GSJ: Volume 11, Issue 4, April 2023, Online: ISSN 2320-9186
www.globalscientificjournal.com

THE CHALENGES AFFECTING THE GROWTH OF THE LIFE INSURANCE INDUSTRY IN ZAMBIA. THE CASE STUDY OF LUSAKA

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ABSTRACT

The Life Insurance Industry in Zambia has been faced with the problem of slow growth. The penetration of life insurance is currently less than 1.4% in Zambia (IAZ, 2018). This is very low compared to the developed countries where life insurance penetration is as high as 11.5%. The objective of the study to identify the challenges affecting the growth of the life insurance industry in Zambia and explain the reason behind slow growth in the market. The study was conducted on the insurance companies registered and licenced by the Pension Insurances Authority as at 31st December 2018. The study employed a mixed method research approach. Data was collected using questionnaires which were hand delivered to insurance companies targeting business development executives in self-addressed envelopes. The study population of this study was 230 employees and brokers from the 12 licensed life or long-term insurance companies in Zambia with a sample size of 146 employees, customers and brokers. The key finding from the study shows that insurance services provision in Zambia faces a myriad of challenges that are inhibiting advancement. Due to these challenges the industry continues to register low growth as many people remain uninsured. Many challenges which have been outlined in the study need to be addressed by the stakeholders if the industry is to achieve a growth from its current less than 1.4%. The challenges affecting the growth include awareness, immature legal framework, and lack of strong market -led initiative, claims fraud and corruption, under-capitalization. Legal constraint to new' channels of distribution such as bancassurance, weak supervision and lack of vocational training facilities leading to shortage in skills needed in the industry. The findings of this study are important because they will assist in developing policies that will ensure that insurance is embraced in Zambia. This includes introducing favourable strategies that will result in increased adoption of insurance. In addition, it will help the government and other stakeholders will recognize their role so that it can support the industry.

Key Words: Challenges, growth, life insurance, penetration, uninsured, brokers, cusomers, customer sevice staff

1.0 Introduction

Life insurance industry in Zambia is regulated by the Pensionand Insurance Authority (PIA) established under the Insurance Act No.27 of 2007 of the Law of Zambia.The insurance sector is an infrastructural pillar of the financial services sector and the economy as a whole of any Country. It plays a key role in economic development. A well developed and functioning insurance sector is a fundamental condition for any economic success. The objective of insurance services is to provide financial stability to individuals, organizations and businesses. As a risk pooling and transfer mechanism, insurance allows the insured to mitigate pure risks (i.e. risks that involve only the possibilities of loss or no loss). Examples of such risks are fires, flooding, ill health and unintentional damage to a third party. Insurance helps business to stay open and individuals to continue their work or education by providing financial compensation if an insured risk occurs and causes damage. Even when no loss occurs, insurance provides peace of mind, a service of considerable, if unquantifiable value. As part of the financial sector, insurance industry is a major investor. Life insurance can stimulate and mobilize personal savings that may in its absence, become sterile assets. It can also relieve pressure on social welfare systems. Insurance is also needed for trade and commerce where it enhances the creditworthiness of trading partners and can reduce the risk of failure of start-ups and small and medium-sized enterprises (SMEs) as non-diversified risk-takers. The important role of the insurance sector for trade and economic development has been affirmed many times and has been comprehensively analysed by UNCTAD whose research and policy advice are available at its dedicated internet website (www.unctad.org).

The Pension Insurance Authority quarter one report of 2019, states that the industry has been experiencing a very low growth rate. This is despite the insurance industry in Zambia having 37 insurance companies with 12 being long term insurance companies. There have been numerous complaints by the insurance services providers, customers and the regulator regarding the performance of the industry and meeting the various challenges the industry is facing (IAZ,2018). Besides the lack of data on the various challenges faced by the industry, it is not possible to explain the reason behind the dissatisfaction. Therefore, the purpose of this study is to focus on the various challenges and how to address them

2.0 Objectives of the Paper

The objective of the paper is to identity and investigate the growth challenges affecting the Life insurance industry with a particular focus on the Lusaka City. To achieve this objective the paper seeks to answer the two questions

1. What are the major challenges affecting the growth of the Life Insurance industry in Zambia?
2. Why is there slow life insurance growth in the market?

The first part of this paper gave an overview of the Zambia insurance growth and state of the insurance sector. The second section reviews studies that have looked at life insurance growth. The third section of this paper presents the methods of the study. The fourth segment of the paper presents the analysis of the results. The fifth section discusses the findings of the study in light of the reviewed literature, while last two sections gives the conclusions and the recommendations of the research.

3.0 Literature Review

This chapter constitutes the literature review, which critically analysed the existing literature such as: books, magazines, journals and dissertations that were of relevance to the topic that was under study. Literature review is a critical analysis and evaluation of the scientific and academic writing of other scholars that is of general or specialised relevance on a particular area or topic of study. Therefore, this chapter examines the theory which was seen to be of significance to the topic of study as well as the studies conducted by other authors that were similar to the topic under study. The chapter was therefore, divided into three categories that is: the theoretical framework, conceptual framework and empirical literature review. This chapter presents the literature review, which specifically focuses on the variables of the study. It looks at what work has been done in other studies related to life insurance policy growth. This section discusses the overview of life insurance, defines what life insurance is, the types of life insurance, benefits of life insurance. Later the section discusses the knowledge gap that this research was trying to address.

3.1 Theoretical Literature Review

The concept of insurance and particularly the “social insurance program” dealing with socio-economic problems has been around Africa for a long time. Members of a community pooled together resources to create a “social insurance fund”. The “premiums” ranged from material to moral support or other payments in kind. From the fund, “drawings were made out” to support the few unfortunate members exposed to perils. However, the history of the development of commercial insurance in Zambia is closely related to the historical emancipation of Zambia as a nation. Furthermore, the insurance in its basic essence meant the social investments in which the families in the single village used to prepare drinks, and invite other families in the village which could join hands on grass cultivations and diggings for that particular’s farm till the end, this process continued for the whole village and the ones who did not participate, were abandoned and could not get the assistance when the matter comes to them on grass farming

.3.2.1 Overview of the Zambian Life Insurance Industry

Life Insurance is a contract between an insured and an insurer, where the insurer promises to pay a designated beneficiary a sum of money (the "benefits") upon the death of the insured person (Mark, 2002). Depending on the contract agreed, other events such as terminal illness or critical illness may also trigger payment. The policyholder typically pays a premium, either frequently or as a lump sum. Other expenses (such as funeral expenses) also are sometimes included in the benefits.

According to (IAZ, 2010) life insurance is one of the major employment sectors in Zambia. Today, life insurance industry in Zambia employs thousands of Zambians and contributes about 1% of Zambia’s GDP. While this is much lower than the banking sector, it is quite significant given that over 10,000 Zambians are employed in this sector. Life insurance also play a key role in the real estate growth. Without life insurance, lenders would either be unwilling to finance homes or the cost would be higher because the risk of losing their investment would be very much higher. Far fewer people would be able to afford housing without financing. This makes life insurance an important key player in the economic growth of any nation (Bull, 2009).For economic development, investments are necessary. Investments are made from saving. A life insurance company is a key instrument for the mobilization of savings of the people, particularly from the middle- and lower-income groupings. These savings are channelled into investments for economic growth. The insurance act has strict provisions to ensure that insurance resources are invested in safe avenues, like the government bonds, companies with record of profits and so on.Life insurance businesses therefore play a major role in the capital markets steadiness. The growth of life insurance would bring more confidence in the industry, which is currently very low. This would lead to the growth of the industry because insurers would be able to lower the premiums due to economies of scale. Today, many Zambians cannot afford life insurance because premiums are relatively high as insurance companies try to cover the risk of business loss and policy lapses. The IAZ report (2018) also says that growth in life insurance acts a catalyst to growth of other industries. If life insurance grows, its means there is more disposable income. This assorts investor confidence and sparks growth in other sectors of the economy. Life insurance also has tax benefits, which are used to invest in other sectors of the economy.

.3.2.2 Meaning of Insurance

The term insurance could be defined in distinct dimension, one can define it in legal context and the other might define in general context. Generally, Insurance is a social device for spreading the chance of financial loss among a large number of people. The primary function of insurance is to act as a risk transfer mechanism; that is, to transfer a risk from one person, the insured to the insured. Transferring the risk to an insurer does not in itself prevent losses from occurring, but it provides a form of financial security and peace of mind for the insured. The large unknown financial risk that an individual face, for example, of their home burning down, is transferred to the insurer and replaced by the much smaller certain cost of premium. According to (The CII, 2004: 1) these contributions, or premiums, must be large enough in total to meet the losses in any pool and provide an element of profit for the insurer. The insurer endeavours to make one-year and, in addition, must cover the costs of operating the insurance that the premium which each insured pays is proportionate to the risk, which they introduce to the pool

3.2.3 Principles of Insurance

According to CII (2004) Insurance principles are referred to, as the cannons of risk management, based on assumptions of expected outcomes, in which the law of averages is applied in theory or in practice in approximating those outcomes. The insurance companies use these principles to quantify risk factors and determine the cost of indemnity. The following are the key insurance principles regularly used in practice.

(i) The Principle of Utmost Good Faith

According to Yohanna (2010) utmost Good Faith is defined as a positive duty to voluntarily disclose, accurately and completely, all facts material to the risk being projected, whether requested or not. In an insurance contract, the insurer does not know the true status of the subject matter of the contract, if an insured person opts not to tell his insurance company about the pragmatist circumstances for his/her affair would produce, the insurance company accepting a risk higher than expected.

Therefore, the one proposing has an unfair advantage over the insurer since he has greater knowledge about the subject matter of the contract. For this cause, the law imposes a greater duty on the parties of an insurance contract than in further commercial contracts. This is called the doctrine of “uberrima fides” interpreted as utmost good faith. This doctrine demands for the proposer to disclose all facts that are material to the risk, whether the insurer inquires for the facts or not. A Material Datum is any fact which influence the insurer in accepting or declining a risk or in fixing the premium or terms and conditions of the contract. Breaches of the duty of Utmost Good Faith arise due to: Misrepresentation act that happens when the proposer does not report the facts accurately or non-disclosure acts that happens when the proposer omits to report material facts. In other instance, the proposer attempt Concealment, i.e., the proposer deliberately hides facts that he/she knows to be material (Akrami, 2011).

(ii) The Principle of Insurable Interest

According to CII (2019) Insurable interest is the financial interest of the proposer in such a way that the proposer stands benefited by the safety or continuous existence of an asset and absence of liability and prejudiced by the damage of assets or existence of liability. Any asset is insurable by a person only if harm to that asset results in loss of a legal right or creation of a legal liability for that person. The subject matter of insurance can be any type of property or any event that may cause a loss or create a liability (Twin, 2019). Insurance is taken to offset the loss incurred or to pay for the liability created There are several ways in which insurable interest arises. When the element of insurable interest is automatically present, it is said to have risen through common law. Secondly, is when insurable interest arises by virtue of a contract entered into? Thirdly, through a Statute when an act of parliament may create an insurable interest by granting some benefit to a person or imposing some duty (Akrami, 2011).

(ii) The Principle of Indemnity

According to IISA (2019) Indemnity is the mechanism by which insurer provide financial
compensation to make good the loss suffered by the insured due to the happening of the insured. The effect of indemnity is to put the insured in the same financial position in which he was immediately before the loss neither better off nor worse-off than before. Indemnity means to provide compensation to the policyholder in a way that neither he is benefited nor does he remain in loss, afterward a claim under the policy (Gupta,2011) .There are distinctly two corollaries to the principle of indemnity – Subrogation and Contribution. CII (2019) Defines subrogation as the right of one person, having indemnified another under a legal obligation to do so, to stand in the place of that other (insured) and benefit himself (Insurer) of all the rights and remedies of that other, whether already enforced or not enforced. This principle is corollary to the principle of indemnity in the sense that it stops the insured to be benefited by loss after getting the loss from the insurer as well as the responsible third party. The insured can recover the loss from another source after getting the claim from the insurer s but that additional money must be given to the insurers.
Subrogation applies only when there is a contract of indemnity. It is not applicable in life insurance, personal accident insurance as these is not subject to the principle of strict indemnity. This principle does not apply to only the insured but also to the insurer as insured are not permitted to recover more than what they have paid as claim. Just like the insured, the insurer must also not make any profit out of an insurance claim (Findlaw, 2017).

(iv) Proximate Cause

IISA (2016) Defines proximate Cause as the lively effective cause that sets in motion a train of actions, which bring about a result, without the interference of any other force started and working autonomously from a new source. An insurance policy is designed to provide reimbursement only for losses that are caused by insured perils. This means that the obligation of the insurer arises only if the loss is caused by a risk, which is covered under the policy. However, as per the doctrine of proximate cause, the time that elapses between cause and result does not materialise. The cause that is considered truly proximate is that which is proximate in effectiveness not in time. Therefore, it is not the latest, but the most direct, operative and efficient cause that is regarded as proximate (Rahman, 2016).

3.2.4 Types of Life Insurance Policies

From a general viewpoint, life insurance policies can be considered as either term life insurance or cash value life insurance (Rejda,2004). Term life insurance provides temporary and pure protection, whereas cash value life insurance policies not only provide protection for the whole life of the insured but also builds a source of saving/wealth, which is named; the cash value. A number of cash value (Investment) life insurance policies are available to consumers.

This section will review term life insurance and the primary cash value (Investment) life insurance policies:

- whole life insurance (WL),
- universal life insurance (UL),
- variable life insurance (VL),
- variable universal life insurance (VUL).

3.2.4.1 Term Life Insurance

Term life insurance provides insurance protection for a limited time and pays a death benefit only if the insured dies during that period. If death does not happen during that period, the policy can be renewed for additional periods without evidence of insurability if it has a guaranteed renewable feature. Term life insurance is pure protection. It does not have a cash value. Primarily, when the insured is younger, premiums are lower than the premiums of cash value life insurance. Term life insurance premiums, however, increase with the insured’s age because the probability of death increases with each year of life. Eventually, they reach unaffordable levels later in life, often when life insurance is no longer needed (Kagan, 2020).

Based on the details of term life insurance, people have drawn reliable conclusions on when it is appropriate to use term life insurance. As Rejeda (2004) and Trubey (1999) suggest term life insurance is appropriate in the following situations: if the insured has limited income that can be spent on life insurance, such as young people who are just starting their careers or families; or if the need for protection is temporal, such as saving for children’s education or paying off a mortgage or other debts if the family head dies hastily. Angell (2019) said that term life insurance is an ideal plan to carry if the insured has the needed self-discipline to regularly invest the difference in term and cash value life premiums. He willingly admitted, however, that many people do not have this self-control.

3.2.4.2 Whole life insurance

In contrast to term life insurance, which provides temporary protection, whole life insurance (WL) is the most basic cash value life insurance offering lifetime protection (IISA,2017). Premiums remain level and fixed throughout the policy’s life; they will not increase with the age of the insured. The death benefit is guaranteed and remains constant. Under a whole life insurance policy, the insured is overcharged for the insurance protection during the early years and undercharged during the later years (IISA, 2017). Whole life insurance has an investment or saving element called the policy’s cash value which is built by the greater premiums required in the early years of the policy’s life (Kagan, 2020). With whole life insurance, the cash value is guaranteed to grow at a fixed rate of interest that is not known to the owner of the policy. As the cash value increases as a proportion of the face value, the amount of pure protection decreases, at all given age, the sum of the protection element and the cash value element will always equal the face amount of the policy. To secure the guaranteed growing rate of WL, the insurer chooses fairly conservative financial vehicles in order to assure that their assets meet their liabilities. This, in turn, causes a relatively low rate of return (Kagan, 2020). A key feature of WL is that the increases in cash value are not subject to income tax if the policy is held until the insured’s death. The death benefit, paid to the beneficiary, is received free of income-tax. The cash value can be taken in cash by surrendering the policy or borrowing against the policy requiring interest to be paid by the owner of the policy on the loan to offset the loss of interest to the insurer. This interest is comparatively low and the loan principal need not be repaid, however, the death benefit is reduced by the amount of any unsettled balance on the loan (AIG, 2020).

Though cash value life insurance has a saving element, the insured should keep in mind that the fundamental purpose of life insurance is to provide financial protection for the family. The saving and investment purpose of cash value life insurance is generally a secondary concern (Angell,1981). Angell suggested that when families have sufficient money left over, cash value life insurance can be purchased as an investment, after all other tax advantaged saving vehicles have been exhausted. Trubey (1999) advocated that whole life insurance is the proper choice when the insured wants both lifetime protection and cash accumulation; wants additional income during retirement; wants to leave an estate to their heirs; needs money for estate settlement costs and taxes; or to save money for children's college funding. For many individuals, whole life insurance may be a suitable, competitive choice, but the cost of the premiums makes WL unaffordable. In this case, an ideal insurance plan may be a combination of whole life and term life insurance.

3.2.4.3 Universal Life Insurance

Universal life insurance (UL), introduced in 1979, has been the most popular type of cash value insurance sold in recent years. According to LIMRA's report, UL accounted for 41% of total premiums in 2007 and the sale of UL outperformed that of other cash value life insurance policy types. According to Shaw (1985) Universal life insurance is diverse from whole life insurance on several issues, firstly, the protection and saving elements are separated in UL. Thus, in contrast to whole life insurance, the death benefit and cash value accumulation are not being guaranteed but the rate of return and cost of insurance are explicitly known. Second, unlike whole life insurance UL does not require a fixed schedule of premium payments; instead, the premium payment schedule is flexible. Flexibility allows policy owners to skip scheduled premium payments occasionally without causing the policy to lapse. Third, under WL, the policy owner captures cash value by surrendering the policy or borrowing against the policy. A UL policy holder, in contrast, can access his or her cash value by making partial withdrawals in addition to the two options offered with WL. Finally, though UL does not guarantee a fixed growth rate, it assures a minimum rate of interest, and it credits a current interest rate to the policy. The same income tax treatment applies to UL as to WL (Kagan, 2020).
Shaw (1985) further highlights that universal life offers flexibility and adaptability in several areas making it a more appealing alternative to most households as compared with whole life insurance.The insured willing to give up certain contractual assurances in exchange for potentially greater cash value growth will be attracted to universal life (Trubey, 1999).

3.2.4.4 Variable Life Insurance

Variable life insurance (VL) can be defined as a fixed premium policy in which the death benefit and cash values vary because of the investment performance of a separate account (Rejeda,2004). Variable life insurance is the other form of cash value life insurance that performs like traditional whole life insurance in some ways: fixed premiums, guaranteed death benefit equals to the original face value, and no partial withdrawal. The main differences between WL and VL are regarding how the cash values are invested and with respect to who assume the risk of the underlying investment. Under WL, cash value growth is generated by investing in fixed-interest vehicles and the insurer assumes the risk of investment performance. In contrast, the owner of the policy under a VL has a right to choose various financial vehicles to invest premiums, such as mutual funds of stocks, bonds, or money market securities. Investment options can be changed after original purchase, thus making the decision one that is closer to an investment decision as opposed to an insurance decision. When altering account investment choices, an account transfer fee can apply.
If the investment performance is favourable, the face amount of life insurance is increased. If the investment performance is poor, the face amount of life insurance is reduced, but it will typically not fall below the original face amount. Thus, the owner of the policy bears the risk of investment results, as opposed to the insurer (Higgins, 2020).Since premiums can be invested in a variety of favourable investments, the VL policy could provide potentially better cash value growth than that available in WL. Hence, those who need long-term insurance protection and a fixed predictable premium payment but are not satisfied with the conservative rate of return associated with whole life and prefer potentially better tax-free cash value growth, a VL policy may be a suitable option (Trubey, 1999). Of course, VL policy owners must be well-informed about investments and willingly to accept the greater risk of poor investment results.

3.2.4.5 Variable Universal Life Insurance

Variable universal life insurance (VUL), introduced in 1984, is a popular type of cash value insurance that has been widely sold in recent years. It combines the structures of universal life with variable life. These features include; adjustable death benefits, flexible premiums, more methods of accessing cash value, more investment choices, and the potentially higher rate of return and that comes with accepting greater risk. Most VUL are traded as investments or tax shelters (Rejeda,2004).
Like UL, VUL allows the policy owner to adjust the amount and frequency of premium payments and death benefits to meet his or her needs. The policy owner determines how to invest the premiums under a VUL policy. The premiums are held in separate accounts which are not subject to creditor claims of the insurer (Freeman, 1995). The types of investments are the same as those of VL, ranging from very conservative guaranteed fixed accounts, to bonds, to common stocks and highly aggressive sector funds. The policy owner can also choose how much of their premiums will be allocated into the various accounts, allowing for a potentially greater rate of return. Internal transfers between the dissimilar accounts are free of income tax. Like VL, VUL has no certain minimum cash value since the cash value depends on the performance of the underlying investments.

Variable universal life insurance policies have substantial investment risk. The policy owner completely bears the risk of investment. Investment returns depend on how the premiums are invested. If the investment performance is poor, cash values can drop to as low as zero. Therefore, the policy owner should be acquainted with investing and be able to choose his investment well (Trubey, 1999). The VUL policy has important expense charges including investment, management, and mortality costs. According to a study by the Consumer Federation of America (CFA) in 2003, these various costs can more than offset the tax benefits of VUL policies. Thus CFA advised purchasing a VUL only when the policy owner has made maximum annual contributions to his or her employer's 401(k) plan or individual retirement account (IRA) because they provide favourable income tax treatment at a much lower cost. This advice also applies to other cash value life insurance purchase since the expense loading of cash value life insurance is relatively high when compared to competing investments.

3.3 Empirical Literature Review

During 2001, the world insurance business generated premiums valued at just under $2.4 trillion, of which North America accounted for 39.4%, Europe 31.7%, Asia 24.7% and the rest of the world 4.2%. Given the nature of the insurance business, a great deal of this premium income is reinvested in local and international capital markets, which in turn makes insurers very significant institutional investors within the world economy. Meyer et al., (1998), in one of the most comprehensive studies by Swiss re, employed data from the 1996-97 period to examine the insurance market in CEE and some of the NIS. Meyer et al., found that while the market share of the former state monopolies was eroding – as a result of increased competition from both local and foreign firms- they were able to retain their dominant position within the local market. The findings also supported the contention that in those host countries where foreign insurers were permitted to operate, they were able to capture a significant share of the local market. This was noted to be the case in both Hungary and Latvia and to a lesser extent in the Czech Republic, Slovakia, and Estonia. It was also shown that non-life insurance continued to be of great importance than life cover. Moreover, it was stated that the former was being driven by strong activity in motor insurance, as it is in Western Europe. In regard to life insurance, the authors contended that local customers increasingly viewed this type of coverage to be a good form of investment, especially in those countries of CEE that were more economic stability. In addition, it was also presumed that the life insurance sector would benefit greatly from pending reforms in state pension systems.

Mauritius has a much higher insurance penetration (premiums as a percentage of GDP) than India, Lebanon, Morocco and Sri Lanka and is on the same level as Chile, Cyprus and Singapore (Sigma 2002). The motor insurance policies are increasing competitive pressures and low profit margins, which offerings, and hopefully in the process enhance the currently low lever of local insurance culture. While this education process is makes insurance sector to be with a poor performance in growth. According to Pye (2003: 26) his research paper show that, many foreign and local insurers active in the region seem to be relying on motor insurance not only provide growth but more importantly to introduce consumers to their other product essential, it is sure to be resource intensive, and in the end may not actually yield the necessary critical mass of customers required to support their operation.

Insurance companies are major participants in the contractual savings market. As noted in Vittas (2003), Mauritius belongs to a select group of developing countries where contractual savings (i.e., savings with insurance companies and pension funds) exceed 40 percent of GDP and represent a major potential force in the local financial system. Other developing countries with large contractual savings sectors include South Africa, Malaysia and Chile alongside most high-income countries and some island economies like Cyprus and Malta. The vast majority of developing countries in Africa, Asia and Latin America as well as most transition countries of Eastern Europe are well below this level.

In Zambia according to IAZ report year (2020) the performance of General Insurance product mix in the year 2018 shows a steady share of Motor insurance business at 36% (2009: 37%). This is followed by miscellaneous accident with 27% share (2009: 24%), Fire 21% (2009: 22%), Marine 6% (2009: 6%), Aviation 5% (2008: 6%), and Engineering 5% (2009: 5%).

While in long term insurance the performance of fund pension administration is 31.49%, other life business is 58.86% and retirement is 9.65%. By comparing with regional countries performance in insurance business, Zambia is not performing well in long-term business. Maybe the reason is due to lack of awareness in long term business. According to Bharat Book Bureau (July 8, 2008) the performance of Thai insurance industry, along with the wider Thai economy, has now however recovered from the depths of the Asian financial crisis and is experiencing noteworthy growth. The trend is expected to continue as public awareness of the need for insurance increases.

Lewis (2008) extends this framework by explicitly incorporating legal framework and the preferences of the dependents and beneficiaries into the model. Specifically, he derives the demand for insurance as a maximization problem of the policyholder's welfare together with beneficiaries, the spouse and the offspring of the insurance policyholder. Insurance consumption, however, is not only driven by consumer demand. There are important supply-side factors which affect the availability and price of insurance. Insurance companies need both the human and information resources to effectively measure the pricing and reserving requirements for products as well as adequate opportunities in financial markets to invest adequately. An adequate protection of property rights and an effective enforcement of contracts also facilitate the investment function of insurers.

These supply factors are expected to affect the costs of insurance products. Within the Lewis model, described above, these supply-side factors might be represented by the policy loading factor. While there have been attempts to model the relation between the supply and demand of insurance separately, data limitations have restricted the empirical testing of these hypotheses. While we can observe the total amount spent on insurance policies, using premium data, or the total face value of outstanding insurance policies, we cannot distinguish between supply and demand. Furthermore, premium data do not allow us to observe the actual amount of insurance coverage purchased, as they are a combined measure of price and level of coverage.

Truett and Truett (2002) notes that unless the price is constant across countries, which is unlikely, assuming that the premium is equivalent to the amount of coverage would introduce a source of noise in estimations.

On the other hand, using the variable often used to proxy price (premiums over insurance in force) in a cross-country or panel data set requires one to make a troublesome assumption, namely, that the mix of policies remains constant across countries and time. Price, however, is undoubtedly an important determinant in the consumption of insurance, and leaving it out may subject the empirical testing to omit variable bias as observed by Thorsten Beck, Ian M. Webb (2002). This study addressed the problem of omitted variable in two ways. First, the price is a function of several supply-side factors that are likely to affect the ability of insurers to market and distribute policies cost-effectively. Varying levels of urbanization, monetary stability, bureaucratic quality, rule of law, corruption, and banking sector development all impact the insurer's ability to provide cost-effective insurance. Including these supply-side factors within my empirical model thus reduces the bias introduced by the missing price variable. Secondly, the Researchers used panel estimation techniques that eliminate biases due to omitted variables, such as the price variable in my model.

In the following the Researcher described different variables that may be linked to the demand function described by Lewis (2001) as well as several supply factors that might proxy for the policy loading factor. These are factors that can bring challenges in insurance penetration in the market.

3.3.1 Demographic Variables

A higher ratio of young dependents to working population is assumed to increase the demand for mortality coverage and decrease the demand for savings through life insurance. On the one hand, a larger share of dependents increases the total present value of consumption of the insured's beneficiaries, and therefore the demand for life insurance that provides dependents with payments in the event of the premature death of the primary wage earner. On the other hand, a high dependency ratio indicates the extent to which the population is too young to consider saving for retirement, and therefore reduced demand for savings through life insurance products. Beenstock, Dickinson, khajuria. (2000). Browne and Kim (1993) and Truett and Truett (2001) find that the dependency ratio is positively correlated with life insurance penetration. Given opposite effects of the dependency ratio on the mortality and savings components of life insurance, however, a higher dependency ratio is ambiguously correlated with life insurance consumption.

A higher ratio of old dependents to working population is assumed to increase the demand for both the mortality and the savings component of life insurance policies. While the theoretical work focuses mostly on the life insurance policies held by primary wage earners, life insurance policies held by retirees have gained importance in many developed countries. Furthermore, in countries with a larger share of retired population, savings through life insurance policies as well as protection against superannuation gains importance.

It is expected that a higher level of education in a population will be positively correlated with the demand for any type of life insurance product. The level of a person's education may determine his/her ability to understand the benefits of risk management and savings. A higher level of education might therefore increase an individual's level of risk aversion. Education may also increase the demand for pure death protection by lengthening the period of dependency, as well as increasing the human capital of, and so the value to be protected in, the primary wage earner. Truett and Truett (1990) and Browne and Kim (1993) find a positive relationship between life insurance consumption and the level of education.

The religious inclination of a population may affect its risk aversion and its attitude towards the institutional arrangements of insurance. Religious opposition against life insurance, while stronger in African countries before the 2IM century still persists in several Islamic countries today. Followers of Islam are known to disapprove of life insurance because it is considered a hedge against the will of Allah. Unsurprisingly, Browne and Kim (1993). find a dummy variable for Islamic countries to be negatively correlated with life insurance

demand. This study employs a broader measure of religious inclination by including Protestantism, Catholicism and a composite of other religions. The religion variables are defined as the ratio of adherents of one religion over the entire population. While I expect the Muslim share of the population to be negatively related to life insurance demand, I do not have prior expectations about the signs on the other religion variables.
Economies with a higher share of urban to total population have higher levels of life insurance consumption. The concentration of consumers in a geographic area simplifies the distribution of life insurance products, as costs related to marketing, premium collection; underwriting and claim handling is reduced. Lower costs, in turn, should encourage a greater supply. Further, societies with longer life expectancies should have lower mortality coverage costs, lower perceived need for mortality coverage, but higher savings through life insurance vehicles. This would imply an ambiguous correlation with the demand for life insurance products. Previous authors Beenstock, Dickinson, Khajuria (1986), and Outreville (1996) have found life expectancy positively related to Life Insurance Penetration.

3.3.2 Economic Variables

Insurance consumption should rise with the level of income, for several reasons. First, an individual's consumption and human capital typically increase along with income. This can create a greater demand for insurance to safeguard the income potential of the insured and the expected consumption of his/her dependents. Second, insurance may be a superior good, in as much as increasing income may explain an increasing ability to direct a higher share of income towards retirement and investment-related life insurance products. Finally, the overhead costs associated with administrating and marketing insurance make larger size policies less expensive per Kwacha of insurance in force, which lowers the price of life insurance policies. Campbell (1980), Beenstock. Dickinson, Khajuria (1986), Truett and Truett (1990), Browne and Kim (1993). and Outreville (1996) have all shown that the demand for life insurance is positively related to income, using both aggregate national account data and individual household data.

Inflation has a negative relationship with life insurance consumption and penetration. As life insurance savings products typically provide monetary benefits over the long term, monetary uncertainty has a substantial negative impact on these products' expected returns. Inflation can also have a disruptive effect on the life insurance industry when interest rate cycles spur disintermediation. Fixed interest rates and loan options imbedded in some life insurance policies,
for example, spurred disintermediation in the U.S. life insurance market during the inflationary 2008 and 2009. These dynamics make inflation an additional encumbrance to the product pricing
decisions of life insurers, thus possibly reducing supply in times of high inflation banking sector development is expected to be positively correlated with life insurance consumption. Well-functioning banks may increase the confidence consumers have in other financial institutions, e.g. life insurers. They also provide life insurers with an efficient payment system. The efficient development of the entire financial system - as might be reflected in the absence of interest rate ceilings and other distortionary policies - is thought to help life insurers invest more efficiently. This in turn may translate into a better value, or price, offered to consumers for their life insurance. Outreville(1996) finds a significantly positive relationship between financial development and life insurance penetration.

3.3.3 Institutional Determinants

Thorsten Beck. Ian M. Webb - 2002 notes that the tenability of a vibrant life insurance market depends to a large extent on the institutional framework of a country. An inclination to fraud may induce individuals to file duplicitous claims or claims arising from intentionally induced death of insured. If fraud is common in claim reporting, then the insurance mechanism will become prohibitively costly for a large part of the population, or simply break down entirely. Moreover, highly inefficient government bureaucracies tend to go hand in hand with inefficient judiciaries. The inability to appeal the breach of life insurance contracts by insurers reduces the value of an insurance contract to consumers and may deter them from committing large sums of money into these products. Finally, the lack of property protection and contract enforcement impedes life insurers' ability to invest efficiently and control the price of their products.

3.3.4 Evaluation of the Enablers of growth

The development of an insurance market is a function of the underlying enablers of growth, and the existing state of the market is a reflection of the maturity of these enablers. From review of literature, there are five types of enablers that shape an insurance market. In order to develop policy recommendations to address the underlying enablers (and consequently promote the growth and development of the market), it is necessary to evaluate the maturity of each of these enablers. Since the state of development of the enablers differs by country, it is necessary to perform this evaluation at the country level. Vayanos (2008). This study will seek to find out which one of these enablers is hindering the growth of insurance in Zambia.

The first enabler is legal framework. At the legal and regulatory levels, there is wide variability in the maturity of the frameworks that govern national and regional insurance markets. Until recently, almost all African countries had outdated insurance laws and regulations; some countries had no insurance law' at all. Over the past few years, many countries have initiated serious efforts to upgrade their regulatory frameworks, as evidenced by the enactment of new laws. They have strengthened the independence and supervisory capabilities of regulatory entities in line with the core principles of the International Association of Insurance Supervisors (IAIS); they have also issued sector guidance notes covering, for example, governance, market conduct, and risk management. That said, there still remains a wide variation in the comprehensiveness and application of legal frameworks across the region.

Regulatory bodies are another indicator. Regulatory bodies operate in tandem with legal frameworks. Not surprisingly, the level of maturity of these bodies is a reflection of the underlying laws and regulations. Many countries have an insurance regulator, although the form of the regulator varies. In some countries, the insurance sector is supervised by an existing financial services regulator, such as Pension Insurance Authority (PIA) in Zambia. In other countries, the sector is supervised by a government ministry. The comprehensiveness and effectiveness of regulatory processes, especially supervisory processes, varies considerably across the African region. As mentioned above, this is a function of the maturity of the underlying legal and regulatory frameworks, Vayanos (2008). Within the African region, there is a need to upgrade the capabilities of selected regulators to ensure comprehensive and consistent enforcement of regulations.

The nature of competition is another indicator of insurance growth. The insurance markets of Africa are generally competitive. This can be measured by the extent to which foreign insurers are present in the market, the level of state involvement through government-owned firms, and the extent to which the market is fragmented. Over the past few years, countries in the region have lifted restrictions and/or moratoriums on the operations of foreign insurers. As a result, the markets of these countries are now open to foreign insurance companies, which are present to various degrees throughout the region. However, their share of the local market tends to be small; this circumstance can be traced to previous restrictions on market entry, regulations that require insurers to invest a large proportion of premiums in local markets, and the fact that the individual

markets of the region may not have been attractive given their small size. With the lifting of restrictions and expected market growth, the level of activity of foreign insurers is expected to grow significantly. Additionally, foreign insurers in many cases in Zambia have focused on the general insurance business. This can be ascribed to the fact that local insurers have been less active in this area due to less-developed capabilities and limited demand from nationals owing to various challenges - Vayanos (2008). Encouraging the formation of large (but not dominant) well-capitalized insurers is vital to the development of the regional insurance sector, since these companies can invest in the capabilities needed to promote growth. In addition, creating the conditions to attract foreign insurers is important to ensure the transfer of skills and best practices to the region.

Across the region, the insurance sector is characterized by a shortage of skills— particularly product development, underwriting, and actuarial skills. The absence of skills clearly affects the development of the sector, specifically in the areas of product innovation, risk assessment, and pricing. This situation is exacerbated by nationalization requirements in some countries, which extend the time required to train and equip staff for key positions, and the availability of highly attractive positions in other areas of the financial services sector. The generally limited number of training institutes and the absence of international accreditations hamper the development of skills.

Again, there is wide variability across the region in terms of training facilities. The shortage of skills and limited training facilities are perhaps the greatest impediments to the development of the insurance sector in the region.

Market-led initiatives refer to initiatives at an industry level that seek to develop the sector as a whole. This includes market standards and the availability of statistics to enable insurers to improve product development and pricing, the existence of industry associations to foster cooperation between industry players, and the existence of industry programs to create awareness among the population of the concept and benefits of insurance. Although these initiatives occur at the country level, my assessment will cover efforts to improve coordination among individual regulators and players. Across the region, there is a lack of reliable market data. In the markets that do collect data, the data are neither comprehensive nor sufficiently granular to provide insurers with the necessary insights to improve product development and pricing. Almost all of the region's markets either have an insurance industry association or are in the process of forming such an association. These associations play an important role in promoting the sector by facilitating cooperation between insurance companies and professionals.

On the awareness level, there are limited programs in place in the countries of the African region. Similarly, there are limited, if any, programs aimed at raising the profile of the insurance industry and attracting university/college graduates and other professionals. On a regional level, pan- regional cooperation has manifested itself in numerous forums, associations, and standard-setting organizations. Each of these bodies aims to foster the development of the regional insurance sector and promote regulatory coordination.

3.4 Uptake of Life insurance

Uptake of life insurance is the ratio of Gross Direct Premiums to Gross Domestic Product (GDP). This currently stands at less than 1.3% in Zambia, which is very low. Currently, work is being done by insurance companies in the area of micro insurance. Life insurance providers can build customer involvement and loyalty; establish competitive differentiation; and increase referral value by applying various initiatives, (Business Daily, 21st January 2013). Insurers have under-invested in technologies at a time when customer expectations regarding service and delivery is higher than ever. There are numerous opportunities for insurers to collect and analyse customer information to improve the range and quality of products offered; to refine pricing strategies; and to develop an effective array of distribution channels. Technologies including business intelligence, descriptive and predictive analytics, and data mining can help life insurers improve both their decisions regarding new products and their levels of customer service. At the next level, analytics can help life insurers identify customers who are in danger of making a full or partial switch to another insurer, and can identify appropriate actions to head off such decisions. The widespread use of social media provides another opportunity for life insurers to increase their understanding of what customers want. Ultimately, life insurance providers must develop social media strategies and policies that coordinate brand positioning, product offerings and distribution channels to capitalize on social media's power to reach and engage both existing and prospective customers. Adoption of loyalty programs is lower in life insurance than other financial industry players. Players in the retail industry among others have demonstrated that loyalty programs may be a worthwhile area for life insurance providers to explore to improve customer retention. Life insurers could provide discounts for a customer who buys long-term care, an annuity and a life insurance policy from the same company. Life insurers have not perfected their ability to approach the right customer with the right product offering. For instance, younger customers (say in the 35 to 45 age bracket) are often interested in single-premium insurance products that build cash value quickly if the principal into touched for 10 to 20 years. Other customers may want to purchase only the simplest and cheapest of term life policies. Older customers with substantial assets may have complex needs involving estate planning or the provision of long-term care. Many insurers, lack the customer profiling capabilities necessary to quickly match products with high-potential customers. Agents and customers both waste time because the first face-to-face meeting is devoted to establishing the customer's needs, when a simple interactive "app" designed for a tablet computer or smart phone could ask the same 20 or so questions that the agent might otherwise ask in the first meeting, which should be devoted to addressing the customer's real needs. Life insurers are highly reliant upon their product development and policy administration systems, but many of these are unable to support the demands of an aggressive program of product segmentation, new product development and robust distribution channels. In terms of systems, few life insurers have in place what they will need to build customer loyalty and grow sales. They need an integrated architecture that encompasses policy administration and claims, but that also supports multi-channel distribution through social media monitoring, customer relationship management, data collection and advanced analytic.

3.5 Knowledge Gap

With the conquest of Zambia as a British colony complete, settlers initiated various economic activities, particularly farming, and extraction of agricultural products (Huxley, 1990). These substantial investments needed some form of protection against various risk exposures. British insurers saw an opportunity in this, and established agency offices to service the colony's insurance needs. Prosperity in the colony soon justified expansion of these agencies to branch networks with more autonomy, and expertise to service the growing insurance needs. By independence in 1964, most branches had been transformed to fully-fledged insurance companies.

The industry became a monopoly in 1971 when the country only had the Zambia State Insurance Corporation (ZSIC). However, the liberalization of the economy brought about reforms. This led to a number of private insurance companies entering the market. In order to regulate the industry and sustain growth in the fifty years since independence, Zambia's insurance industry has flourished, and by 2018 had 12 transacting life businesses

Some research findings do not appear to have transferred well to the workplace, that produce dual camp of knowledge producer from knowledge user, hence, create research gape. In developing valid knowledge to support thoughtful designing for practitioners that in turn support organizational problem solving in the field. The study is expected to give general enlighten on the type of challenges on hand. Unfortunately, managers continue to rely largely on personal experience to the exclusion of more systemic knowledge. New knowledge limited to problem results in solution to problem, finding of practical relevance and value to organization and manager, improve understanding of particular business or organization problem

4. Methods

The philosophical approach behind this study is pragmatism. The research used the exploratory mixed method design which took an initial qualitative phase of data collection and analysis followed by a phase of qualitative data collection and analysis with a final phase of integrating the data. Under this study, survey research was considered asking questions through questionaires. Secondary data considered literature from related books, articles, journals, published and documents from the libraries and the internet. The study used primary data which is both qualitative and quantitative. The first sample size for this study was 43 respondents from the 12 licensed life insurance company's customers' service staff (employees). The was followed by the second sample size was 40 employees drawn from the registered insurance brokers with insurance customers. The third sample size was 66 life insurance customers from the 12 licensed life insurance companies.

4. Results

The results and discussion focused on the challenges affecting the growth of the life insurance in Zambia among the people in Lusaka.The results addressed the factors and challenges affecting the growth based on the sample of respondants from the sample from the selected case based on the analysis of the data collected using the research questionaires.The study targeted three kinds of respondents, customer service staff , insurance brokers and insurance customers in the life insurance companies.

4.1 Customer Service Staff Respondents Opinion on Challenges Affecting the growth of Life Insurance.

The study sought to find out the position of **Customer Service Staff** had been in the organization. The finding indicates that most of the respondents (52.5%) were line managers, 27.5 % were supervisors while 20% of them were top managers. This indicates that most of the customer services staff we in a position of control to an extent of being in charge of the day-to-day operations of the organization

The study found out that most of the insurance customer service staff respondents had been with the organization long enough and had a good understanding of life insurance. This means that the respondents have adequate working experience with the organisations and therefore possess the necessary knowledge and information which was considered useful for this study. The insurance customer service staff respondents indicated that most customers prefer life insurance products with both risk and saving components. This is closely followed by policies providing risk coverage only with a few preferring policies serving primarily as saving vehicles. This indicates that the customers prefer saving as a component of life insurance. In addition, the majority of customers lived in urban areas with a few livings in rural areas. The study also found out that most of the policies were distributed by agents and brokers. This is the most popular distribution mechanism by the life insurance companies (IAZ, 2008).

The study also found out the following from the insurance customer service respondents regarding the challenges affecting the growth of the life insurance industry and these are as follows;

- high cost of premiums.
- lack of efficiency in claims settlement have led to low penetration of life insurance. PWC (2011) also indicates that a perceived credibility crisis of the industry in the eyes of the public particularly with regard to settlement of claims is one of the factors leading to low penetration of life insurance in Zambia.
- Other major factors affecting growth of life insurance include poor broker and agent's integrity, poor customer service, lack of disposable income, lack of product variety and the complicated nature of life insurance products.

Figure 4.1 below revealed that the high cost of premiums as the major factors affecting the growth and penetration of the life insurance industry in Zambia.

4.1.1 Factors Affecting growth of Life Insurance

The study sought to find out the factors affecting the challenges of life insurance penetration from the **Customer Service Staff**.

Table 4.1 Factors Affecting Penetration of Life Insurance

Factors Affecting Penetration of Life Insurance	Mean	Standard Deviation
High cost of Premiums affecting penetration of Life Insurance	1.7500	0.63043
Poor agents and broker integrity has led to low penetration of Life Insurance	3.0250	0.80024
Lack of efficiency in claims settlement has led to low penetration of life insurance.	2.4000	0.63246
Poor customer service in Life Insurance companies is one of the major reasons for low penetration.	3.0000	0.75107
Most Zambian do not have enough disposable income to buy life insurance.	2.6250	0.77418
Lack of Product variety has led to low penetration of life insurance	3.1250	0.77418
The complicated nature of life insurance products has led to low penetration	3.0250	0.76753
Lack of country wide presence has led to low penetration of life insurance	2.8250	0.90263
Life Insurance companies should exploit other distribution channels for the penetration to increase	2.9750	0.69752

4.2 Insurance Brokers Respondents Opinion on Challenges affecting the growth of the life insurance

The study targeted insurance brokers to get their responses on factors affecting the growth of life insurance in Zambia. The study targeted a sample of 40 brokers respondents from which 37 filled in and returned the questionnaire making the response rate of 92.5%.

The study further found out that the insurance broker and agent respondents had been in the organization for a varied number of years and they indicated that the easiest policy to sell were those policies providing both risk coverage and a savings component followed by policies serving primarily as saving vehicles while a few indicated policies providing risk coverage only.In addition, the study found out from the insurance brokers and agent respondents that the challenges affecting the growth of the life insurance industry is as follows;

- high cost of premiums as the major factor hindering growth of life insurance.
- poor agent’s integrity.
- poor customer service.
- Other factors include inefficiency in claims settlement, lack of enough disposable incomes to buy life insurance, lack of product variety, the complicated nature of life insurance products and lack of country-wide presence.

he findings indicate that agents and brokers consider high cost of premiums as the major factor affecting penetration of life insurance as shown by a mean of 1.0000. This is followed by poor agents and broker integrity. Other factors are as indicated in the table 4.13 above.

Table 4.2 Factors Affecting growth of Life Insurance in Zambia

Factors affecting growth of life insurance	Mean	Standard Deviation

High cost of premiums affects penetration of life insurance	1.0000	0.00000
Poor Agents integrity has led to low penetration of life insurance	1.9167	0.28031
Lack of efficiency in claims settlement has led to low penetration of life insurance	2.5278	0.60880
Poor customer service in life insurance companies is one of the major reasons for low penetration.	2.5000	0.87831
Most Zambians do not have enough disposable incomes to buy life insurance	2.7500	1.13074
Lack of product variety has led to low penetration of life insurance	2.8056	0.95077
The complicated nature of life insurance products has led to low penetration	2.5833	1.36015
Lack of country-wide presence has led to low penetration of life insurance	2.6667	1.14642
Life insurance companies should exploit other distribution channels for the penetration to increase	2.5278	1.20679

4.3 Insurance Customer Respondents Opinion on the Challenges affecting the growth of life insurance.

The study targeted insurance customers to get their responses on factors affecting the growth of life insurance. The study targeted a sample size of 63 customers respondents from which 56 filled in and returned the questionnaires making a response rate of 87.5%.

The findings indicate that most Zambian do not have enough disposable incomes to buy life insurance. Many customers also find that the cost of premiums is too high thus making life insurance out of reach for many. Equally of concern is the inadequacy of the distribution channels for life insurance. The other factors are as shown on the table 4.23 above.

From the insurance customers, the study found out that they were varied in age and most of them have had their policies with the company for 3 to 5 years and those policies provided both risk coverage and a savings component. In addition, most of the customers had 2 to 3 policies with the insurance company but only one other insurance company.

The study also found out that most of the customers had net monthly income between ZMW 10,000 – ZMW15, 000 and over ZMW 15,000, preferred to pay their premiums by mobile money and were introduced to the company a friend. The study also established from the customers that the

- high cost of premiums is the major hindrance to growth of life insurance.
- Lack of enough disposable incomes to buy life insurance products.
- lack of country-wide presence of life insurance companies.
- poor distribution channels,
- poor agent’s integrity,

inefficiency in claims settlement and poor customer service

4.3.1 Factors Affecting Growth of Life Insurance in Zambia

The study sought to find out the factors affecting the growth of life insurance in Zambia from the customers.

Table 4.3 Factors Affecting Growth of Life Insurance in Zambia

Factors affecting growth of life insurance	Mean	Standard Deviation
High cost of premiums affects penetration of life insurance	1.4231	1.96312
Poor Agents and Broker integrity has led to low penetration of life insurance	1.6154	0.49614
Lack of efficiency in claims settlement has led to low penetration of life insurance	1.6923	0.97033
Poor customer service in life insurance companies is one of the major reasons for low penetration.	1.5769	0.57779
Most Zambians do not have enough disposable incomes to buy life insurance	1.3462	0.62880
Lack of product variety has led to low penetration of life insurance	1.5769	0.57779
The complicated nature of life insurance products has led to low penetration	1.4615	0.64689
Lack of country-wide presence has led to low penetration of life insurance	1.5000	0.64807
Life insurance companies should exploit other distribution channels for the penetration to increase	1.4232	0.80861

5. Conclusion

In conclusion the study investigated the challenges affecting the growth of the life insurance industry in Zambia.

From the study, the reasons behind the slow growth of the life insurance industry are due to number of challenges including lack of disposable income, high rates of premiums, poor customer service, poor distribution channel, moral hazard and fraud and low capitalization have been identified and there is need to intervene in terms of having good policies that will ensure good performance of life insurance industry. The challenges unless addressed, they will continue to hinder the growth of this industry in Zambia. Once the challenges are addressed, the benefits of having a vibrant insurance industry such which are responsive to client needs and investments in the country will spur economic growth. The life insurance sector remains an important economic undertaking and a primary source of livelihood for many families in Zambia. With a comprehensive management of the industry, it will no doubt play a vital role in economic growth. Therefore, all stakeholders at all levels should intensify efforts in the provision of infrastructures required to support growth of the industry.

From the study, it is evident the life insurance industry in Zambia is not performing well and therefore there is need to have some interventions that will increase the insurance uptake and lead to growth. In order to address the challenges affecting the growth of the life insurance industry. There is an urgent need for all the stakeholders i.e., the government, insurance companies, intermediaries, insuring public and others to work together toward the prosperity of the insurance industry in the country. The benefits of undertaking life insurance are enormous and therefore all necessary measures should be put in place to ensure its success.

6. Recommendations and Limitation

6.1 Recommendations with Policy Implications to Address the Growth Challenges

The challenges identified from the study indicate that there is no a clear legal framework that ensures that interests of all stakeholders are provided for and protected. The government through its arm Pension and Insurance Authority, PIA must work hand in hand with the stakeholders to ensure that adequate measures are put in place including the relevant legislation that will provide a conducive environment for insurance business to be carried out. The government should avoid unnecessary interference with the industry and should encourage self-regulation by the stakeholders.

The government's delay in adopting a policy on insurance of its employees affects the industry much as this gesture if taken up will send the right signal to the citizens as it will be seen as course worth emulating. The government must show its commitment in sustaining the industry by insuring its own employees and property. The government should move with speed in adopting new distribution methods such as bancassurance by addressing cross-sector financial institution regulators. These are the Pension and Insurance Authority (PIA) and the Bank of Zambia (BOZ).

Lack of facilities in the country for training professionals in the fields that have direct bearing to the development of the industry including, actuarial science, and other related risk management studies deny Zambians opportunity of managing insurance business, the government needs to adopt insurance studies in university curriculum.

Limitationof the Study

The study focused mainly on life insurance company customer service staff, brokers and the insurance customers as respondents who were only given two questionnaires per company which left out ideas and opinions from other stakeholders such as insurance intermediaries, insurance service providers and insuring public whose opinions though important were not considered as the study would have been expensive to call.

Acknowledgment

This research paper would not have been written without the Wisdom from my LORD JESUS and his outstretched arm through the encouragement, help and support of numerous people, whom I like to mention here.

I would also like to express my gratitude to my supervisor Dr. T Chowa for guidance and support that he gave in the successful completion of this thesis. I recognize and appreciate his endurance in reading through my drafts and his suggestions on improvements and corrections.

I would like to thank my children, Henry and Chikondi for the love, encouragement and support they have accorded me as I worked on the project. My appreciation also goes to my friend, Chose Lungu for their moral support and in getting the right materials to write the project. I would like to appreciate my mother for her love and my father for his encouragement

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