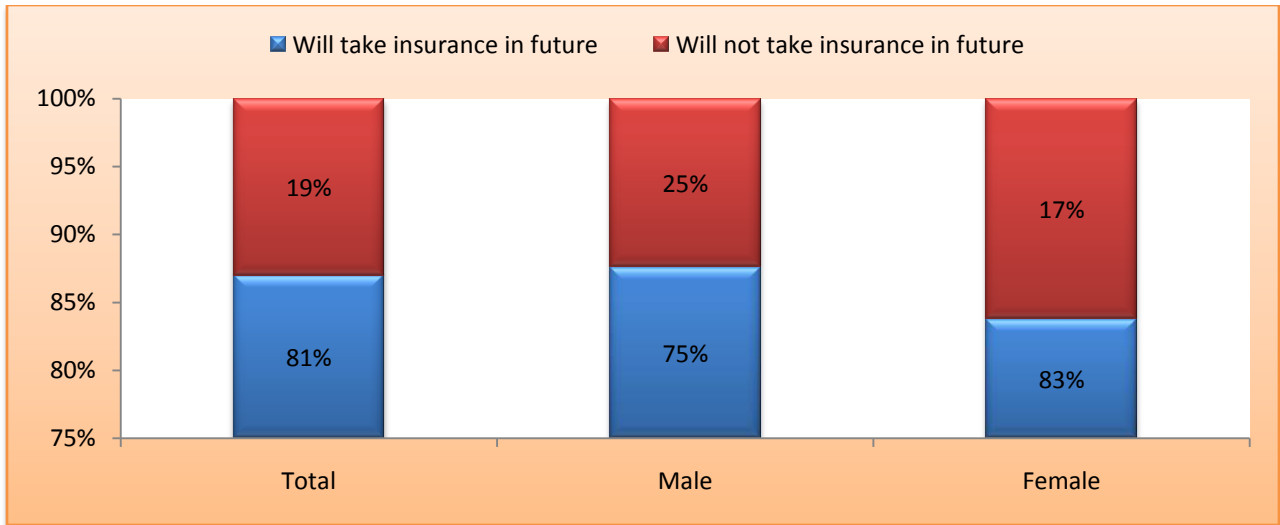
Source: Survey data, Base, n = 110



There is higher proportion of male teachers (25%) who are not willing to take insurance in future compared to female teachers (17%). **Figure 7** summarizes the intention of teachers to purchase insurance in future across gender.

Figure 4 : Intention of teachers to purchase insurance in future – Gender

Source: Survey, Base, n=110

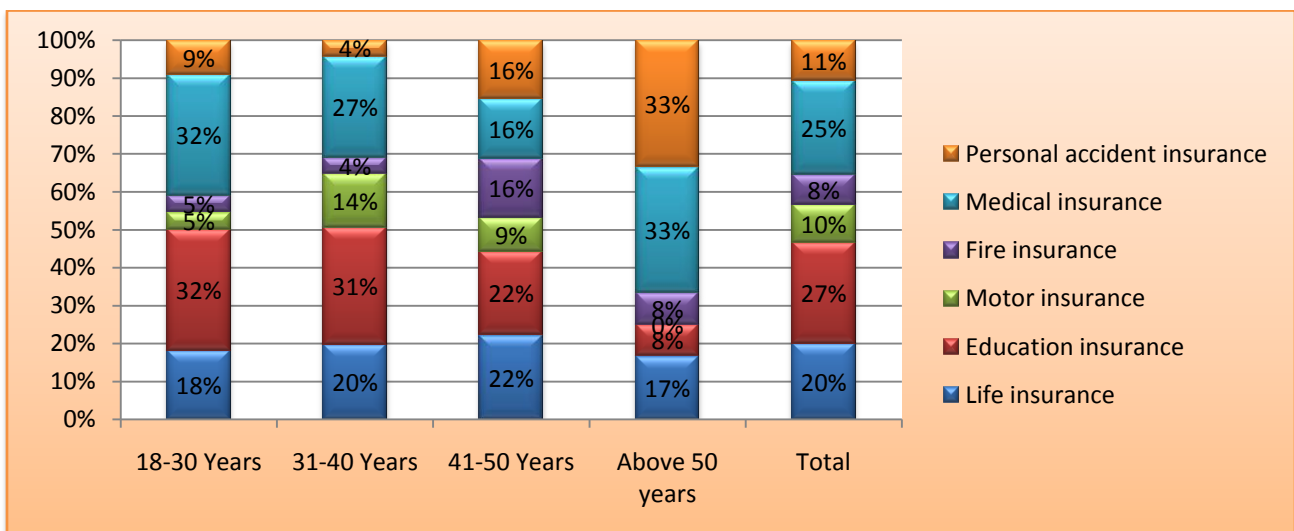


3.7 Potential of the different insurance policies

Education and Life insurance policies have a higher potential of purchase compared to other policies. The proportion of teachers who are likely to take Education policy is higher among those aged 18-30 years (32%) and those aged between 41-50 years (31%). The proportion of the teachers who said they will take Life insurance policy is highest among those aged 41-50 years (22%). Figure 8 summarizes future policy uptake by teachers across the different age groups.

Figure 5 : Uptake of insurance policies in future by teachers – Age

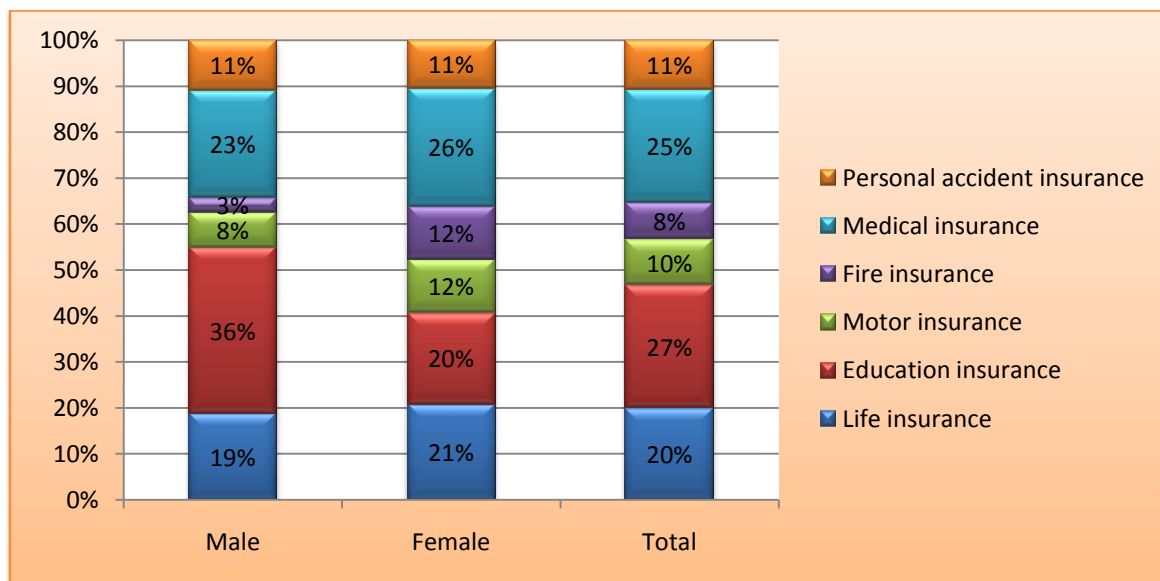
Source: Survey data, Base, n = 150



Medical policy will continue to be considered more important by women (26%) in future compared to men (23%). Male teachers have a higher preference for Education policy (36%) compared to the female teachers at 20%. Female teachers have a higher preference for Life insurance policy (21%) as compared to the male teachers (19%) **Figure 9** summarizes future policy uptake by teachers across gender.

Figure 6 : Uptake of insurance policies in future by teachers – Gender

Source: Survey data, Base, n = 150

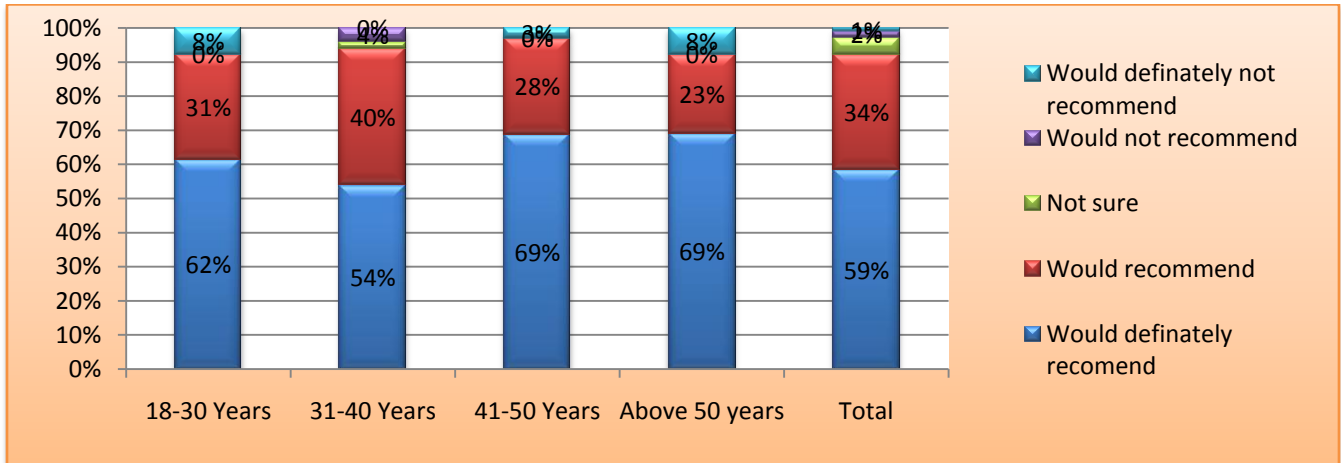


3.8 Likelihood to recommend insurance to colleagues/relatives

Majority of the teachers (93%) claimed that they would encourage others to purchase insurance. The proportion is higher among teachers between the ages between 41-50 years (97%) and those aged 31-40 years (94%). **Figure 10** summarizes the likelihood of teachers to recommend insurance to others across age.

Figure 10: Likelihood of teachers to recommend insurance to others – Gender

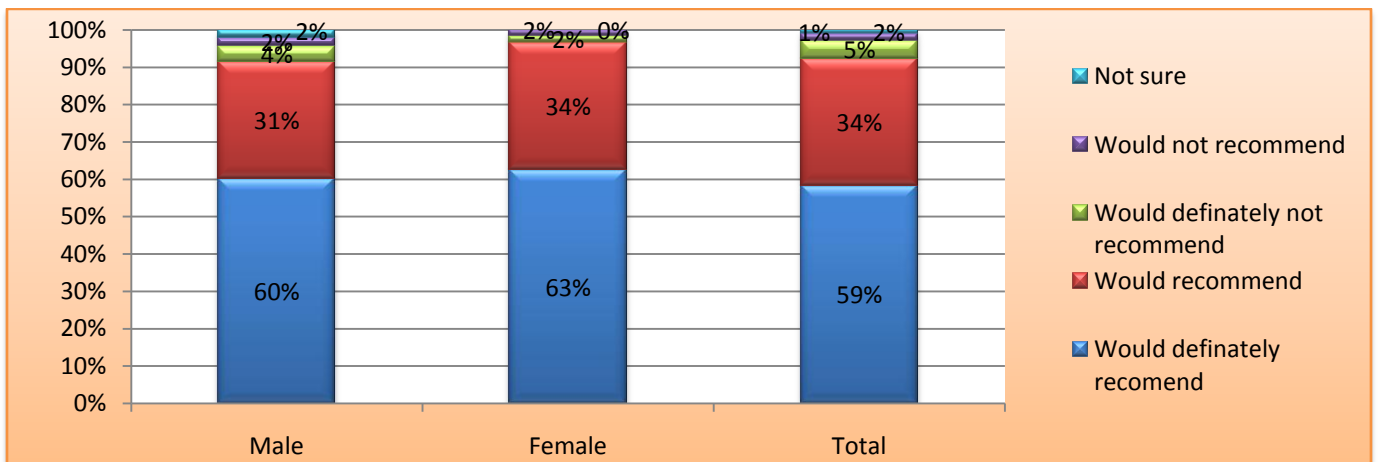
Source: Survey data, Base, n = 109



A higher proportion of male teachers (97%) would recommend insurance to others compared to the female teachers (92%). see a summary on **Figure 11**.

Figure 11: Likelihood of teachers to recommend insurance to others – Age

Source: Survey data, Base, n = 109

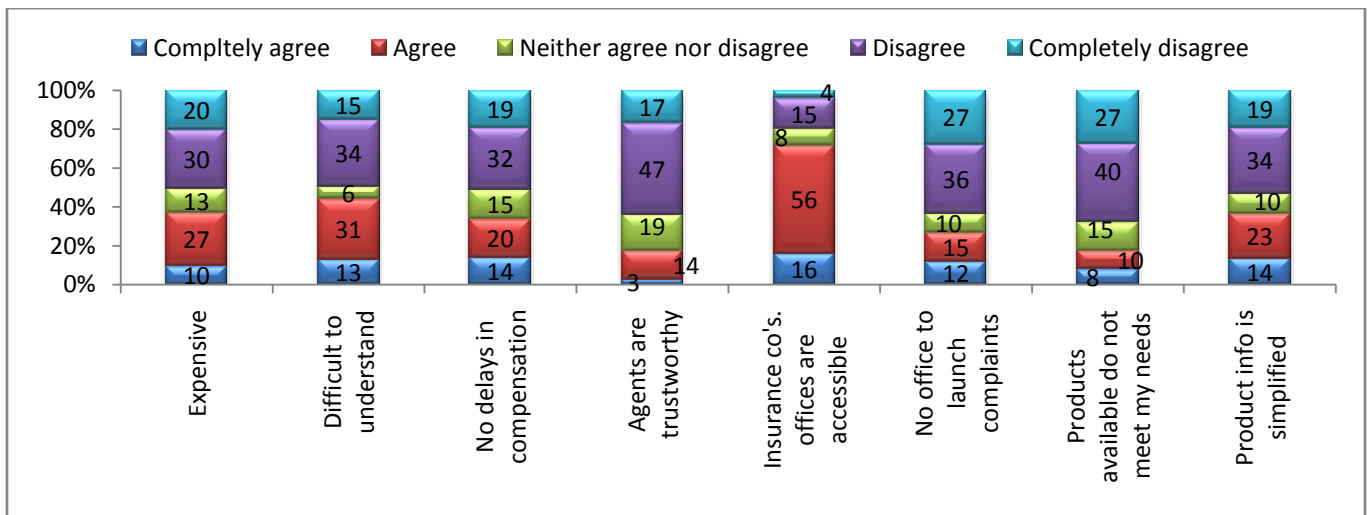


3.9 Challenges teachers face in accessing insurance

The key challenge the teachers face in accessing insurance is to do with the dishonesty of agents (83%); other significant challenges are: delay in compensation (66%) and complexity of information of insurance products (63%). On the other hand, 50% of the teachers said that insurance is not expensive. **Figure 12** summarizes the challenges teachers face in accessing insurance

Figure 7 : Challenges teachers face in accessing insurance

Source: Survey data, Base, n = 111



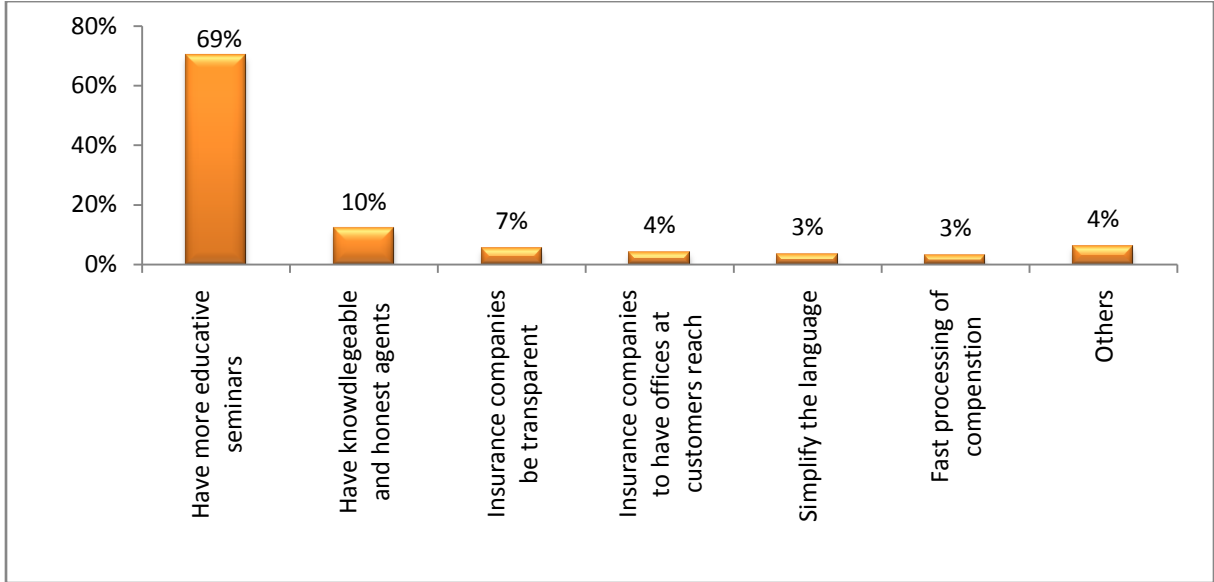
3.10 Suggestions to reduce the challenges teachers face

In order to address the challenges the teachers face, it was suggested that IRA should conduct more educative seminars (69%); they also suggested that agents should be knowledgeable and honest (10%). Additionally, it was said that insurance companies should be transparent (7%) and should have offices where they can easily be reached by customers (4%); simplify insurance language (3%); fast processing of compensation

(3%). Other suggestions to improvement include: training of more educators (1%); giving customers yearly benefits (1%); follow-up of claims by IRA (1%); provision of information materials (1%). **Figure 13** is a summary of the suggestions to address the challenges teachers face

Figure 8 : Suggestions to address the challenges teachers face

Source: Survey data, Base, n = 108



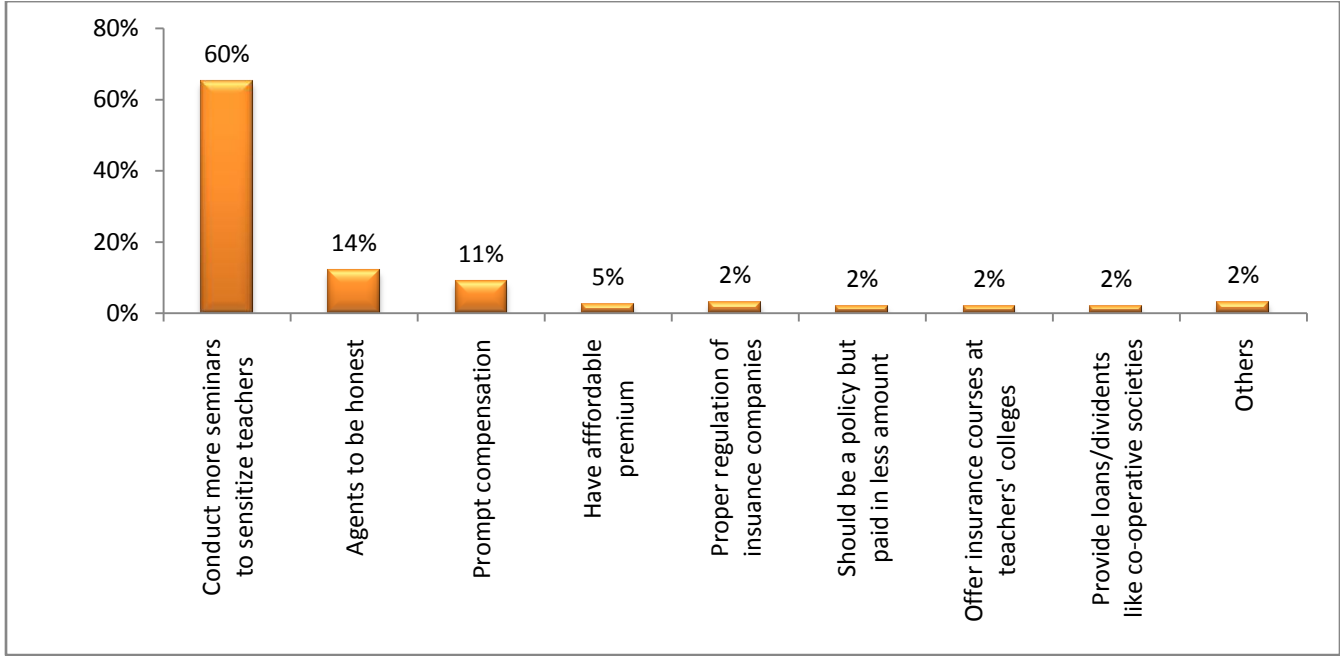
3.11 Suggestions to enhance insurance uptake by teachers

The main recommendation given to enhance insurance uptake by teachers is to conduct more seminars to sensitize them (69%). Others recommendations include: promoting honesty among agents (10%); prompt payment of compensation (7%); offer affordable premiums (4%); proper regulation of insurance companies (3%); make insurance uptake a policy for teachers but paid in less amounts (2%); offer insurance courses at teachers’ colleges (2%); provide loans/dividends like co-operatives societies; setting up an insurance company for teachers (1%); having teachers be members of insurance companies (1%); insurance companies to give yearly benefit to

teachers (1%); provide more materials for reading (1%). **Figure 13** is summary suggestions to enhance insurance uptake by teachers.

Figure 14: Suggestions to address the challenges teachers face

Source: Survey data, Base, n = 154



4.0 CONCLUSIONS

Education policy and Life policy are the most popular policy; this could also imply that the teachers have a better impression of these policies as they are also the leading in uptake among the teachers. The uptake of the different insurance policies differs across age and gender. For example, the uptake of Education policy is higher among the teachers aged 18-30 years while Life policy uptake is higher among the teachers aged 41-50 years; the uptake of these policies is higher among female teachers as compared to male teachers. Women have a higher preference for Medical policy compared to men. The findings also indicate that future uptake of insurance policies will have the same pattern as the current one. Teachers in different age groups have different insurance needs; the needs are also different across gender.

It was established that a good number of the teachers (34%) are not insured. The main factors contributing to non-purchase of insurance are: negative talk about insurance from other people; lack of good understanding of insurance; and, perceived complications in compensation. The teachers also face a number of challenges in accessing insurance, the main ones being: dishonesty of insurance agents ; delay in compensation and complexity of information of insurance products ; It is worth noting that half of the teachers surveyed said insurance is not expensive; therefore, by addressing the issues raised, insurance uptake could be enhanced among teachers. Some of the key suggested ways to address the challenges are: conducting more education seminars, and, empowering the agents with knowledge and promoting honesty.

There is potential for insurance among teachers as majority of the surveyed teachers said they would purchase insurance in the future, and would also recommend insurance to colleagues/relatives.

5.0 RECOMMENDATIONS

In order to enhance insurance penetration among teachers, it is recommended that Consumer Education programs be intensified. However, teachers in different age groups have different insurance needs. It could be useful if the Authority could partner with insurance companies to train on the different insurance products available in the market. Effort should also be made to simplify insurance language.