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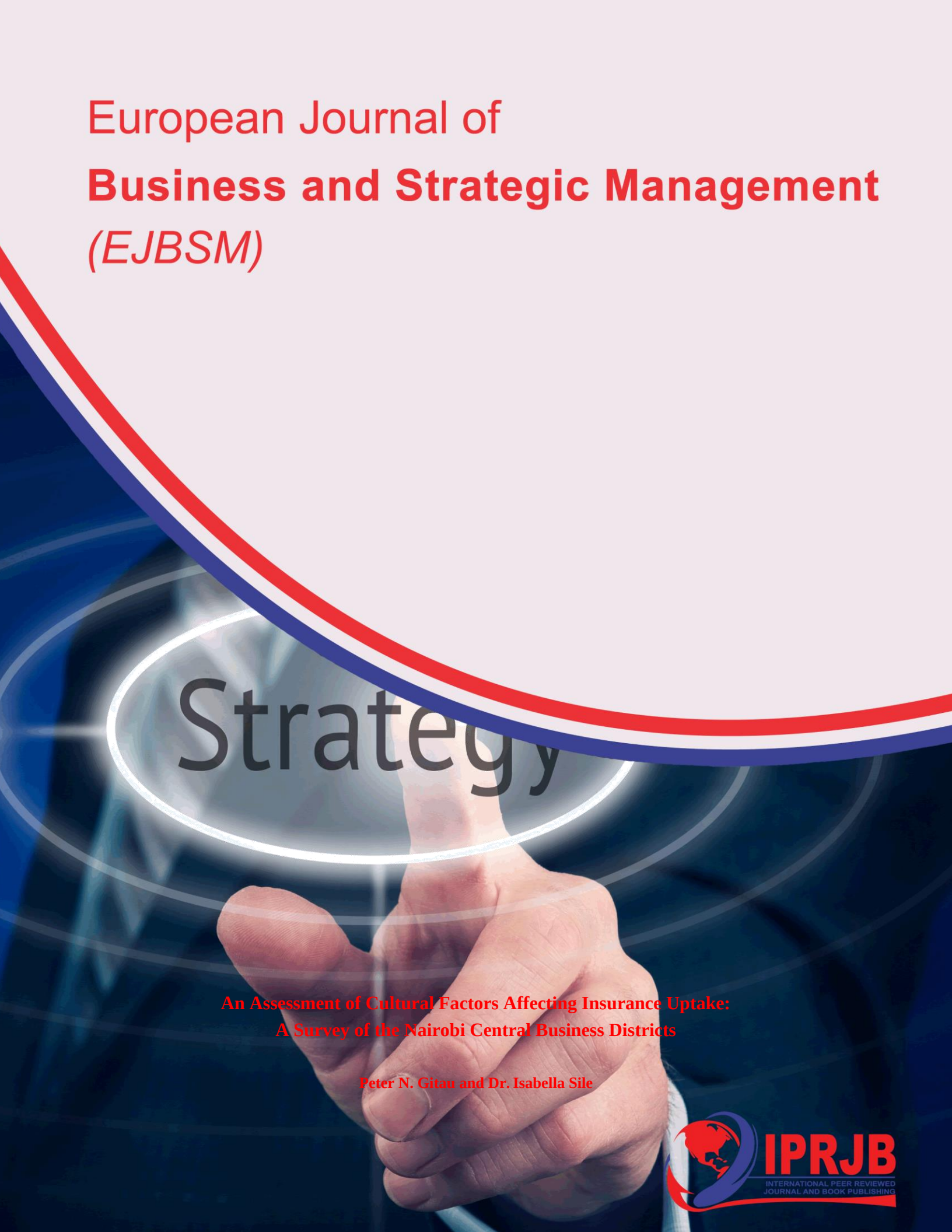

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An Assessment of Cultural Factors Affecting Insurance Uptake: A Survey of the Nairobi Central Business Districts

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Abstract

Purpose: the purpose of this study was to establish the effect of cultural factors that affect the uptake of insurance in Nairobi central business district, Kenya.

Methodology: The study employed a descriptive research design. Primary data was used in the study and was gathered using a questionnaire. The target population for the study was the existing and potential insurance customers within the Nairobi CBD. The study targeted a population of 160 respondents and a sample of 100 respondents was chosen. The main sampling technique that was used for this study is stratified random sampling. Secondary data was collected from books, journals and the internet. The primary data was first coded and organized into themes, categories and patterns.

Results: Based on the findings the study concluded that religion has a negative effect on the uptake of insurance in Kenya. Further, cultural taboos and beliefs, cultural attitudes and values language used by insurance sales agents, education have a negative effect on the uptake of insurance in Kenya.

Unique contribution to theory, practice and policy: The study recommended that IRA should encourage insurance companies to sensitize the public on the different insurance products available in the market on a regular basis. The IRA and AKI should ensure that all the agents transacting the insurance business are properly trained, licensed and motivated to help reduce the perception that insurance agents are conmen or dishonest. The IRA should embark on a campaign to sensitize the public about the benefits of insurance in a bid to change their attitudes towards taking up insurance covers.

Keywords: *religion, cultural taboos and beliefs, cultural attitudes and values, language used by sales agents*

1.0 INTRODUCTION

Insurance in different parts of the world has a specific association as viewed by the clients. Universally, insurance is perceived in regards to risks be it fire, accident, health or life. Consequently, insurance is made up of two divisions, life and non life insurance, with the non life insurance comprised of health, motor, accident as the major products all over the world (Capgemini, 2008). The non life and life insurance are viewed and appreciated differently depending with the economy, the communities' cultural factors and level of incomes as well as the policies in a country.

Business entities and individuals are exposed to substantial risk associated with losses to property, income, and wealth because damage to assets, legal liability, disability, retirement, and death. Costs associated with legal liability and employee benefit programs and health care, have become matters of deep concern to company management. Individuals seeking coverage of their professional and personal risks have similar concerns (Rejda, 2008). Insurance is one form of risk management primarily used by entities and individuals to hedge against the risk of a contingent, uncertainty loss. The very low insurance penetration in Kenya implies an inherent problem in the economy (Leftley, 2002).

The uptake of insurance is generally very low in the third world countries compared to the developed countries. In Africa, only South Africa has a reasonable penetration of life insurance at 15%. According to (LIMRA, 2011), two factors explain the low penetration of life insurance in the developing countries.

Life insurance for instance is largely distributed through the agency model. This means that insurance agents have been the sole customer touch point. The structure of this distribution model has led to erosion of customer confidence. Many agents have from time to time misadvised customers on the products and even expected projections of their policies at maturity (Odemba, 2013). Agents have also at times misappropriated customers funds; instead of using to pay premiums, they divert to personal use. Customers are therefore very skeptical in dealing with insurance agents and business has been lost leading to poor penetration of life insurance (Bull, 2009).

The culture in many African countries has also been a challenge. As quoted by Edgar Schein, "the only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening." Many life insurance policies pay at death yet this is a topic that many people do not want to talk about. Many people want to buy investment related products leaving out pure risk insurance products because of the fear of death. Because of this, it's difficult selling pure insurance risk products in most African markets, hence low penetration (Wairegi, 2004). For instance, some cultures do not discuss the possibility of death because it is against their African culture, or it could mean tempting fate. Another cultural aspect is the fact that there is no sharing of information among spouses and other close family members. For example there is no sharing of bank accounts and some other assets like plots and houses purchased in singular names, and when one party especially the man passes away or is indisposed, the wife and other dependants, particularly the children may not even learn of the assets. Such assets may end up being taken up by the wrong parties through fraud (Wairegi, 2004).

1.2 Problem Statement

The very low insurance penetration in Kenya implies an inherent problem in the economy. According to the IRA 2013 industry outlook and the AKI reports (2013; 2014) the insurance penetration in Kenya is at 3% of the country's GDP and is low and not consistent with our aspiration to be a middle-income country by the year 2030. For us to get there the contribution of insurance to the GDP has to get to at least 10%. Our figure of 3% is compared to South Africa's 14% (Awino, 2008). The low insurance penetration level in Kenya is a reflection that a good majority of Kenyans have not taken any cover to protect themselves and their properties against risks. It implies that in the event of a calamity or an unpredictable bad event happening to them or their property, Kenyans stand exposed to major losses with no recourse of compensation. Kariuki (2007) noted that despite the insurance industry having so many players including 45 insurance companies their activities were yet to translate in to higher insurance penetration.

Given the primary role that insurance has to play in the socio-economic development of the country it is therefore necessary to understand the factors that contribute to this very low level of insurance penetration. With the governments key pillar on vision 2030 of a healthy and socially empowered nation to get to middle-income country by 2030 it is imperative to understand those factors that are hindering the development of this very critical sector (AKI, 2013). This study therefore seeks to fill in the knowledge gap on the nature of contribution of certain often cited cultural factors that contribute to low penetration levels of insurance services in the Kenyan context particularly Nairobi County.

1.3 Study Objectives

i. To determine the effect of religion on insurance uptake in Nairobi central business district.
ii. To ascertain the effect of cultural taboos and beliefs on insurance uptake in Nairobi central business district.
iii. To find out the effect of cultural attitudes and values on insurance uptake in Nairobi central business district.
iv. To establish the effect of language on insurance uptake in Nairobi central business district.
v. To establish the effect of education on insurance uptake in Nairobi central business district.

2.0 LITERATURE REVIEW

2.1 Theoretical Literature Review

Adverse Selection Theory

The theory of adverse selection in insurance markets was first developed by Michael Rothschild and Joseph Stiglitz in 1976. Their model has had a huge influence in economics, and a substantial impact on legal scholarship concerning insurance markets and is devoid of institutional detail. This leads to demonstrate that normal theoretical conclusions about the optimality and perhaps even the existence, of a competitive market equilibrium can fail in the presence of asymmetric information (Siegelman, 2004).

If A knows he will die tomorrow (but his insurer does not), life insurance that is priced to reflect the average risk of death in the population as a whole will look like a very good deal to him. Conversely, if B knows she will live for much longer than the average person with her observable characteristics (age, gender, medical condition), insurance that is priced to reflect the average risk of death will seem like a bad deal to her, and she will be unlikely to buy it. When A buys lots of insurance and B buys none, insurers find themselves charging an average rate to a population that contains only the worst risks, and end up losing money by virtue of having their product selected only by high-risk individuals (Siegelman, 2004).

However, informational asymmetry may not just be bad for insurers. When insurers cannot distinguish between good and bad risks, theory predicts that it is possible (although not necessary) to end up with no coverage for anyone. There are also demand-and-supply side incentives for both customers and insurers (Blomqvist & Leger, 2003). As the good risks begin to exit, the average quality of those insured remaining falls and prices rise in a vicious circle, ending in a so-called "death spiral" where no one is covered. Even when insurance is available, it may be inefficiently distorted by the presence of adverse selection. Many theoretical models conclude that when adverse selection is a problem, good risks will be rationed: They will be allowed to purchase only limited coverage in an attempt to make such coverage less attractive to the bad risks, which would otherwise be eager to purchase it given its favourable price (Siegelman, 2004).

This can be defined as strategic behaviour by a more informed partner in a contract against the interest of the less informed partner(s).It is relevant in the health insurance market because each individual chooses among the set of contracts offered by the insurance company according to their probability of using health services (Belli, 2001). In other words, those who foresee an intense use of health services will tend to choose more generous plans than those who expect a more limited use of them. The high risk individual will seek health insurance while a low risk individual will avoid health insurance up to the point of requiring medical services to be paid (Belli, 2001; Siegelman, 2004).

The Diffusion Theory

This theory was advanced by Lionberger in 1960, which asserted that people process and accept information by going through five stages which is not done impulsively. The stages include; awareness stage where the individual is exposed to the idea but lacks knowledge of its benefit; the interest stage is when the idea arouses the individual who assess the possibility of using it; evaluation stage where the individual must consider whether the idea is potentially useful and of benefit to him; trial stage is when the individual tries out the idea on himself and others in order to conclude how he can benefit; adoption stage which represents final acceptance of the idea and using it consistently based on continuous satisfaction (Lionberger, 1960).

The theory examines how ideas are spread among groups of people. Diffusion goes beyond the two-step flow theory, centering on the conditions that increase or decrease the likelihood that an innovation, a new idea, product or practice, will be adopted by members of a given culture. In multi-step diffusion, the opinion leader still exerts a large influence on the behaviour of individuals, called adopters, but there are also other intermediaries between the media and the audience's decision-making. One intermediary is the change agent, someone who encourages an opinion leader to adopt or reject an innovation (Infante, Rancer & Womack, 2007).

Social Exchange Theory

Thibaut and Kelley (1959) advanced this theory which uses the economic metaphor of cost and benefits to predict behaviour. The theory assumes that individuals and groups choose strategies based on perceived rewards and costs, where they factor in the consequences of their behaviour before acting in order to keep their costs low and rewards high.

Blau (1964) adopted an inclusive definition of social power that recognizes all kinds of influence between persons and groups, including those exercised in exchange transactions. However, he acknowledged that this definition might capture some social dynamics not typically construed as based in power. A key aspect of this definition is the inclusion of both rewards and sanctions as mechanisms that enforce power in social exchange (Stanton & Stam, 2003). This consideration facilitates an elegant mapping of power mechanisms onto Higgins (2007; 2008) two regulatory foci. Specifically, this supports Blau's belief that individuals exert power over others in organizations partly through mechanisms of reward and partly through sanctions. Using Regulatory Focus Theory as a guide, however, we further suggest that there is an important asymmetry in the exercise of power through these mechanisms. In particular, the promise of reward pushes individuals toward a promotion-focused self-regulatory mindset, whereas the threat of punishment pushes individuals toward a prevention focused orientation (Stanton & Stam, 2003). This theory underpins this study in that it asserts that groups choose strategies based on perceived rewards and costs, where they factor in the consequences of their behaviour before acting in order to keep their costs low and rewards high. In the context of this study culture has affected the people's mindset such that they only evaluate things or services offered in terms of the cost and the benefits thereof. In this case culture hinders people from taking up insurance covers as they consider it non beneficial.

2.2 Empirical Literature Review

Yaari (2009) notes that religion historically has provided a strong source of cultural opposition to especially life insurance; many religious people believe that a reliance on life insurance results from distrust of God protecting care. Until the nineteenth century, European nations condemned and banned life insurance on religious grounds. Yaari also states that religious antagonism to life insurance still remains in several Islamic countries.

Wasaw (2006) tested the effect of Islam on life insurance consumption using an international data set. The results of his study indicated that, ceteris paribus, consumers in Islamic nations purchase less life insurance than those in non- Islamic nations. Therefore, it is hypothesized in the study that life insurance consumption is less in predominantly Islamic countries than in countries that are not predominantly Islamic. For the purposes of this study, a country is considered predominantly Islamic if more than half of the population follows Islam. Islamic nations included in the sample percent of population that is Muslim, Egypt 94%, Iran 98%, Morocco 99%, Pakistan 97%, Tunisia 99.5%, Turkey 99% (Wasaw, 2006).

Chui and Kwok (2009) demonstrate that the inclusion of cultural factors in the set of explanatory variables greatly improves the predictive ability of regression analyses. Using an unbalanced panel data of 41 countries observed from 1976 to 2001, they include in their models four cultural variables introduced by Hofstede (1980) namely, Individualism, Power Distance, Masculinity and Uncertainty Avoidance. They find the first three variables to be highly significant. The results prove to be robust, even after controlling for economic, institutional, and demographic

factors such as GDP per capita, inflation, bank sector and stock market development, creditors rights, contract enforcement quality, dependency ratio, and religion. For instance, the inclusion of just one cultural variable, Individualism, increases the adjusted *R2* from 0.70 to 0.83 – a highly significant improvement.

Park, Borde and Choi (2002) examine the impact of culture on insurance pervasiveness, which can be defined as the combined penetration of life and non-life insurance. Four of Hofstede's cultural dimensions are included in the panel regression analysis in addition to GDP, socio-political stability, and economic freedom. In contrast with the life insurance demand studies of Chui & Kwok (2009), results show that only masculinity is positively correlated with insurance pervasiveness. This conflicting result may be due to the aggregation of life and non-life insurance, which may produce a bias against finding meaningful relationships if the cultural impact on insurance demand is different for life and non-life insurance. Also, Park et al (2002) only have three other control variables in their regression model; they did not include life or non life-specific control factors. The low number of controls may cause an omitted variable problem and result in biased coefficient estimates.

Park and Lemaire (2011) applied regression techniques to an unbalanced panel data that included 82 countries observed over a ten-year period by, to explore the factors that affect non-life insurance demand across nations. While previous literature has discovered several significant economic, demographic, and institutional variables, little attention has been devoted to cultural dimensions. They found that non-life insurance consumption was adversely impacted in countries where a large fraction of the population had Islamic beliefs. Also highly significant are three of the cultural scores developed by Hofstede (1980) in a celebrated study on power distance, individualism, and uncertainty avoidance. A conjecture that culture impacts non-life insurance more in affluent countries receives ample statistical support, with an adjusted R-square coefficient increasing by 20%. These results had implications for multinational insurers seeking to enter a new market. *Ceteris Paribus*, these insurers should target countries, and population segments within these countries, that exhibit low power distance, and high individualism and uncertainty avoidance scores.

Odemba (2013) carried out a study on life insurance as an important aspect of the social-economic development of the society. It helps to safeguard the future while also ensure some savings that can be used in a later date. Despite its importance, the penetration of life insurance is currently only at 1.3% in Kenya. The population constituted all registered 13 life insurance companies in Kenya. From each company, there were three different types of respondents; customers, sales agents and customer service staff. In all these respondents, only those who had been with the respective companies for more than three years were considered because they have a good understanding of life insurance. The study adopted a descriptive and cross-sectional survey research design as the most appropriate for this study.

2.3 Conceptual Framework

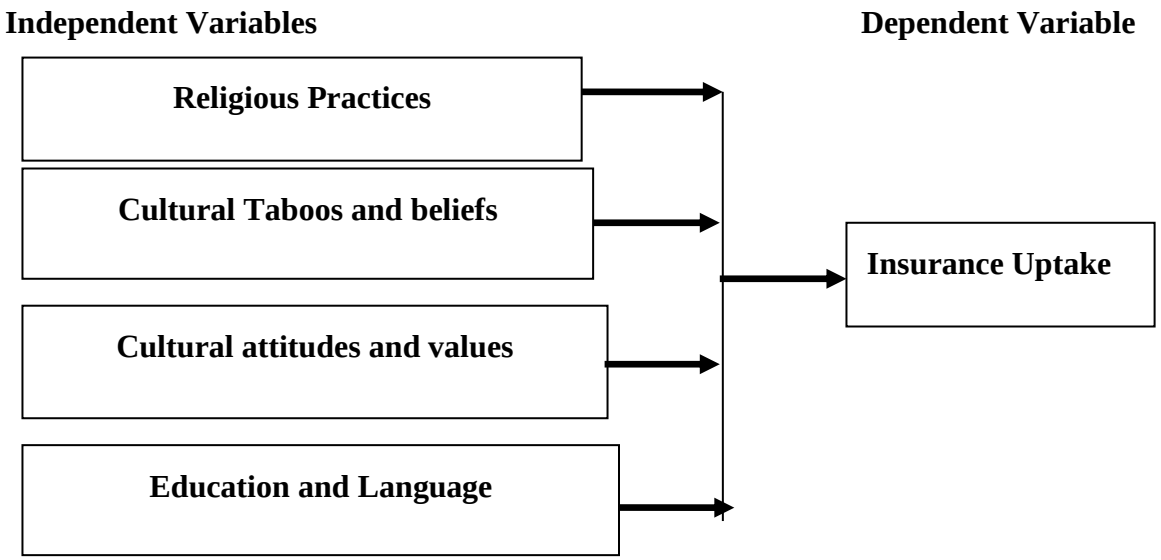

Figure 2.1 Conceptual Framework

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive research design since the study intendeds to gather quantitative and qualitative data that describes the nature and characteristics of the cultural factors affecting insurance uptake. The target population was all the people working in Nairobi central business district. The sample size was 100. The study applied a probability sampling design by using a random sampling technique to select individual respondents. Questionnaire was used to collect data. Quantitative analysis was done and results presented in tables and figures.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The number of questionnaires that were administered was 100. A total of 80 questionnaires were properly filled and returned. This represented an overall successful response rate of 80% as shown on Table 1.

Table 1: Response Rate

Response	Frequency	Percentage
Returned	80	80%
Unreturned	20	20%
Total	**100**	**100%**

4.2 Demographic Characteristics

4.2.1 Gender of the Respondents

The respondents were asked to indicate their gender of the respondents. Majority of the respondents were male who represented 52% of the sample while 48% were female. This implies that most of the people working in Nairobi County are male.

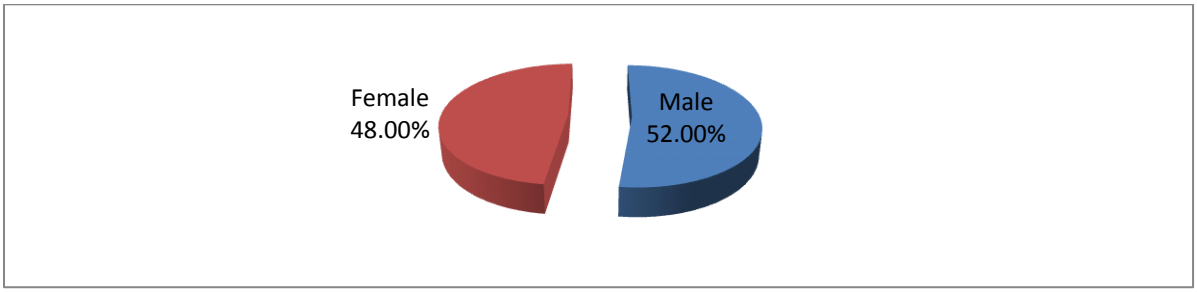

Figure 1: Gender of Respondents

4.2.2 Level of Education of the Respondents

The respondents were asked to state their levels of education. Results in Figure 2 show that a 30% of the respondents had had attained education up to university level, 21.25% had attained education up to primary school level, 20% had attained education up to college level, 15% of the respondents had attained education up to post graduate level while 13.75% of the respondents had attained education up to secondary school. This implies that this study managed to reach out to workers in all spheres in the society in terms of academic qualifications. This can also be explained in terms of all sectors both formal and informal. This was important in order to achieve the unbiased results.

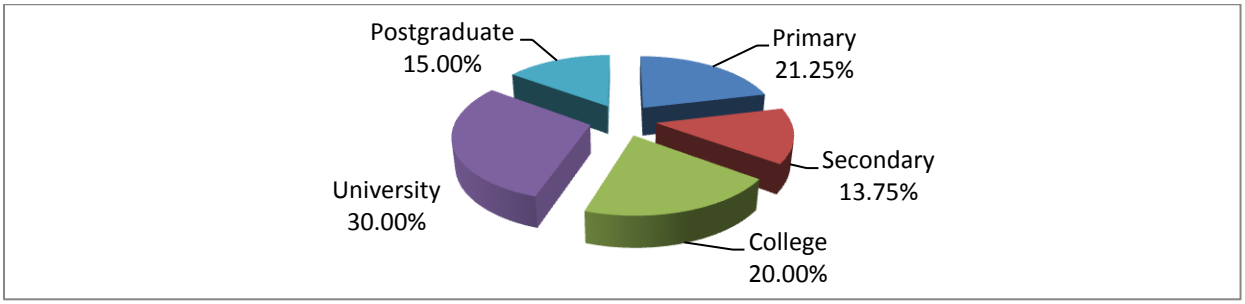

Figure 2: Level of Education

4.2.3 Experience in the Organization

The respondents were asked to indicate the number of years they had worked in their organization or institution. Results in figure 4.3 show that majority (52.5%) of the respondents indicated that they had worked in their organization or institution for 1 - 10 years, 35% of the respondents indicated that they had worked in their organization or institution for 10 – 15 years. Further, result in figure 3 show that 8.75% of the respondents indicated that they had worked in their organization or institution for 16 – 20 years while 3.75% of the respondents indicated that they had worked in their organization or institution for more than twenty years. The results show

that most of the respondents had been in employment for shorter periods of time compared to those who had worked for longer periods. This is a clear illustration of the nature of employment within Nairobi County whereby people keep on changing jobs as they search for greener pastures. On the other hand, those in the higher ranks seem to retain they jobs since the terms of employment are favourable.

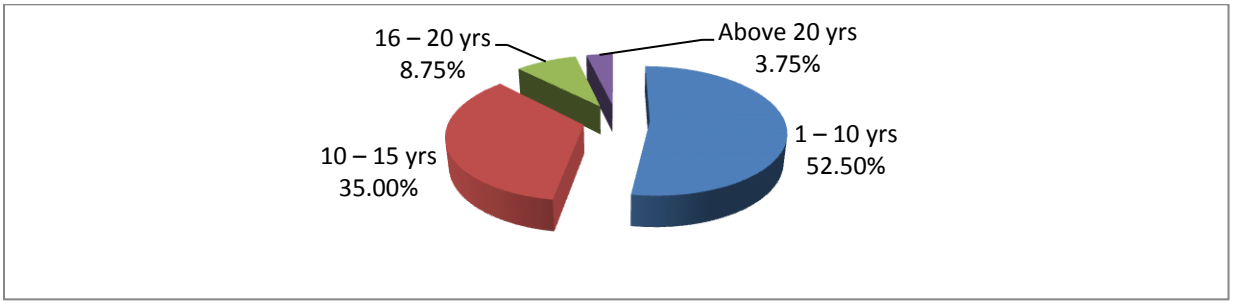

Figure 3: Years of Experience

4.2.4 Position

The respondents were asked to indicate their positions. Results in figure 4 revealed that of 35% the respondents were in the supervisory level, another 35% of the respondents indicated that they were in other positions such as clerks, messengers, secretaries and cleaners. Further, results in figure 4 show that 17.5% of the respondents were in line managers while 12.5% of the respondents were senior managers. This implies that most of the respondents in this study were in lower tire jobs. This can be supported by the results of the level of education and experience. This is also an indicator of the real situation whereby many people working in senior positions normally have busy schedules which hinders their participation in such a study.

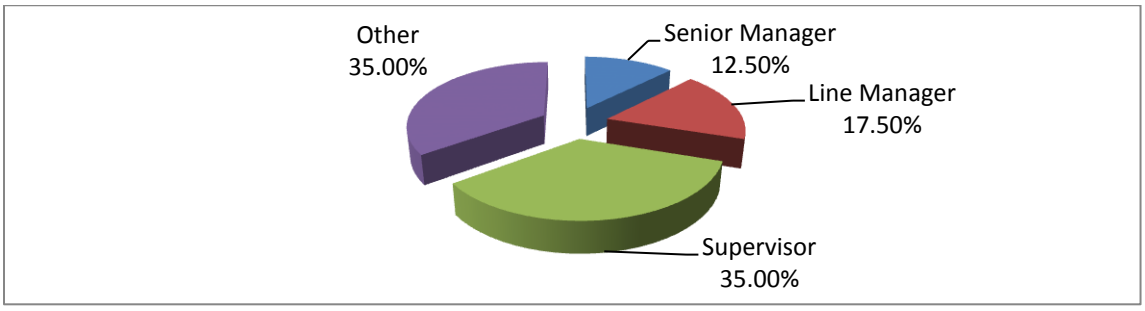

Figure 4: Position

4.3 Descriptive Statistics

4.3.2 Religion and Insurance Uptake

The study sought to determine the effect of religion on insurance uptake. Results in table 2 reveal that 81.3% of the respondents agreed that religion may influence the decision of users to take up insurance cover or not. Eighty six point three percent (86.3%) of the respondents agreed that Islamic religion is against insurance products that pay interest on premium savings, 91.3% of the respondents agreed that some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover. Further, results in table 2 revealed

that 88.7% of the respondents agreed that some sects of the Christian faith do not look at insurance positively because they are covered by their faith while 91.2% of the respondents agreed that some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you. On a five point scale, the average mean of the responses was 4.1 which means that respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.

Table 2: Religion and Insurance Uptake

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Religion may influence the decision of users to take up insurance cover or not.	6.2%	7.5%	5.0%	38.8%	42.5%	4.0	1.2
Islamic religion is against insurance products that pay interest on premium savings	2.5%	6.2%	5.0%	52.5%	33.8%	4.1	0.9
Some indigenous religions in Kenya do not believe in seeking medical attention and hence may not see the need for a medical cover	5.0%	2.5%	1.2%	47.5%	43.8%	4.2	1.0
Some sects of the Christian faith do not look at insurance positively because they are covered by their faith.	2.50%	5.00%	3.80%	52.50 %	36.20%	4.2	0.9
Some sects of the Christian faith feel that taking insurance is the same as confessing that you expect bad things to happen to you	2.50%	5.00%	1.20%	51.20 %	40.00%	4.2	0.9
Average						**4.1**	**1.0**

The respondents were also asked to indicate other aspects of religion that influence the decision to take up insurance. In response they indicated that religious sects brain wash their followers against insurance products, for some magic beliefs hinders them from this reference that only God can heal and control what is taking place in their lives and for some they believe that the future should worry about itself.

4.3.3 Cultural Taboos and Beliefs and Insurance Uptake

The study sought to ascertain the effect of cultural taboos and beliefs on insurance uptake. Results in table 3 reveal that 81.3% of the respondents agreed that taking up an insurance cover is a taboo in some cultures. Eighty percent (80%) of the respondents agreed that taking up an insurance cover is considered a bad omen in some cultures, 83.8% of the respondents agreed that taking up an insurance cover is considered to be related to witchcraft in some cultures. Further, results in table 3 revealed that 83.7% of the respondents agreed that taking up an insurance cover for education is inhibited by the cultural belief that education is foreign while 90% of the respondents agreed that taking up an insurance cover for the girl child and women is inhibited by the cultural belief that the girl child and women are inferior. On a five point scale, the average mean of the responses was 4.1 which means that respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.

Table 3: Cultural Taboos and Beliefs and Insurance Uptake

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Taking up an insurance cover is a taboo in some cultures	2.50%	7.50%	8.80%	37.50 %	43.80%	4.1	1.0
Taking up an insurance cover is considered a bad omen in some cultures.	2.50%	11.20%	6.20%	35.00 %	45.00%	4.1	1.1
Taking up an insurance cover is considered to be related to witchcraft in some cultures	0.00%	10.00%	6.20%	43.80 %	40.00%	4.1	0.9
Taking up an insurance cover for education is inhibited by the cultural belief that education is foreign.	3.80%	6.20%	6.20%	46.20 %	37.50%	4.1	1.0
Taking up an insurance cover for the girl child and women is inhibited by the cultural belief that the girl child and women are inferior.	3.80%	2.50%	3.80%	61.20 %	28.80%	4.1	0.9
Average						**4.1**	**1.0**

The respondents were also asked to indicate other aspects of cultural taboos and beliefs that influence the decision to take up insurance. In response they indicated some people belief that

the society will take care of hospital bills and herbal medicine. They also indicated that some people believe that insurance is for the rich people only. Further, they indicated that cultural factors prohibit the discussion of some taboo topics such as the demise of a key bread winner.

4.3.4 Cultural Attitudes and Values and Insurance Uptake

The study sought to find out the effect of cultural attitudes and values on insurance uptake. Results in table 4 reveal that 91.3% of the respondents agreed that some members of the society feel that paying for insurance is as good as throwing money away. Ninety two point six percent (92.6%) of the respondents agreed that taking up an insurance cover is considered a bad omen in some cultures, 91.2% of the respondents agreed that some members of the society feel they have nothing to lose and hence no need to insure. Further, results in table 4 revealed that 71.3% of the respondents agreed that some members of the society feel they are "good people" and that risk and losses only happen to "bad people" while 88.8% of the respondents agreed that some members of the society feel the insurance industry is a corrupt industry and there is little chance of getting a claims settlement. On a five point scale, the average mean of the responses was 4.2 which means that the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.9.

Table 4: Cultural Attitudes and Values and Insurance Uptake

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Some members of the society feel that paying for insurance is as good as throwing money away	3.80%	1.20%	3.80%	52.50%	38.80%	4.2	0.9
Some members of the society feel that paying for insurance is a reserve of the rich.	3.80%	2.50%	1.20%	48.80%	43.80%	4.3	0.9
Some members of the society feel that they have nothing to lose and hence no need to insure.	1.20%	5.00%	2.50%	45.00%	46.20%	4.3	0.8
Some members of the society feel that they are "good people" and that risk and losses only happen to "bad people".	0.00%	2.50%	26.20%	38.80%	32.50%	4.0	0.8
Some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement.	1.20%	5.00%	5.00%	50.00%	38.80%	4.2	0.8
Average						**4.2**	**0.9**

The respondents were also asked to indicate other aspects of cultural attitudes and values that influence the decision to take up insurance. In response they indicated that insurance agencies have concentrated on health/ accident issues and left out the ethics line. They also indicated that an attitude of not planning for the future. "If tomorrow does not exist in my plans, why should I insure?"Further, the indicated that most members of the society feel that insurance firms put clauses that ensure they don't settle claims. They also take too long to settle claims.

4.3.5 Language and Insurance Uptake

The study sought to establish the effect of language on insurance uptake. Results in table 5 reveal that 90% of the respondents agreed that speaking a different language makes it difficult to understand what the insurance agents are trying to explain. Eighty seven point five (87.5%) of the respondents agreed that legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public. Further, results in table 5 revealed that 90% of the respondents agreed that the insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing while 87.4% of the respondents agreed that insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials. On a five point scale, the average mean of the responses was 4.2 which means that respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.

Table 5: Language and Insurance Uptake

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Speaking a different language makes it difficult to understand what the insurance agents are trying to explain	0.00%	7.50%	2.50%	48.80%	41.20%	4.2	0.8
Legal language used in the insurance documentation forms can be very technical and difficult to understand to the general public	5.00%	6.20%	1.20%	45.00%	42.50%	4.1	1.1
Insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.	3.80%	5.00%	1.20%	45.00%	45.00%	4.2	1.0
Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials	3.80%	8.80%	0.00%	41.20%	46.20%	4.2	1.1

Average	**4.2**	**1.0**

The respondents were also asked to indicate other aspects of language that influence the decision to take up insurance. In response they indicated that lack of clarity about the insurance products, little knowledge on the benefits of taking up insurance, lack of credibility and poor approach to clients influences the uptake of insurance. Further, they indicated that the information given by the sales agents is normally distorted and misleading, meant to only make a sale. In addition, they indicated that people rarely hear about insurance unless it is about buying insurance or a new insurance product launch.

4.3.6 Education and Insurance Uptake

Results in table 6 reveal 92.4% of the respondents agreed that some members in the society with low level education view insurance as an expensive venture. Ninety one point three (91.3%) of the respondents agreed that some members in the society with low level education prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance, 88.8% of the respondents agreed that members in the society with high level education prefer to take insurance cover since they understand its benefits. Further, results in table 6 revealed that 91.2% of the respondents agreed that some members in the society with low level education prefer not to take life insurance while 90% of the respondents agreed that life insurance takers are the educated members in the society. On a five point scale, the average mean of the responses was 4.2 which means that respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.9.

Table 6: Education and Insurance Uptake

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev
Some members in the society with low level education view insurance as an expensive venture.	3.80%	3.80%	0.00%	51.20%	41.20%	4.2	0.9
Society members with low level education prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to taking up insurance	5.00%	2.50%	1.20%	42.50%	48.80%	4.3	1.0
Some members in the society with high level education prefer to take insurance cover since they understand its benefits	1.20%	7.50%	2.50%	50.00%	38.80%	4.2	0.9
Some members in the society with low level education prefer not take life insurance	2.50%	5.00%	1.20%	50.00%	41.20%	4.2	0.9

Life insurance takers are the members in the society with high level education	3.80%	3.80%	2.50%	51.20%	38.80%	4.2	0.9
Average						**4.2**	**0.9**

The respondents were also asked to indicate other aspects of education that influence the decision to take up insurance. In response they indicated that poverty plays a major role. They also said that low income earners don't have enough money to cater for their basic needs and hence no room to consider taking up an insurance cover. They also added that the younger take care of the old, which negates the need for the old to take up insurance and that lack of financial education to the general population so as to understand the importance of risk and risk management.

4.4 Inferential Statistics

4.4.1 Regression Analysis

The results presented in table 7 present the fitness of model used of the regression model in explaining the study phenomena. Cultural factors namely: religion; cultural taboos and beliefs; cultural attitudes and values; language and education were found to be satisfactory variables in explaining uptake of insurance. This is supported by coefficient of determination also known as the R square of 54.6%. This means that religion, cultural taboos and beliefs, cultural attitudes and values, language and education explain 54.6% of the variations in the dependent variable which is uptake of insurance. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 7: Model Fitness

Indicator	Coefficient
R	0.739
R Square	0.546
Adjusted R Square	0.515

Table 8 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables indeed affect the uptake of insurance in Kenya. This was supported by an F statistic of 17.767 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 8: Analysis of Variance

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.11	5	5.622	17.767	0.000
Residual	23.415	74	0.316		
Total	51.525	79			

Regression of coefficients results in table 9 shows that there is a negative and significant relationship between religion, cultural taboos and beliefs, cultural attitudes and values, language and education and uptake of insurance as supported by beta coefficients of -0.309, -0.276, -0.615, -0.211 and -0.226 respectively. These results show that an increase in the unit change in religion would result to a decrease in the level of insurance uptake by 0.309 units. The results also show that an increase in the unit change in cultural taboos and beliefs would result to a decrease in the level of insurance uptake by 0.276 units. Further, the results also imply that an increase in the unit change in cultural attitudes and values would result to a decrease in the level of insurance uptake by 0.615 units. The results also show that a unit change in language would result to a decrease in the level of insurance uptake by 0.211 units. The results also show that a unit change in education would result to a decrease in the level of insurance uptake by 0.226 units.

Table 9: Regression of Coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	1.139	0.554	2.054	0.043
Religion	-0.309	0.084	3.679	0.000
Cultural Taboos and Beliefs	-0.276	0.076	3.628	0.001
Cultural Attitudes and Values	-0.615	0.139	4.425	0.000
Language	-0.211	0.089	-2.376	0.020
Education	-0.226	0.115	-1.967	0.050

The multiple linear regression model is as shown below.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$

Where:

Y = Insurance Uptake

X_1 = Religion

X_2 = Cultural Taboos and Beliefs

X_3 = Cultural Attitudes and Values

X_4 = Language

X_5 = Education

Thus, the optimal model for the study is;
Insurance Uptake = 1.139+ (-0.309) *Religion* + (-0.276) Cultural Taboos and Beliefs + (-0.615) Cultural Attitudes and Values + (-0.211) Language + (-0.226) Education +*e*

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussion

One objective of the study was to determine the effect of religion on insurance uptake in Nairobi central business district. Results revealed that the respondents agreed that; religion may influence the decision of users to take up insurance cover or not. The second objective of the study was to ascertain the effect of cultural taboos and beliefs on insurance uptake in Nairobi central business

district. Results showed that the respondents agreed that taking up an insurance cover is a taboo in some cultures, the respondents agreed that taking up an insurance cover is considered a bad omen in some cultures.

The third objective of the study was to find out the effect of cultural attitudes and values on insurance uptake in Nairobi central business district. Results revealed that the respondents agreed that some members of the society feel that paying for insurance is as good as throwing money away, the respondents agreed that the taking up an insurance cover is considered a bad omen in some cultures. The fourth objective of the study was to establish the effect of language on insurance uptake on insurance uptake in Nairobi central business district. Results revealed that the respondents agreed that speaking a different language makes it difficult to understand what the insurance agents are trying to explain. The fifth objective of the study was to establish the effect of education on insurance uptake in Nairobi central business district. Results showed that the respondents agreed that some members in the society with low level education view insurance as an expensive venture.

5.2 Conclusions

Based on the findings the study also concluded that cultural taboos and beliefs have a negative effect on the uptake of insurance in Kenya. This was supported by a beta coefficient of -0.276. Further, based on the findings it was possible to conclude that cultural attitudes and values have a negative effect on the uptake of insurance in Kenya. This was supported by a beta coefficient of -0.615. The study also concluded that language used by insurance sales agents have a negative effect on the uptake of insurance in Kenya. This was supported by a beta coefficient of -0.615. Finally, the study also concluded that education have a negative effect on the uptake of insurance in Kenya. This was supported by a beta coefficient of -0.226.

5.3 Recommendations

The study recommended that The IRA should encourage insurance companies to sensitize the public on the different insurance products available in the market on a regular basis. The language used in the proposal forms should be simplified so that potential clients can understand them better. Further, IRA and AKI should ensure that all the agents transacting the insurance business are properly trained, licensed and motivated to help reduce the perception that insurance agents are conmen or dishonest. The IRA should embark on a campaign to sensitize the public about the benefits of insurance in a bid to change their attitudes towards taking up insurance covers.

5.4 Areas for Further Studies

The challenges faced by the IRA while executing its mandate in the insurance industry and the strategies that have been adopted by the IRA in order to increase insurance penetration in Kenya.

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