



**NATIONAL  
INSURANCE  
COMMISSION**

## **INCREASING INSURANCE PENETRATION IN GHANA: THE CHALLENGES AND STRATEGIES**



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## **LIST OF ABBREVIATIONS AND ACRONYMS**

GDP	Gross Domestic Product
NIC	National Insurance Commission
SPSS	Statistical Package for Social Sciences
IAIS	International Association of Insurance Supervisors
CDD	Customer Due Diligence
EDD	Enhance Due Diligence
AML	Anti-Money Laundering
CFT	Countering the Financing of Terrorism
ICP	Insurance Core Principles
GIC	Ghana Insurance College
GIA	Ghana Insurance Association
GIBA	Ghana Insurance Brokers Association
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
MID	Motor Insurance Database
IPSA	International Public Sector Accounting
GOGIP	Ghana Oil and Gas Insurance Pool
RBS	Risk Based Supervision
FATF	Financial Action Task Force
ML	Money Laundering
TF	Terrorist Financing

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## **EXECUTIVE SUMMARY**

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This research broadens the understanding of issues relating to insurance penetration in Ghana by specifically, highlighting the antecedents of the low insurance penetration and coming out with recommendations from insurance stakeholders to reverse this. It is important to state that, in developing countries like Luxembourg, with GDP of more than \$70Billion, insurance penetration as at 2017 was 38.8%. This is followed by countries like Hong Kong/China and Ireland with insurance penetration rate of 17.9% and 13.6% respectively. In Africa, South Africa has the highest level of insurance penetration (16.99%) followed by Namibia (6.69%) and Lesotho (4.76%) with Ghana hovering around 1% as at 2018. It is important to state that, there are differences in the calculation of insurance premium. In the case of Ghana, the calculation excludes pension and health insurance as this is not the case for some countries. This makes the the role of stakeholders in the insurance industry imperative in increasing the level of penetration. This study therefore offered an insight into the challenges and strategies to increase insurance penetration with regards to all the various types of insurance companies.

The results of the study revealed that, delays in the payment of claims and the repudiation of legitimate claims by insurance companies have led to a situation in which the public does not trust the insurance sector and has a poor perception about insurance in our country. This reputation has not helped the efforts to increase the patronage of insurance and also the number of branches of insurance companies massively contributes to the rate of insurance penetration in the country, as it serves as access points to make the public aware of what insurance entails, and from these results, the number of branches from life down to reinsurance brokers are very limited, and this contributes to the low insurance rate in the country.

Specifically, for non-life insurance companies, more than 50% is owned by foreigners and about 42.9% owned by citizens of the country. 4.8% of Life companies in the country are state owned. Most of these companies have more than 81 employees working with their organization. For life companies, bancassurance is also growing and is somehow an effective way for selling insurance products. This mode of selling insurance is likely to develop because it has the potential of marketing insurance products, making it accessible and convenient.

With non-life companies, the number of branches dominating in the system currently, is between 1-5 branches and 11-15 branches. Most of them have about 1-20 employees working with their organization. All the reinsurance companies have just between 1-5 branches. Reinsurers consider fire insurance to be the least profitable because most household fire insurance policies are not reinsured with them.

Brokers, according to the results, are recorded as the highest type of insurance activity in the country, with a percentage of 52.3%. This comes as no surprise as this result is in line with results from the NIC annual report, with 83 broking companies (they have the highest number of insurance companies recorded in Ghana). For brokers, the methods used the most for marketing insurance is other Broking Firms (Brokers) and also followed by the use of direct sales.

Generally, most of the insurance company argue that the competition between the Private foreign firms and the private local firms is not favorable at all. This is because most of the private foreign firms tend to get aid and financial support from their other branches abroad, so settling claims are quite easy for them even if they are not earning much return from their premiums. This can't be said for private local firms hence creating much competition between them because consumers tend to patronize from the private foreign firms. Also most insurance companies complain that they are being sabotaged by their fellow insurance companies and when this happens they tend to lose most of their customers.

According to the results, full time agents, brokers and direct sales came out as the most used modes for selling insurance for life and Non-life companies. These channels are the most effective means for selling insurance products. Reinsurers made use of both brokers and direct sales as their mode of selling insurance. Brokers are the fastest growing distribution channels for Life and Non-life companies, because most clients see brokers as highly trained and as experts in insurance who would recommend the right insurance package or policy for clients. This tends to make the work of these insurance companies easier and this increases the amount of profit made; which leads to an increase in insurance penetration. The fastest growing distribution channels for brokers are part time agents. Reinsurers claimed full time agents as their fastest growing distribution channel.

Most of the insurance companies attested to the fact that, if about four to five of them come together to form a consortium or syndicate in order to be able to insure bigger risk, it will improve the marketing and selling of insurance products.

In the rural areas, Life and Non-life insurance companies mostly use Individual/Tied Agents as their mode of selling insurance since most insurance products do not sell in rural areas. They tend to sell their policies through individual/tied agents which also helps with insurance penetration in the rural areas, but at a lower rate because using agents alone won't be sufficient enough to reach out to all those in the rural areas to market insurance products. Also, brokers make use of direct businesses the most to sell insurance products, followed by individual /tied agents and brokers.

In urban areas, life companies sell insurance mostly through individual/tied agents followed by bancassurance, brokers and direct businesses whilst Non-life companies sell insurance products mostly through brokers followed by direct business and individual/tied agents. All the other modes of selling insurance are not really effective because the system in place for such modes of selling them is not fully developed like other corporate agents and Telcos. Brokers mostly sell insurance in urban areas through direct businesses and between themselves (other brokers). Some brokers deal with individual /tied agents. All the other modes of selling insurance can be looked into since they all show potentials of being the best mode of selling insurance. This can lead to an increase in the rate of insurance penetration.

Most insurance companies agree that comparing insurance premiums this year to insurance premiums over the years, insurance premiums hasn't been low. This is true because total gross premium income grew by a decent 21% from GHS2.4 billion in 2017 to GHS 2.9 billion in 2018.

Most insurance companies agree that insurance premiums are likely to be stable or better still increase over the next 12 months, but not optimistic about insurance profitability remaining stable or better still increasing. To increase insurance profitability, one main insurance product worthy of consideration is marine insurance.

## **SECTION 1: INTRODUCTION AND BACKGROUND**

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### **1.1 Introduction**

This research seeks to find out the challenges of insurance marketing especially to potential insurance customers and users of insurance who fall outside the mandatory insurance such as the compulsory commercial building, fire insurance and motor insurance. Further to this, the views of industry players on the strategies and actions to be taken to increase penetration were taken into consideration.

### **1.2 Background**

The insurance market of Ghana is relatively stable with more prospects and opportunities to explore. About 30% of the Ghanaian population is covered by insurance. The total profit that was declared by the insurance industry by the end of 2018 was GHS 202 million and that of total corporate tax was GHS 36 million. Total premium for 2018 in the insurance industry was given as GHS 2,937,534,716. The market is young with 29 non-life insurance companies, 24 life insurance companies, 3 reinsurance companies, 82 Brokerage companies, 4 Reinsurance Brokerage firms and 3 insurance loss adjusters competing in the industry as at December, 2018.<sup>1</sup> Insurance penetration as a percentage to GDP in Ghana was below 1.85% at the end of first quarter of 2016 and 1.2% in the last quarter of 2017, there is a general consensus that, the sector is underperforming. A key reason for this is that, majority of the country's workforce - the informal sector, is put off by expensive premiums and complex underwriting processes.

According to the NIC 2018 annual report, the total assets of the insurance industry was GHS6.2billion. It was made up of GHS3.1billion coming from the Life sector, GHS2.4billion from the Non-Life sector and GHS0.7billion from reinsurance. The average Life daily benefit paid by life insurers is GHS1.9 million and daily claims incurred by Non-Life companies is GHS1.1 million. The total reinsurance premium for 2018 was stated to be GHS 255million.<sup>2</sup>

A recent Lloyds 360 risk insight study "Exploring opportunities in micro insurance" identified the low-income segment as a potential market of effective consumers for financial services, as long as appropriate products, processes and education are provided. It went on to note that the simplicity of said products, procedures and policies, low premiums, efficient administration and

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<sup>1</sup> NIC 2018 Annual Report

<sup>2</sup> NIC 2018 Annual Report

innovative distribution channels, render micro insurance effective even in markets with little to no insurance experience.

Data from the World Map of Micro insurance indicates that over 7.6 million lives are now covered by at least one micro insurance policy, however, coverage to poor farmers, traders, casual workers in rural areas has proven difficult in urban-centric Ghana. The excessive reliance on intermediary brokers and traditional sales agents has severely limited this delivery to rural areas. It is against this background that, the NIC seeks to explore the challenges and strategies for increasing insurance penetration in line with the objective of the Commission.

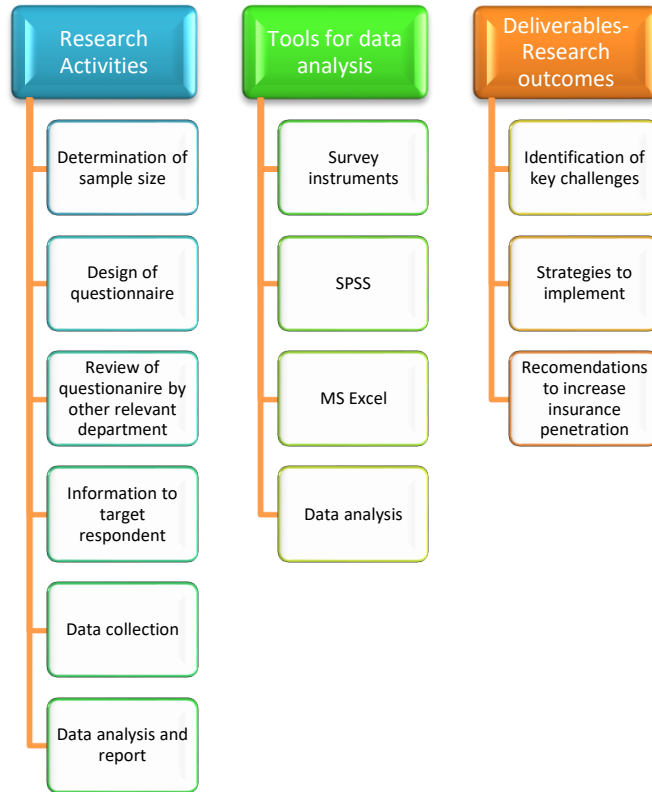
### **1.3 The objectives of the research**

The main objective of this research is to assess the challenges and strategies to increase insurance penetration in Ghana. Specifically, this is achieved through

- ❖ Assessing the challenges faced by insurance stakeholders in the sale and marketing of insurance products
- ❖ Assessing the antecedents of low insurance penetration
- ❖ Identifying strategies and recommendations from insurance stakeholders to increase the coverage of insurance especially to low income earners

### **1.4 Methodology**

This section of the research presents the methodology and work plan used in the collection and analysis of data. A descriptive research design is adopted to understand the views of industry players. Below is the design of the research



**Figure 1: Design of the research**

## **SECTION 2: SUMMARY REVIEW ON INSURANCE IN GHANA**

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### **2.1 Introduction**

This section of the report reviews the concept of insurance in the context of Ghana, challenges facing the insurance industry of Ghana, and issues relating to insurance penetration.

### **2.2 Brief overview of the Ghanaian insurance industry**

The National Insurance Commission as the regulator is given a broad consumer protection and prudential regulation mandate by Section 2(3) of the Act, which states that in performing its functions under the Act, the Commission shall have regard to the protection of the public against financial loss arising out of the dishonesty, incompetence, malpractice or insolvency of insurers or insurance intermediaries. The Act, among other things, prohibits composite insurance companies. All composite insurance companies, therefore, had to separate their life and non-life operations into different companies.

Over the past few years, the National Insurance Commission (NIC) has made progress in improving the legal and regulatory framework of the insurance industry in Ghana. Key initiatives aimed at achieving these objectives by the NIC in recent periods include:

1. Insurance Industry Publicity Activities: The Commission has continued to maintain as one of its objectives, the promotion of public education on insurance in general, and motor insurance in particular. It has carried out public education programmes in a number of cities and towns across Ghana including Kumasi, Agona Swedru, Cape Coast, Takoradi, Tamale, Bolgatanga, Koforidua, Somanya, Kumasi, Offinso and Ejura. Major areas of public education include: the role and functions of the NIC, Complaints & Settlement Bureau, Motor Compensation Fund, Motor Insurance, Life Insurance, The Compulsory Fire Insurance for Private Commercial Buildings and Buildings under Construction and Micro Insurance.

The NIC in collaboration with the Ghana Insurance College, conducted a five (5)-day intensive insurance agency training for ten-thousand (10,000) youth nationwide for free. The objective of the training was to instill the necessary knowledge and background of insurance operations and equip participants with the required basic regulatory tools.<sup>3</sup> (The objective of this is to create jobs by training the youth in insurance and how to sell insurance so insurance companies can recruit

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<sup>3</sup> Daily Graphic: February 15 2019

from this pool and in turn train them in their products to be sold). The above initiatives aim at increasing public awareness of insurance

2. The NIC has also undertaken a number of regulatory and supervisory initiatives which aimed at improving public confidence in the insurance industry through robust supervision and strict legal and regulatory framework. These initiatives include:
  - Issuance of the Corporate Governance and Risk Management Framework in 2015.
  - Issuance of the Claims Management Guidelines detailing specific timelines for the settlement and payment of Non-Life Claims.
  - Issuance of Market Conduct Rules on Insurance Premium Collection – “No Premium No Cover”
  - Development of the framework for Group-Wide Supervision which seeks to support; Group Wide Supervision, Macro Prudential Surveillance and Insurance Supervision and Cross Boarder Collaboration of the Supervision of Insurance Groups that are in more than one country.
  - Adoption of Risk Based Capital Requirement which seeks to ensure that the capital requirement of an insurer commensurates with the risks the insurer faces. This will encourage robust risk management practices in (re) insurance companies in Ghana, as firms with robust risk management framework will hold less capital. The introduction of the Risk Based Capital requirements is to ensure that the regulation of insurance in Ghana is in line with international best practices.
  - The Commission has also issued guidelines on Know Your Customer (KYC), Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), Beneficial Ownership, Independent Audit Assessment, Suspicious Transaction Reports, Record Keeping and Monitoring of Employee Conduct. This is to ensure the implementation and compliance with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act.
  - Enforcement of compulsory fire insurance of private commercial buildings.
  - Implementation of Solvency Framework: The New Solvency Frameworks for Life and Non- Life insurers were issued to be used as a risk-sensitive approach to determine the solvency of insurance companies.
  - Implementation of Governance and Risk Management Framework: The NIC as part of measures to adopt the Risk-Based approach to Supervision of Insurers, developed a Governance and Risk Management Framework to guide the operational activities of



insurers as well as enhance the effective supervision of the Insurance and Reinsurance Companies.

- New Insurance Act: The NIC is in the process of reviewing the Insurance Act to make it more appropriate, given the changes witnessed in the insurance landscape. The new Insurance bill, if passed into an Act, will be compliant with the most recent Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS). The frameworks, directives and guidelines that the NIC has issued in the recent past will be included in the new Insurance Act.
3. The NIC in June 2019 announced new minimum capital requirements for the various classes of insurance industry operators, all of whom have up to June 30, 2021 to comply, although new entrants seeking operating licenses are required to meet the new requirements prior to start-up. The new minimum capital requirement for insurance companies is GHS50 million; for reinsurance companies, GHS125 million; and for brokerages and loss adjusters, GHS500,000. Reinsurance broking firm's minimum capital remains at GHS1 million.
  4. An Education Fund has been set up by the NIC in collaboration with stakeholders of the insurance industry to assist the Ghana Insurance College (GIC) train industry personnel. In line with this, the Commission provides free seminars for the industry and is training 10,000 Ghanaian youth as insurance agents nationwide.
  5. The NIC with Ghana Insurers Association (GIA), Ghana Insurance Brokers Association (GIBA) and GIZ is currently undertaking a sensitization programme on over 200 radio stations in Ghana. This will help increase knowledge and awareness of insurance products, claims procedures and complaints handling. This sensitization programme is part of the activities of the Insurance Awareness Coordinators Group (IACG) which comprises the four bodies afore-mentioned.
  6. The NIC has developed a Motor Insurance Database (MID) that will be a central database to hold the information on every insured vehicle in Ghana. The purpose of the MID is to reduce the number of uninsured vehicles on the road, tackle the menace of fake motor insurance, and provide a central source of information for all vehicles.
  7. The NIC is currently working on a new Insurance Bill to help the growth of the industry, bridge the gap in legislation and also be consistent with international practices. Areas to

be incorporated in the new Bill include the domain of Compulsory Insurance. These are Group Life, Workmen's Compensation, Professional Indemnity, Marine, Commercial Buildings, and Public Liability Insurance.

8. The new Insurance Bill will also provide a comprehensive regulatory framework for micro-insurance and for agricultural insurance. The Commission has also set up a Research Unit to help undertake various empirical and market researches aimed at increasing insurance penetration in Ghana.
9. In terms of international practices, the NIC has successfully implemented the International Public Sector Accounting Standards (IPSAS) reporting framework as the basis of financial reporting of the Commission. The Commission was recommended by the Public Accounts Committee of Parliament at its last sitting that, other public institutions should emulate the efficient and effective financial management practices of the Commission. The Commission has also prepared and submitted its financial statements to the Auditor General in line with the timeline set in the Public Financial Management Act, 2016 (Act 921). The Commission has also implemented the Risk Based Supervision (RBS) aimed at assessing the effectiveness of controls in reducing the probability of risk events occurring or the severity if they do occur.
10. Since 2010, local capacity and retention regarding oil and gas insurance business have been a big challenge for the Ghanaian insurance market. In order to increase local retention and also protect the image of the Ghana Oil and Gas Insurance Pool (GOGIP), ***guidelines for placement of oil and gas insurance risks*** with non-life insurance and reinsurance companies in Ghana have been issued to govern the operations of oil and gas insurance business. This is envisioned to allow local Insurers to take on additional oil and gas insurance risks in Ghana through a business sharing agreement.
11. At the start of 2019, the NIC presented new guidelines for running GOGIP, which addresses key concerns from the Pool's members which have threatened its existence. Under the guidelines, members will be assigned a portion of a business brought to the pool based on their role in generating that business – albeit subject to limitations based on financial capacity - not just their relative size as hitherto had been the only

consideration. The new guidelines also addresses the tenors of treaties, the size of placement commissions and reinsurance of business taken on by GOGIP.

12. Following the amendment of the Anti-Money Laundering Act in 2017 and the revision of the Financial Action Task Force (FATF) recommendations on AML/CFT, the Financial Intelligence Centre requested all stakeholders in the financial sector to revise their AML/CFT Guidelines to reflect the changes thereof. Accordingly, the NIC revised its AML/CFT Guidelines to reflect the changes made to the AML Act and FATF recommendations. The revision was to enable the NIC enforce compliance among regulated institutions. These guidelines will ensure that regulated entities do not allow their institutions to be used as a conduit in engaging in Money Laundering or Terrorist Financing activities (ML/TF). These guidelines will ultimately strengthen the fight against ML/TF, the integrity of the financial system in Ghana and forestall any terrorist activity.
13. The NIC in collaboration with the International Monetary Fund (IMF) developed a Supervision Manual for AML/CFT. The manual aims at enhancing the supervisory processes of the NIC toward regulated entities.
14. In addition, several tools such as risk analysis matrix, control questionnaires, data capture template and onsite supervision tools were developed to enable the NIC adequately assess AML/CFT risk exposures of regulated entities. It also helps with the efficient use of scarce regulatory resources

### 2.2.2 Current development in the insurance industry of Ghana

The gross premium for life insurance was GHS1.3billion in 2018 from GHS1,08billion in 2017 representing a growth rate of 20.1%. Also, for non-life insurance, there was a total gross premium increase from GHs1.19billion in 2017 to GHs1.3billion in 2018. This represents a yearly average growth rate of 9.3% <sup>4</sup>. However, over the years the industry has witnessed very vigorous activity and tremendous growth.

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<sup>4</sup> NIC 2017 Annual Report

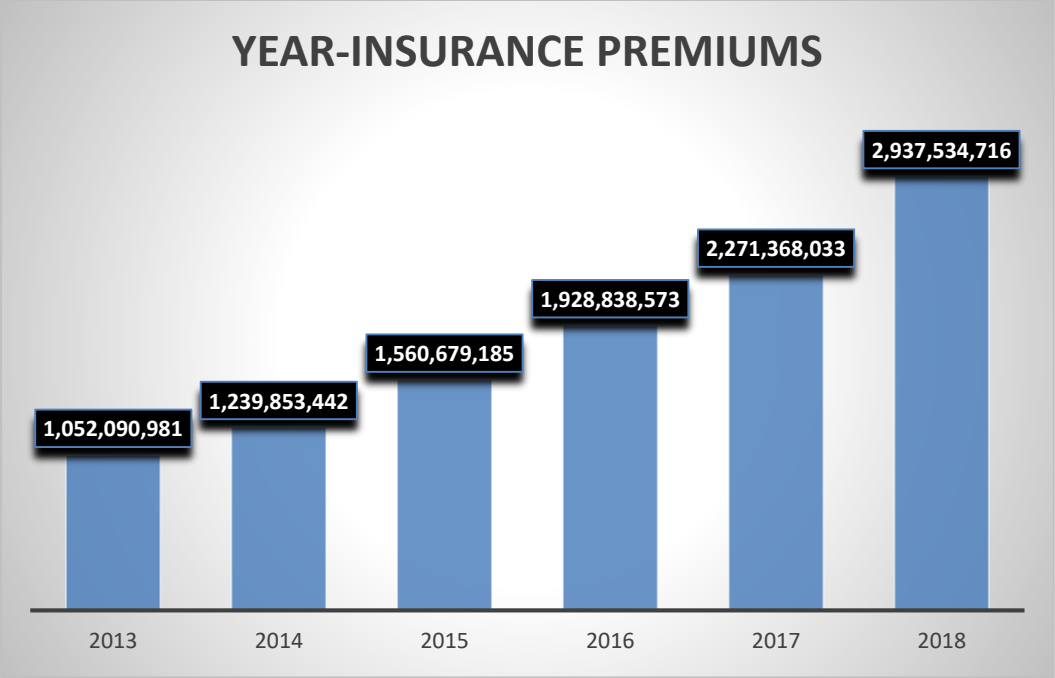
For instance, total gross premium has increased from GH¢2,271,368,033 in 2017 to GH¢2,937,534,716 in 2018. This represents a yearly average growth rate of 29%. The contribution of gross premium to GDP, which measures insurance penetration or demand, even though lower than the 2% benchmark, the industry seems to be doing well. The insurance penetration was 1.12% in 2017 but reduced to 1% in 2018, the NIC asserts that, in the computation of the level of insurance, the Commission takes into consideration only premiums received by insurers domiciled in Ghana. Also, health insurance and contributions of pension schemes are not included in the computation unlike some other countries with higher levels of insurance penetration. Although the gross premium has been rising as shown in Table 1, its growth is at reducing rate.

The industry has also recorded growth in industry total assets from GHS5.4 billion in 2017 to GHS6.2 billion in 2018. Figures from NIC (2018) annual report also revealed that, the industry also recorded an increase in the number of insurance entities. The number of non-life insurance companies increased from 27 to 28, brokerage firms increased from 78 to 81. In total, the number of regulated entities increased from 133 in 2016 to 139 in 2017.

**Table 1: Insurance growth from 2013 to 2018**

Year	Premium income (GHS)	Growth rate (%)
2013	1,052,090,981	24
2014	1,239,853,442	18
2015	1,560,679,185	26
2016	1,928,838,573	24
2017	2,400,000,000	18
2018	2,937,534,716	29

The above table is depicted below in Figure 2



**Figure 2:** Year-Premium in the Ghanaian insurance industry from 2013 to 2018

The year premium in the Ghanaian insurance industry from 2013 to 2018 is shown above.

**2.3 Stakeholders in the Ghanaian insurance industry**

There are two basic types of insurance companies: direct and reinsurance. Direct companies are responsible for the initial underwriting of insurance policies (Non-Life and Life), while reinsurance companies act as insurers to the primary insurers. Non-life policy products range from Liability Policies, Engineering Policies, Marine Policies, Fire Insurance Policy or Property Insurance, Motor Insurance Policy and Miscellaneous Insurance Policies such as Travel Insurance Policy etc. Life policy products are Without Profit Conventional Products (e.g. Funeral Policy), With Profit Conventional Products, Unit – Linked Products, Pensions, and Annuities Products as well as Index – Linked or Inflation Protection Products.

While insurance companies provide insurance and assume the risks covered by the policy, insurance intermediaries sell insurance policies for the companies. Some of these intermediaries are directly affiliated with particular insurers and sell only the companies’ policies, others are independent and are free to market the policies of a variety of insurance companies. In addition to supporting these two primary components, the insurance industry includes establishments that

provide other insurance-related services, such as claims adjustment or third-party administration of insurance and pension funds. As at December 2018, the insurance industry was made up of 24 Life companies, 29 Non-Life companies, 82 Broking companies, 3 Reinsurance companies, 4 Reinsurance Brokers and 3 Loss adjusters<sup>5</sup>.

The industry has seen a relatively stable growth in the number of firms entering the market. The number of insurance companies and intermediaries from 2010 to 2018 is presented in table 2.

**Table 2: Number of insurance companies and intermediaries**

Year	No. of Non-life Companies	No. of Life Companies	No. of Reinsurance Companies	No. of Insurance Brokers	No. of Reinsurance Broker	No. of Loss Adjuster
2018	29	24	3	82	4	3
2017	28	24	3	80	2	3
2016	27	24	3	78	1	2
2015	27	24	5	74	1	1
2014	25	20	3	68	1	1
2013	25	18	3	57	1	1
2012	25	18	2	55	1	1
2011	24	18	2	51	1	1
2010	23	17	2	46	1	1

**Source: NIC Annual Report( 2010- 2018)**

Non life insurance companies increased from twenty-Eight(28) in 2017 to twenty-nine (29), given an average growth of 3.6%. Broking companies had a growth of 2.5%, increasing from Eighty (80) companies to Eighty-Two(82), Reinsurance Brokers experienced the most significant growth of 100% increasing from 2 companies to 4 companies as at the end of 2018 reporting date.

<sup>5</sup> National Insurance Commission, <http://nicgh.org>

## **2.4 Insurance penetration in Ghana**

### **2.4.1 Current coverage and penetration**

There is a difference between household penetration figures and individual uptake figures. Based on data from the Ghana Living Standards Survey (Round 6), household penetration of insurance has not been as plain as the reported data on individual uptake. More 60% of urban households have short-term insurance policies. Almost 90% of urban households have people who hold a commercial or business policy, 83.3% hold property policy and 77.4% hold vehicle or motor policy. Medical (38.1%), funeral (25.7%) and vehicle or motor (22.6%). These are the main insurance policies held by rural households. The proportion of household members with long term insurance policies follow the same pattern for short-term holders, with more than 70% holding a long-term policy. In the urban areas, 78.6% of households have at least one member who has a retirement plan; 70.6% have an education policy while 74.4% have an insurance policy paid for by the employer. A higher proportion of household members in urban areas do not have a policy (60.5%) compared to the rural areas (39.5%) (GLSS, 2014)<sup>6</sup>.

The NIC's 2014 Annual Report indicates decreasing trends of insurance penetration rate (the contribution of total insurance premiums to Gross Domestic Product) from 1.8% in 2010 to 1.18% in 2014, and an average decline rate of 38%. The penetration marginally increased to 2% at the end of 2017 reporting period. The NIC is making conscious efforts to improve the penetration through the encouragement and development of micro insurance as well as the enforcement of compulsory insurance in the country.

### **2.4.2 Current insurance penetration**

According to the Africa Insurance Organization statistics from 2014, there is a consensus that the insurance industry in the country is not performing as expected with its insurance penetration as a percentage to GDP. According to the National Insurance Commission annual report in 2018, insurance penetration was very low and this was nothing to write home about. Insurance penetration which is defined as the contribution of total insurance premiums to Gross Domestic Products was 1.14% which is still less than 2%.<sup>7</sup> Conscious efforts were then made by the commission to improve the penetration through the encouragement and development of micro insurance in the country. Despite the 21% growth in the industry's Gross written Premiums, the

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<sup>6</sup> Ghana Living Standard Survey Report, Ghana Statistical Service, 2014

<sup>7</sup> NIC 2018 ANNUAL REPORT

insurance penetration rate reduced from 1.12% to 1%.<sup>8</sup> The reduction in the penetration rate can be attributed to the rebasing of the Ghanaian economy in 2018. It is important to note that this rate excludes pension and health insurance which are not regulated by the National insurance commission. The industry made some growth in 2017, according to the 2018 NIC annual report. The nation's total assets grew from GHS 5.4 billion in 2017 to GHS6.2 billion in 2018. The Ghanaian economy grew by 8.5% in 2017, being the fastest growth rate achieved by the country in five years as against 3.7% recorded in 2016. With the low levels of insurance penetration, the NIC (National Insurance Commission) is hoping to boost public education in order to reach out to both the formal and the informal sector in the country.

An evaluation of data from the Ghana Living Standards Survey (6<sup>th</sup> Round) was made by the Ghana Statistical Service in 2014, and it showed that household penetration of insurance was nothing like the reported data on individual uptake.<sup>9</sup> The report showed that almost 90% of urban households had people who held a commercial or business policy, 83.3% held property policy and 77.4 % held vehicle or motor policies. Medical (38.1%), funeral (25.7%) and vehicle or motor (22.6%) were the main insurance policies that were held by rural households, but a higher proportion of household members in urban areas did not have a policy, that is 60.5% as compared to the rural areas (39.5%).<sup>10</sup> The difference between the household penetration figures and the individual uptake figures highlights the fact that awareness of insurance was fairly good, but issues underlying the understanding of insurance covers and the affordability of insurance products were rather endemic. In fact, according to the same report, members of households gave a common reason as to their failure in purchasing insurance covers, and affordability of insurance covers was one of them (48.5% of households). The case was almost the same in both the urban and rural localities (49.1% for urban and 48.0% for rural).<sup>11</sup> The report highlighted that in the rural areas, about one-third of the households (32.5%), which is more than twice the proportion in urban areas (14.7%) did not have an insurance policy because they were clueless as to how insurance worked. More than half of households in rural coastal (52.5%) and (56.9 %) in rural forest also did not have insurance cover because they could not afford it. Very small proportions of households also indicated that the insurance companies were deceptive and hence

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<sup>8</sup> NIC 2018 ANNUAL REPORT

<sup>9</sup> <https://thebftonline.com/2018/features/achieving-insurance-penetration-in-ghana-time-to-go-back-to-the-basics/>

<sup>10</sup> <https://thebftonline.com/2018/features/achieving-insurance-penetration-in-ghana-time-to-go-back-to-the-basics/>

<sup>11</sup>



their apathy in taking up an insurance policy.<sup>12</sup> In 2019, a pilot survey was conducted by the NIC with the support of the GIZ. Their main objective was to conduct a public assessment on the perception and awareness of insurance in Ghana and also to look into the low rate of insurance penetration in the country.

According to the pilot study, 98% of the respondents responded in the affirmative when they were asked if they had heard about the concept of insurance. Following their response on awareness of insurance, interviewees were asked further about their knowledge in the concept of insurance. 30% (urban dwellers) and 25% (rural dwellers) of the respondents had good knowledge about the concept of insurance whilst 22 % (urban dwellers) and 5 % (rural dwellers) had no knowledge on insurance. 29% (urban dwellers) and 17% (rural dwellers) had little knowledge. Their knowledge on insurance products was also tested. Majority of the respondents mentioned motor/car insurance, health insurance and life/funeral insurance. Non-clients of insurance firms had no knowledge on micro insurance and agriculture insurance. Not even one urban dweller had knowledge whatsoever about agricultural insurance.

Current clients were found to possess the highest knowledge level of insurance (0.64) relative to previous clients (0.60) and non-clients (0.49). This explained why non-clients did not hold any insurance policy and had never held a policy. The perception of insurance was also addressed and the respondents cited reasons such as mistrust of insurers, limited information on insurance facilities, complex underwriting processes and the high cost of premiums as the reasons for not signing up and these were the same problems people were facing back in 2014. Looking at the growth of insurance from 2014 to 2019, nothing has changed. The results are very similar: the wrong perceptions about insurance has encroached the minds of people and hence, the low rate of insurance in the country and this all tapers down to marketing as a major challenge in the insurance industry. However, although a fair number of people have an idea about insurance, the channeling of the information is a dire problem.

According to the pilot survey, although people knew about insurance, just a few people had a good knowledge in insurance and that was very disappointing. Again, some people knew nothing about the agriculture and micro insurance and this implies that certain products are ignored when these insurance agents go out sell insurance products and this must be worked on. Majority of

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<sup>12</sup> <https://thebftonline.com/2018/features/achieving-insurance-penetration-in-ghana-time-to-go-back-to-the-basics/>

the respondents that had good knowledge in insurance were clients themselves, and this all bores down to the fact that insurance agents are not doing their work as required.

Trained staff must be employed to sell and market insurance products accordingly, especially the insurance agents, since they are extremely important. Also, there must be certain strategies insurance companies can adopt in order to boost the penetration rate in the country. One of the strategies that was looked into was to increase the marketing of micro insurance products in the country. Micro insurance has a potential market, as it is a low income division that can attract effective consumers for financial services. It will be successful as long as the apt products and policies, low claims, efficient management and effective distribution channels are put in place, even in markets with minute to no experience or knowledge at all. Exposure to poor farmers, traders and casual workers in rural areas has proven difficult in the urban-centric part of Ghana. There is extreme dependence on liaison brokers and traditional sales agents, and this has brutally limited the delivery of micro insurance products to the rural areas in the country. Ghanaian insurers need to reassess distribution and device-innovative models to ensure the needed expansion.<sup>13</sup>

The NIC's focus, according to the 2018 annual report, going forward, is to raise or increase the penetration rate since the insurance penetration in the country is very low and must be looked into. It is going to be the main objective of the NIC to look into that. The level of insurance penetration in Ghana is gauged to reach five percent by the year 2020, as National Insurance Commission (NIC) executes the necessary and rational procedures to develop the growth in the insurance penetration of the country.

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<sup>13</sup> <https://microinsurance network.org>

### 2.4.3 Industry total asset and growth

As at 31st December 2018, the Industry gross premium amounted to GH¢ 2.9 billion representing an annual growth rate of 21% from GH¢ 2.4 billion in 2017 as presented in table 3.

**Table 3: Premium income growth**

Year	Premium income (GH¢ Billions)	Growth rate
2018	2.90	21%
2017	2.40	24.4%
2016	1.93	24%
2015	1.56	26%
2014	1.24	17.8%
2013	1.05	23.6%

Source: NIC 2018 Annual Report and Financial Statement

The aggregate assets of the insurance industry at the end of 2018 stood at GH¢ 6.2billion compared to GH¢ 5.45billion in 2017. This represents a 15% growth in the assets of the insurance industry. The Life sector recorded a growth in assets of 8% (from GH¢ 2.89billion in 2017 to GH¢ 3.12billion in 2018), the Non-Life sector grew by 28% from a 2017 figure of GH¢ 1.86billion to GH¢ 2.38billion in 2018. The reinsurance sector grew by 6% from a GH¢ 0.69billion in 2017 compared to GH¢ 0.73billion in 2018. Table 4 presents the growth rate in assets for the insurance industry as of 2018<sup>14</sup>.

**Table 4: Growth rate in assets as of 2018**

	Total assets (In GH¢ Billions)		Growth rate (%)
	2017	2018	
LIFE	2.89	3.12	8%
NON-LIFE	1.86	2.38	28%
REINSURANCE	0.69	0.73	6%
TOTAL ASSETS	5.45	6.2	15%

Source: NIC 2018 Annual Report and Financial Statement

<sup>14</sup> NIC 2017 Annual Report and Financial Statement

## 2.5 Challenges facing the Insurance Industry

Insurance plays different roles in economic development based on the degree of insurance market development. Previous studies have suggested that the lack of knowledge about insurance products, and to an extent misunderstanding of the concept of insurance account for the low uptake of insurance among the low-income population in Ghana. There was a slowdown, mostly as a result of energy crisis experienced during the year. Even though growth trends in the insurance industry have been positive, there are striking challenges in the marketing and specifically for the insured public, the firms and other players in the sector, and the industry regulator - the National Insurance Commission.

### 2.5.1 Challenges in marketing

Some of the major targets involved are elevating customers' perception concerning insurance, successful distribution of insurance products and improving customer service. Here are a few reasons why marketing is a major challenge:

- **Inadequate promotion:** Promotion communicates with the potential market so as to persuade the prospective customers to try new insurance products.<sup>15</sup> But this is and has been inefficient over the previous years, because according to the 2013 NIC report, the rate of insurance penetration is very low. This may be due to the pocket-sized attention given in selecting promotional tools for agents, rural career agents, branch managers and the front line staff. The agents and rural career agents especially play a very important role and should be given the required attention.
- **Choice of marketing channels:** Distribution is one of the major factors that controls marketing progress when the insurance industry is taken into consideration. Insurance companies need to assess the media through which they market their products. They need to manage physical evidences such as brochures, policy documents and other visible cues carefully, as they can have an earnest impact on the impression of the customers.
- **Mistrust in insurance relationships:** According to various studies, the confidence in insurance relationships has drastically declined over the years. This has occurred due to the lack of clarity about insurance documents and policies, high expectations of potential policyholders and bad claim experiences encountered by policyholders. Another reason also lingers around the perception of insurance companies in general. Stephen Oduro, the Managing Director of SIC Insurance Company, clarified that there is low public confidence

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<sup>15</sup>Wanjiru, M. C. (2013). Challenges affecting marketing of insurance services by insurance Agencies in Nairobi Kenya. *Unpublished MBA project, University of Nairobi.*

coupled with a deep seated mistrust in insurance companies. And this is a major reason for the mistrust in insurance relationships.

- **Lack of trained staff:** Due to the practical intricacies of the insurance products, it is highly necessary that the agents selling insurance understand the contracts they are supposed to sell. Understanding the customer better allows the designing of appropriate products and hence increasing the need for trained staff to work at the various insurance centers. According to Gnyawali and Madhavan in 2001, the training of employees and the use of IT for efficiency is one of the essential quarters when the marketing of insurance services is taken into consideration.

### **2.5.2 Challenges facing the insured public and stakeholders in the insurance industry**

1. For the insured public, the common challenge facing the industry is low public confidence coupled with a deep-seated mistrust of insurance companies. Some of the reasons for these issues can mainly be attributed to:
  - the very high expectations of insuring public;
  - greater awareness of how insurance operates elsewhere in the world;
  - the increasing level of education with its associated awareness of legal rights;
  - bad claims experience encountered by policyholders; and
  - Lack of clarity and understanding of insurance policy documents.<sup>16</sup>
2. For insurance brokers, due to the low penetration of insurance, selling the importance of life insurance in the lives of individuals and families is usually not an easy task. Low local insurance penetration in the insurance market can be attributed to factors such as:
  - poor agent comprehension skills;
  - poor agent motivation;
  - the bad image of the industry;
  - Fraudulent claims attributed to poor customer data.

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<sup>16</sup> Kwadwo Duodu, F., & Amankwah, T. (2012). An analysis and assessment of customer satisfaction with service quality in insurance industry in Ghana. Gobah, F. K., & Zhang, L. (2011). The National Health Insurance Scheme in Ghana: prospects and challenges: a cross-sectional evidence. *Global Journal of Health Science*, 3(2), 90.

3. For the firms, due to the increasing competition in the sector, the market shares of many of them have declined in recent times, forcing them to resort to unhealthy practices in their struggle for survival. One of those unhealthy practices is premium undercutting, which continues to top the list of challenges stifling the growth of the insurance sector. From life to non-life through to reinsurance premium undercutting, otherwise called underpricing, continues to deny well-meaning companies of quality premium charges.<sup>17</sup>
4. There is also the challenge of distribution or lack of proper channels through which the industry can distribute its products to potential clients. Online channels to allow users to register an insurance policy without meeting the agent in person is very low. This channel may also be appropriate for most of the consumers at the bottom of the pyramid, who are mostly low income, illiterate and informal.
5. Similarly, there is the challenge of the poor use of ICT among insurance firms and brokers<sup>18</sup>

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<sup>17</sup> Oscar Akotey, J., Sackey, F. G., Amoah, L., & Frimpong Manso, R. (2013). The financial performance of life insurance companies in Ghana. *The Journal of Risk Finance*, 14(3), 286-302.

<sup>18</sup> Honyenuga, B. Q., Tuninga, R. S., & Ghijsen, P. W. T. (2014). High performance organizations framework as a predictor of firm performance in the insurance industry in Ghana. *Journal of Transnational Management*, 19(4), 261-278.

## **SECTION 3.0: PRELIMINARY FINDINGS**

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### **3.1 Introduction**

This section of the report presents preliminary results and findings based on data collected quantitatively from insurance companies in Ghana. The findings include the views expressed by companies relating to the scope of activities that can enhance insurance penetration; the marketing strategies used by insurance providers in the marketing and sale of insurance; challenges facing insurance companies; ways of increasing the marketing and sale of insurance and recommendations made by industry players on how to increase insurance penetration in Ghana.

The section contains diagrams, charts and tables clearly presenting the findings with various narratives explaining information from the quantitative study. The study sought for the views of life insurance companies, non-life insurance companies, brokers, reinsurers and other intermediaries. The Head Offices of the various insurance companies and related parties were used with each company assigning an expert to respond to the questionnaire.

### **3.2 General background and characteristics of insurance companies**

Respondents were selected from all insurance companies in Ghana with focus on the head offices instead of branches. The reason for this is that, major organizational and strategic decisions are taken in the Head offices and communicated to the branches (if any). Among the respondents are Chief Executive Officers, Heads of Department and Heads of units. In this section, we focus on finding out the descriptives about the sample organizations as well as issues relating to the research objectives.

### 3.2.1 Information on Insurer

**Table 5: Number of branches in rural areas**

BRANCHES	LIFE	NON-LIFE	BROKER	REINSURER	REINSURER BROKER
1-5 branches	9.52%	28.57%	16.13%	100%	0%
6-10 branches	0%	0%	0%	0%	0%
11-15 branches	0%	0%	0%	0%	0%
16-20 branches	0%	0%	0%	0%	0%
21-25 branches	0%	0%	0%	0%	0%
More than 25 branches	0%	0%	0%	0%	0%

From the table above, we can tell that most of the insurance companies have less branches in the rural areas, Life companies, Non-Life companies, Broking Firms and Reinsurance Brokers all have less than 50% of say 1-5 branches in the rural areas. All Reinsurers have about 1-5 branches in the rural areas. From this table we can conclude that most of the insurance companies don't have branches in the rural areas, this tends to make insurance penetration low.

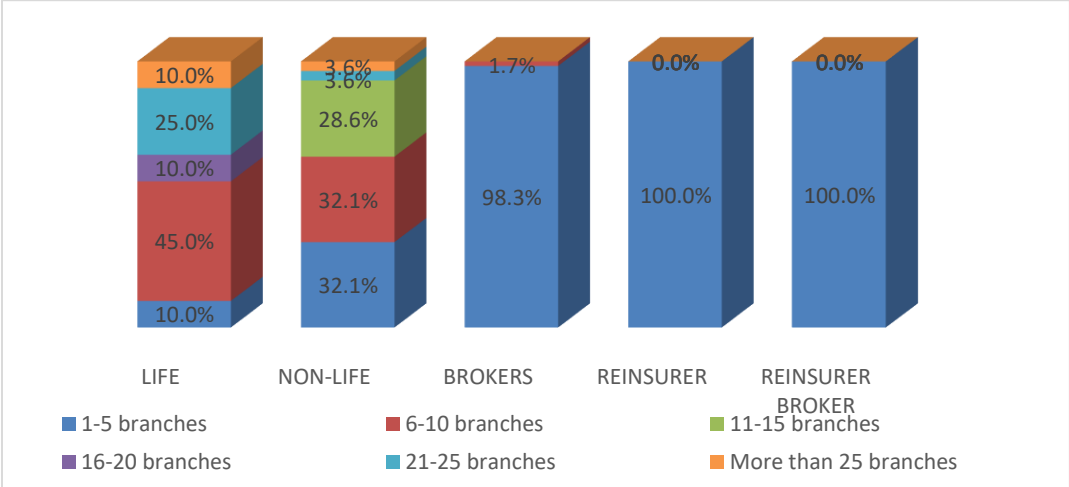
**Table 6: Number of branches in Urban Areas**

Branches	LIFE	NON-LIFE	BROKER	REINSURER	REINSURER BROKER
1-5 branches	14.30%	44.40%	94.40%	100.0%	100%
6-10 branches	38.1%	29.6%	1.90%	0.00%	0.00%
11-15 branches	4.80%	22.20%	3.70%	0.00%	0.00%
16-20 branches	9.50%	0.00%	0.00%	0.00%	0.00%
21-25 branches	23.80%	0.00%	0.00%	0.00%	0.00%
More than 25 branches	9.50%	3.70%	0.00%	0.00%	0.00%

From the above table, about 94% of broking firms have about 1-5 branches in the urban areas and just about 2% of them have about 11-15 branches in this area. With Non-Life companies, 44% of them own about 1-5 branches in the urban areas and 30% own 6-10 branches in the same area. From the analysis, 22% of the Non-Life companies have 11-15 branches in the urban areas



and just 4% have more than 25 branches. Looking at that of life companies just about 10% of them own more than 25 branches in urban areas and the same percentage of this population own about 16-20 branches in the urban area. 38% own about 6-10 branches and 24% own 21-25 branches in the urban area. For Reinsurers, all of them have 1-5 branches in the urban areas, likewise the Reinsurance Broking firms.



**Figure 3:** Total number of branches for insurance companies in Ghana

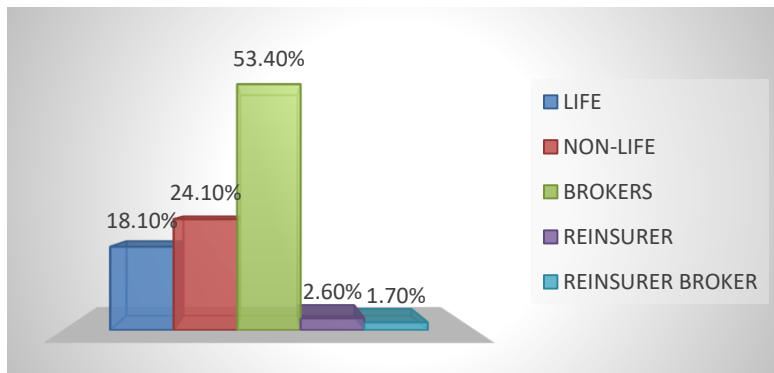
From figure 3, all the reinsurance companies and reinsurance brokers have 1-5 branches in Ghana. This was in contrast to 45% of life companies with 6-10 branches in Ghana and just a few of them, that is about 10% with more than 25 branches in Ghana. Also about 3.6% of the non-life companies have more than 25 branches in Ghana and the same percentage of non-life companies have about 21-25 branches. About 98.3% of brokers have 1-5 branches in Ghana.

**Table 7: How long has the organization been in existence**

Years	LIFE		NON-LIFE		BROKER		REINSURER		REINSURER BROKER	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0-5	6	27.3%	3	13.6%	14	25.5%	2	66.7%	2	100.0%
5-9	1	4.5%	3	13.6%	16	29.1%	0	0.0%	0	0.0%
10-14	7	31.8%	8	36.4%	8	14.5%	0	0.0%	0	0.0%
15-19	2	9.1%	0	0.0%	7	12.7%	0	0.0%	0	0.0%
20-24	1	4.5%	1	4.5%	4	7.3%	0	0.0%	0	0.0%
25-29	0	0.0%	1	4.5%	2	3.6%	0	0.0%	0	0.0%
30+	5	22.7%	6	27.3%	4	7.3%	1	33.3%	0	0.0%

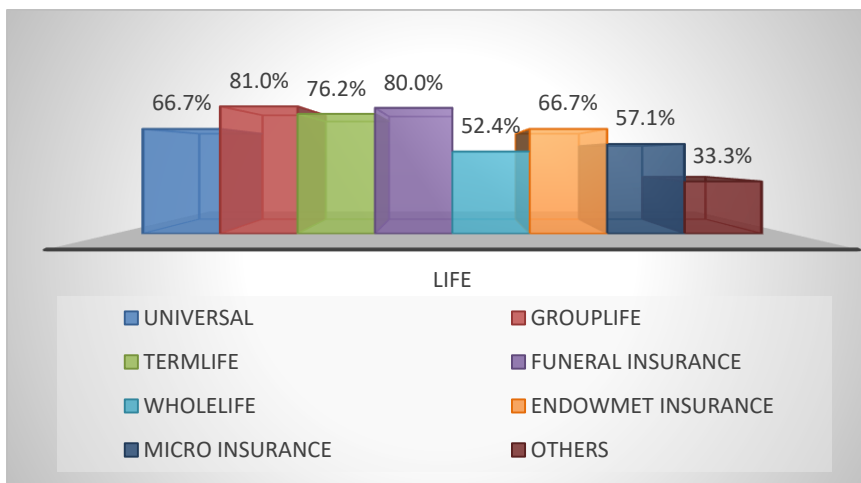
With life companies, none of them have been in existence for 25-29 years but 22.7% of them have been in existence for 30 years and above. 27.3% of life companies have been in existence for 0-5 years, 31.8% have been in existence for 10-14 years. All Reinsurance brokers have been in existence for 0-5 years. For reinsurers, about 66.67 % have been in existence and just about 33.33% have been in existence for 30 years and above. 27.3% of Non-Life companies have been in existence for 30 years and above, 36.4% have been in existence for 10-14 years, 13.6% have been in existence for 0-5 years, another 13.6% for 5-9 years. 29.1% of the entire brokers have been in existence for 5-9 years, 25.5% of them have been in existence for 0-5 years, 14.5% of them have also been in existence for 10-14 years, 12.7% have been in existence for 15-19 years, 7.3% of them have been in existence for 20-24 years and just about 3.6% of them have been in existence for about 25-29 years.

### 3.2.2 Insurance Activities



**Figure 4:** Type of insurance activity

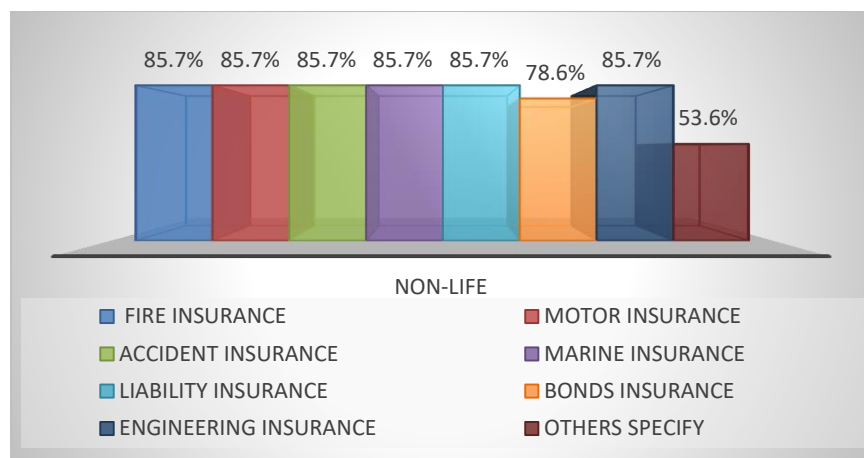
From this figure, it can be concluded that Broking firms constitute the highest category of insurance activity in the country. 53.4% of the total number of companies are broking firms, followed by the 24.1% of Non-Life companies. Reinsurance Broking firms is the least among them all making about 1.7% of the total number of companies. Life companies make about 18.1% of the total number of insurance companies in Ghana and Reinsurance companies make 2.6% of the total number.



**Figure 5:** Class of insurance products sold by life companies

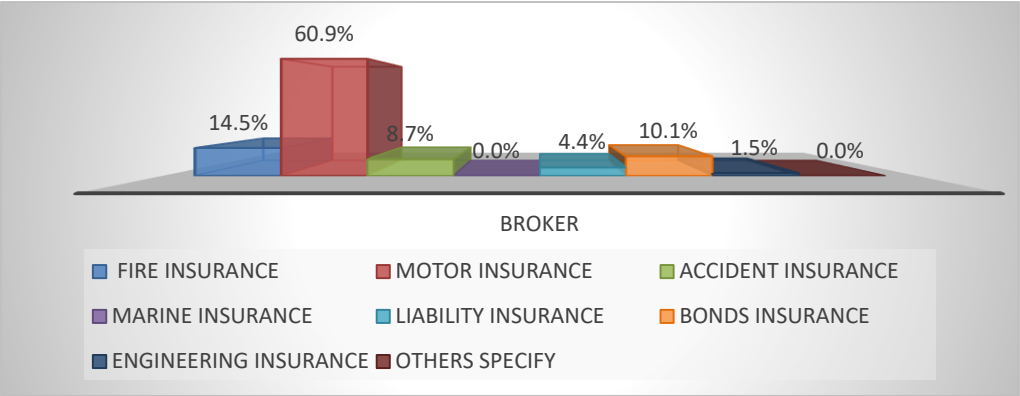
From the figure, Group life insurance policy is the insurance products sold by most of the life companies. Group life is a type of insurance in which a single contract (policy) covers an entire group of people (can be employees etc.). Mostly, group coverage is less expensive than what the members of the particular group would pay for individual protection. It covers employees who

otherwise would not be able to afford individual life insurance policies and this seems to be very beneficial to a lot of people. It is easy to qualify for a group life coverage and group life products are also inexpensive as compared to buying individual policies. This is followed by Funeral insurance, about 80% of the total number of life companies sell this product. Funeral Insurance is one of the most affordable and expedient options available to protect your family from the saddling cost of an unanticipated passing. It can be tailored to suit your particular need, since funerals vary. The level and type of cover can be customized to ensure that the policy suits your budget. Final expenses can be discussed over the phone and these are the benefits of purchasing funeral insurance products. 76.2% of the total life companies sell Term Life. Term life insurance guarantees payment of a stated death benefit during a specified period of time. Once the term expires, the insured can either renew it for another term, alter the policy to permanent coverage, or allow the policy to expire. 63.6% of the total life companies also sell Endowment insurance and Universal insurance. 57.1% sell Micro insurance and 52.4% of the total number sell whole life. 33.3% of the total number sell other products.



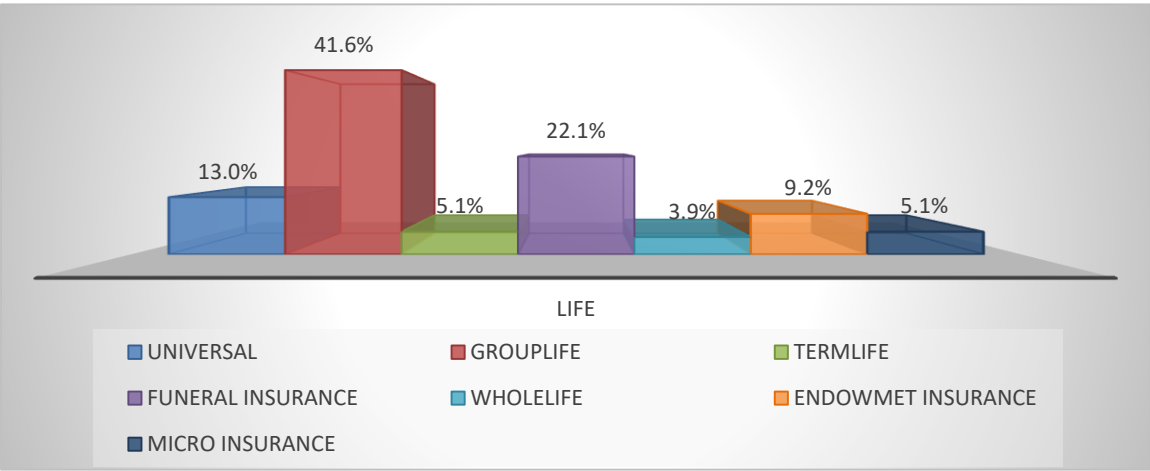
**Figure 6:**Class of Non-Life products sold by Non-Life Companies

From this figure, we can conclude that most of the non-life companies sell Fire insurance, Accident insurance, Motor insurance, Marine insurance, Liability insurance and Engineering insurance. This is not surprising, because motor insurance is compulsory for all vehicle owners in the country. We can then conclude that these are basic Non-life insurance policies sold by Non-Life companies. 78.6% of non-life companies also sell Bond Insurance policies. 53.6% of the total number of Non-Life companies sell other products.



**Figure 7:**Class of Non-Life products sold by brokers

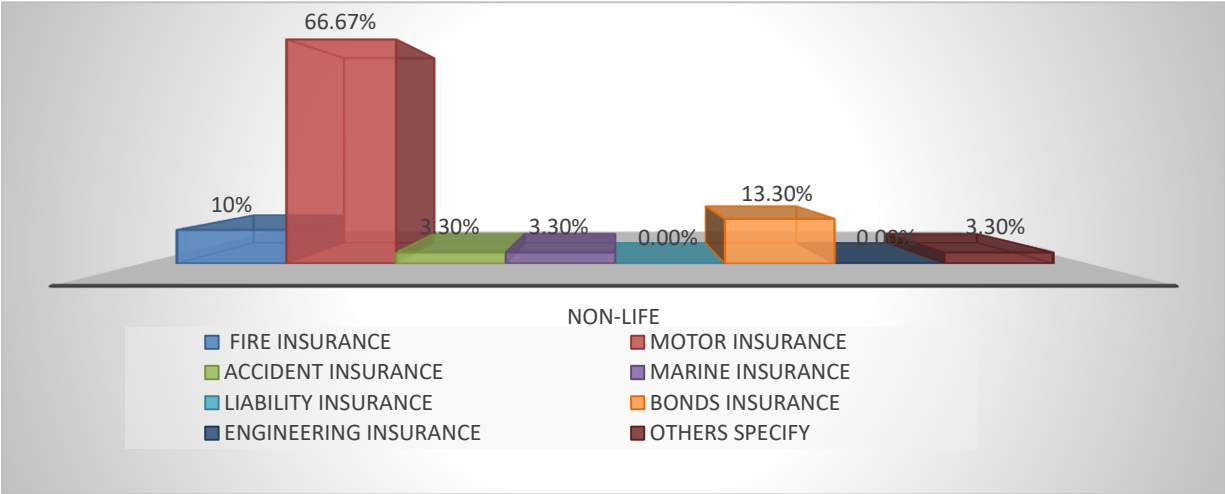
Motor insurance is the Non-Life product sold by most brokers. Motor Insurance is the highest because it's mostly made compulsory for vehicle owners. Fire insurance is also the second highest sold insurance product to brokers. Less than 50% of the broking firms tend to sell Fire insurance, Accident Insurance, Liability Insurance, Bonds Insurance and Engineering Insurance. Brokers don't sell Marine Insurance.



**Figure 8:**Fastest Growing Life Products

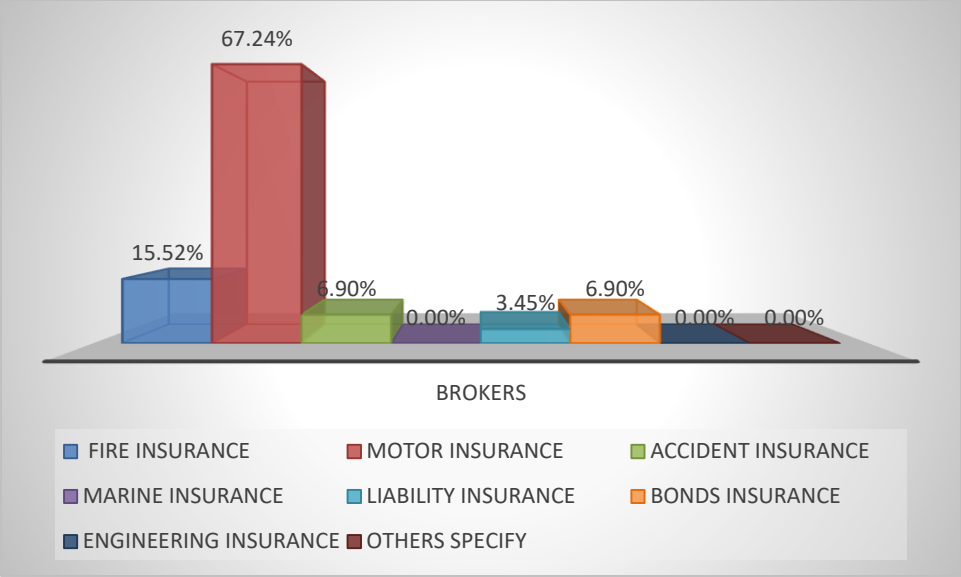
The fastest growing life products in the insurance industry is the Group Life Insurance. Group life came out as the life product that grows rapidly as compared to the other life products. Group life is a type of insurance in which a single contract (policy) covers an entire group of people (can be employees etc.) Mostly, group coverage is less expensive than what the members of the particular group would pay for individual protection. It covers employees who otherwise would not be able to afford individual life insurance policies and this seems to be very beneficial to a lot of people. Hence, it is comprehensible that Group life is the fastest growing life product.

The least among these products is the whole Life insurance. Less than 50% of Life companies stated that Universal insurance, Term Life insurance, Funeral Insurance, Whole Life insurance, Endowment Insurance and Micro Insurance are their fastest growing Life products.



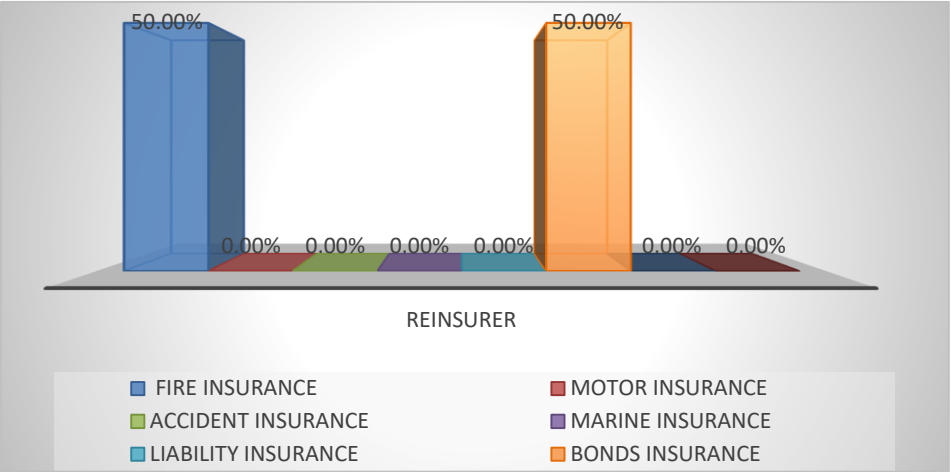
**Figure 9:**Fastest growing Non-Life Products for Non-Life companies

The fastest growing product among Non-Life insurance companies is the Motor insurance, this is not surprising because motor insurance especially those of vehicles has been made compulsory so most vehicle users have no choice but to purchase such product. For Non-Life companies, Accident insurance and Marine Insurance is both growing at a rate of 3.30%. This is very inefficient because marine insurance is equally as important but a lot of people are unaware of its benefits. Fire insurance is growing at rate of 10.0% and that of Liability insurance and Engineering insurance is not growing at all.



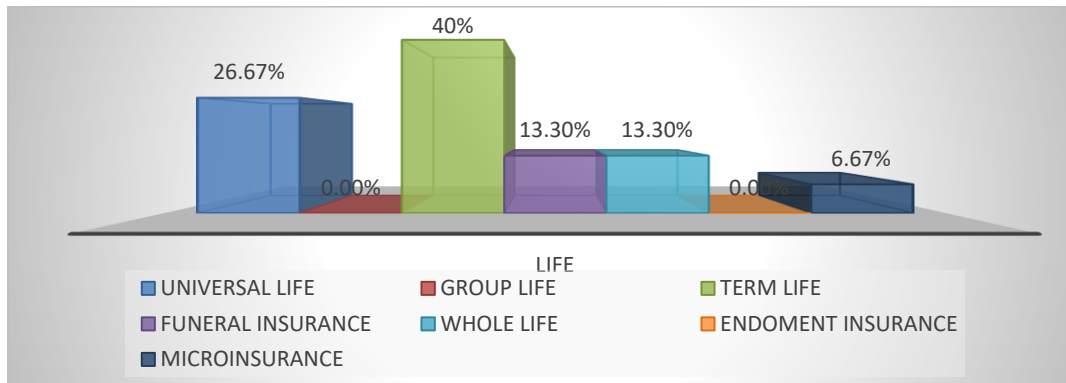
**Figure 10:**Fastest growing Non-Life Products for Brokers

The fastest growing product among Broking firms is the Motor insurance, this is not surprising because motor insurance especially those of vehicles has been made compulsory so most vehicle users have no choice but to purchase such product. With Brokers, 15.52% of them say Fire insurance is their fastest growing product. 6.90% say Bonds insurance and Accident Insurance is their fastest growing product, 3.45%, Liability insurance but none claimed Marine insurance and Engineering Insurance to be part of their fastest growing product.



**Figure 11:**Fastest growing Non-Life Products for Reinsurers

For Reinsurers, the fastest growing product is the Fire insurance and Bonds insurance, motor insurance, accident insurance, marine insurance, liability insurance and engineering insurance are not growing products for Reinsurers at all. We can then conclude that Liability insurance is not growing in any of the companies be it Non-Life, Broking firms and Reinsurance companies.

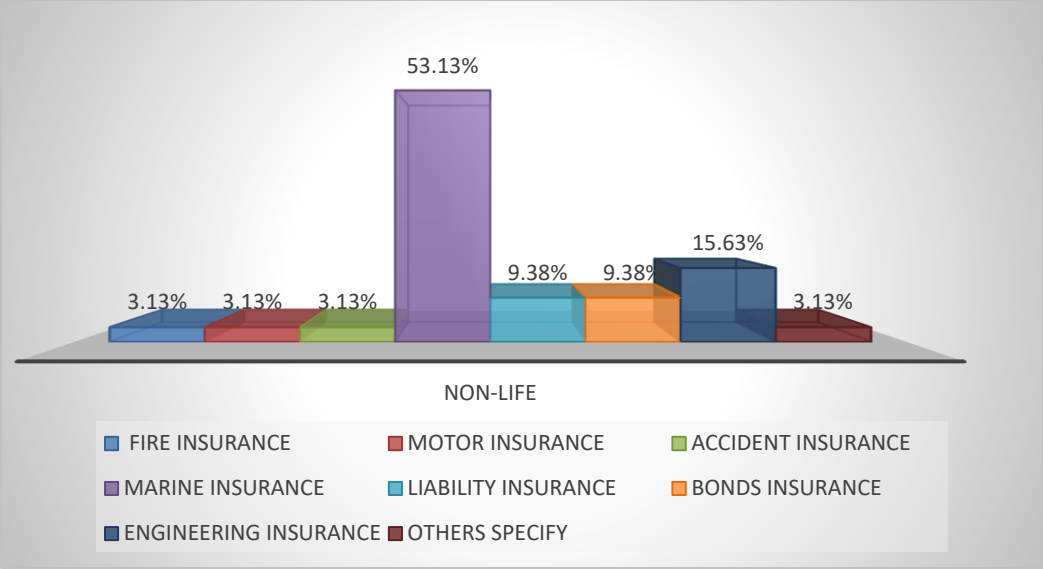


**Figure 12: Slowest Life Product**

From this figure we can tell that Endowment insurance and Group life insurance is not the slowest life product with all life companies. The slowest product among life companies is the Term Life Insurance. Term life was the slowest life product, with the highest percentage at 40%. Term life is a life product that is designed to provide affordable death protection for the short term and pays benefit only if you die. The policyholder is no longer covered after the set period expires. According to past study by LIMRA and LIFE foundation in 2013<sup>19</sup>, so many people thought term life insurance would cost them more than their budgets could handle; they did not buy term life products because they thought it was costly. The study also found out that those people believed life insurance cost twice as much as it actually does. The setback is that there are a lot of misconceptions about term life insurance, such as the cost involved and because of this, people do not buy their products as much and hence, causing it to be the slowest growing life product on the market. This is followed by the Universal life insurance. 13.3% of Life companies have Funeral insurance as their slowest life product, likewise another 13.3% who have whole life insurance policy as their slowest life product. Only 6.67 % of life companies have Micro insurance as their slowest life product.

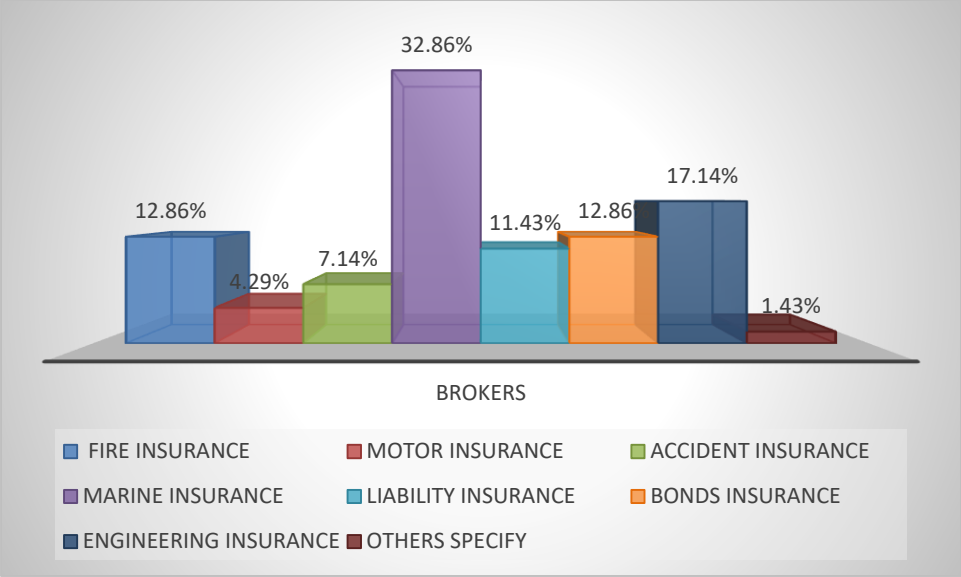
<sup>19</sup> <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/about-us/erisa-advisory-council/2017-mandated-disclosure-for-retirement-plans-salka-written-statement-06-07.pdf>





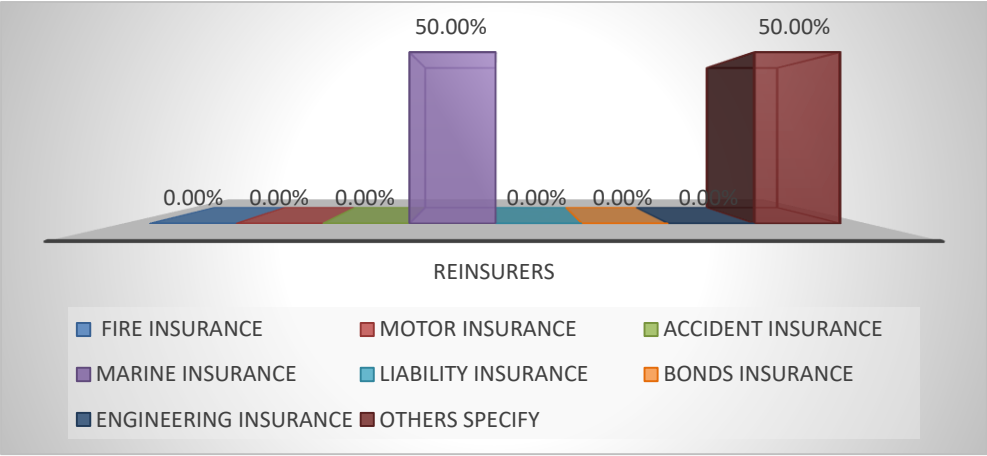
**Figure 13:** Slowest Non-Life Product for Non-Life companies.

With Non-Life products the slowest product among Non-Life companies is the Marine insurance. Marine insurance itself is a product whose purchase is quite low in our country, marine insurance is extremely crucial, but unfortunately, majority of the people in the country have no idea about its benefits and hence overlook it. Exporters and importers mostly insure their cargo with foreign insurance companies which tends to affect the industry. It is very important exporters and importers insure locally because it is needed to build the capacity of local insurance companies. This will bring significant benefits to shippers and Ghana as a whole. Engineering insurance is also the slowest non-life product in reinsurance companies. For Non-Life companies, 3.13% stated that Fire insurance, Accident Insurance and Motor insurance are their slowest growing product. 2 different groups with Percentages 9.38% have Liability insurance and Bonds insurance as their slowest Non-life products.



**Figure 14:** Slowest Non-Life Product for Broking firms.

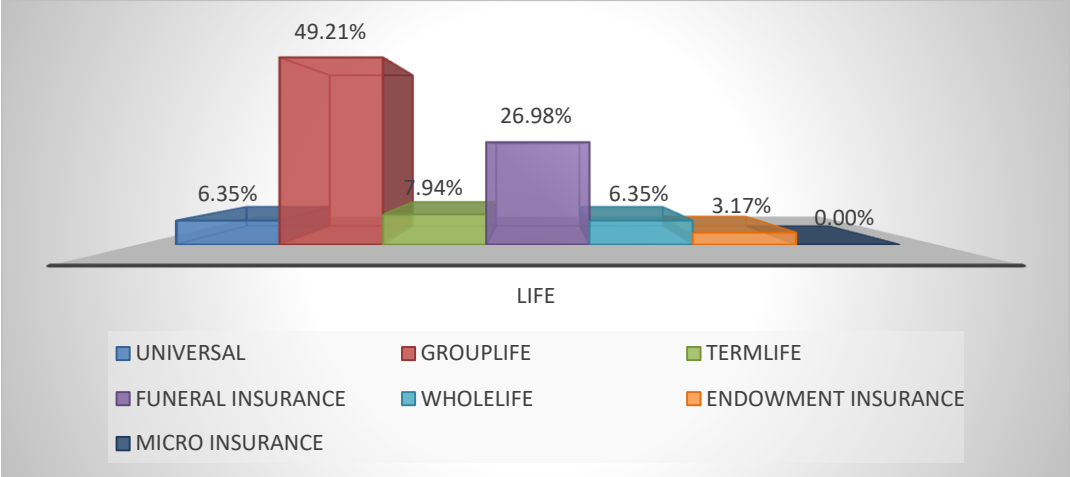
With Non-Life products the slowest product among Broking firms is the Marine insurance. Marine insurance itself is a product whose purchase is quite low in our country. Exporters and importers mostly insure their cargo with foreign insurance companies. For Broking firms, 17.14% of them have Engineering insurance as their slowest selling Non-life product, 12.86% of them also have Bonds insurance and Fire insurance as their slowest selling Non- Life product.



**Figure 15:** Slowest Non-Life Product for Reinsurers.

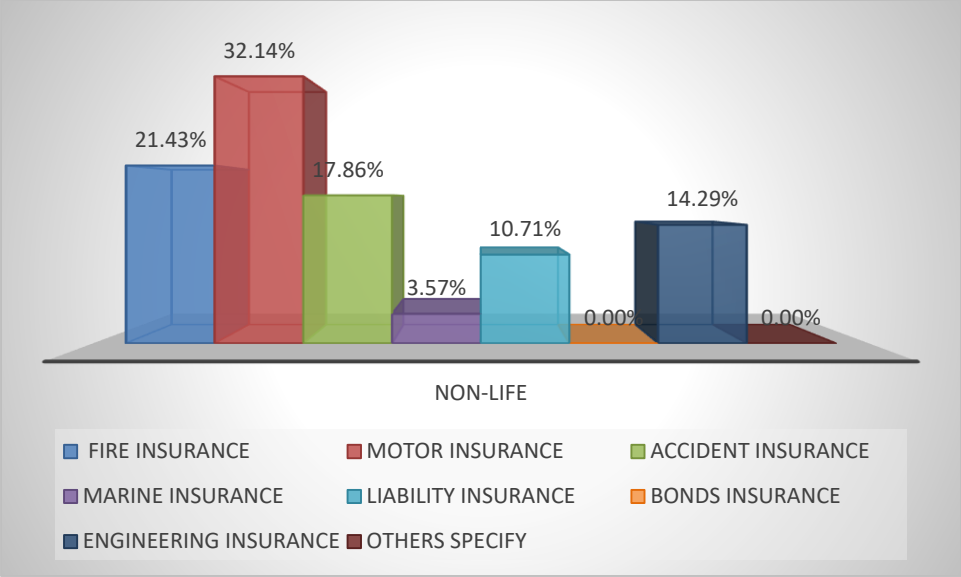
With Non-Life products the slowest product among Reinsurance companies is the Marine insurance. Marine insurance itself is a product whose purchase is quite low in our country. Exporters and importers mostly insure their cargo with foreign insurance companies. For

Reinsurers, Engineering insurance is also a slowest Non-Life product, Fire insurance, Motor Insurance, Accident Insurance, Liability insurance and Bonds insurance are not slow selling products at all.



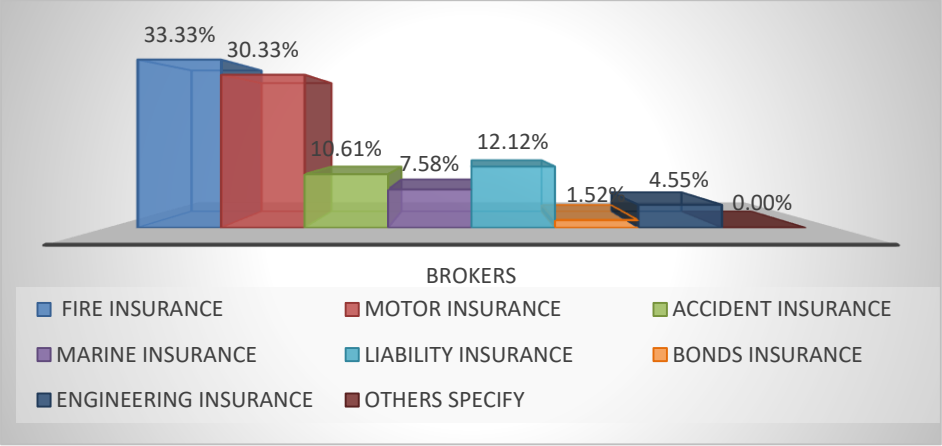
**Figure 16:**Most profitable life product

Group Life insurance is the most profitable life product among life companies, it is easy to qualify for a group life coverage and group life products are also inexpensive as compared to buying individual policies. This is followed by Funeral insurance. Funeral insurance is becoming popular in Ghana by the minute; according to various sources, and it is by no means astonishing. Hence, from the results, it is comprehensible that it is the most profitable life products. None of the life companies stated that Micro Insurance is their most profitable life products. 7.94% stated that their most profitable life product is that of the Term life insurance, 6.35% has that of the Term Life insurance and Universal insurance as their most profitable life product and just about 3.17% have Endowment Insurance as their most profitable product.



**Figure 17:**Most profitable Non-Life product for Non-life companies

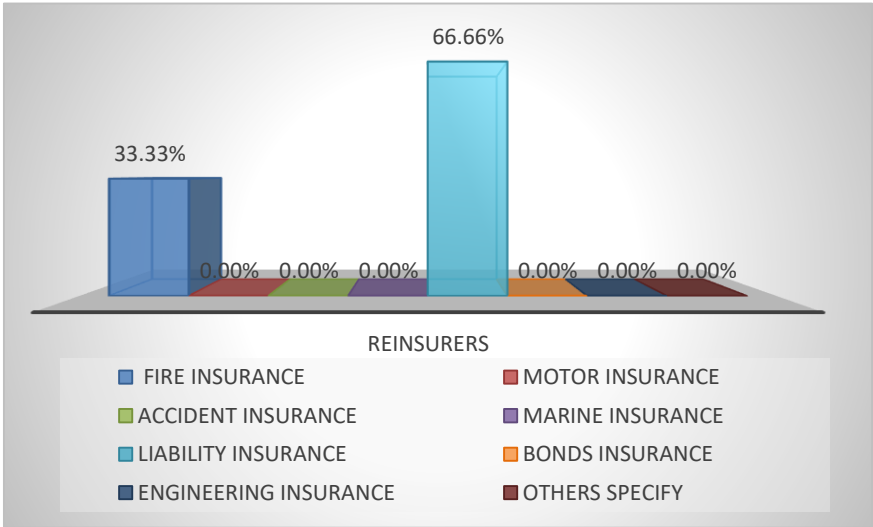
For Non-Life companies, the most profitable Non-Life product is the Motor insurance, followed by that of Fire insurance. 17.86% of Non-Life companies stated that Accident insurance is their most profitable Non-Life product, 14.29% stated that Engineering insurance was their most profitable Non-Life product, 10.71% also stated that Liability insurance is their most profitable product and 3.75% stated that Marine Insurance.



**Figure 18:**Most profitable Non-Life product for Brokers.

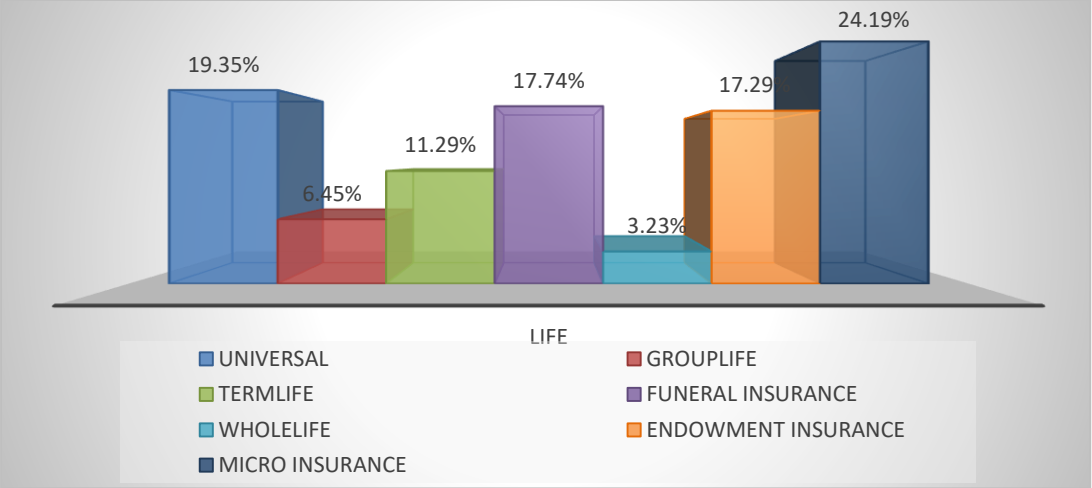
For Broking Firms, 33.33% of them stated that Fire insurance was their most profitable Non-Life product due to how scarce fire outbreaks occur. It makes it one of the non-life products brokers

tend to profit from. 30.33% said theirs was that of Motor insurance, 12.12% stated that liability insurance is their most profitable Non-Life product. 1.52% stated that bonds insurance is that of their most profitable non-life product, 10.61% also stated that Accident insurance is their most profitable Non-Life product, 7.58% stated Marine insurance as their most profitable product, 4.55% stated that Engineering insurance is their most profitable selling product.



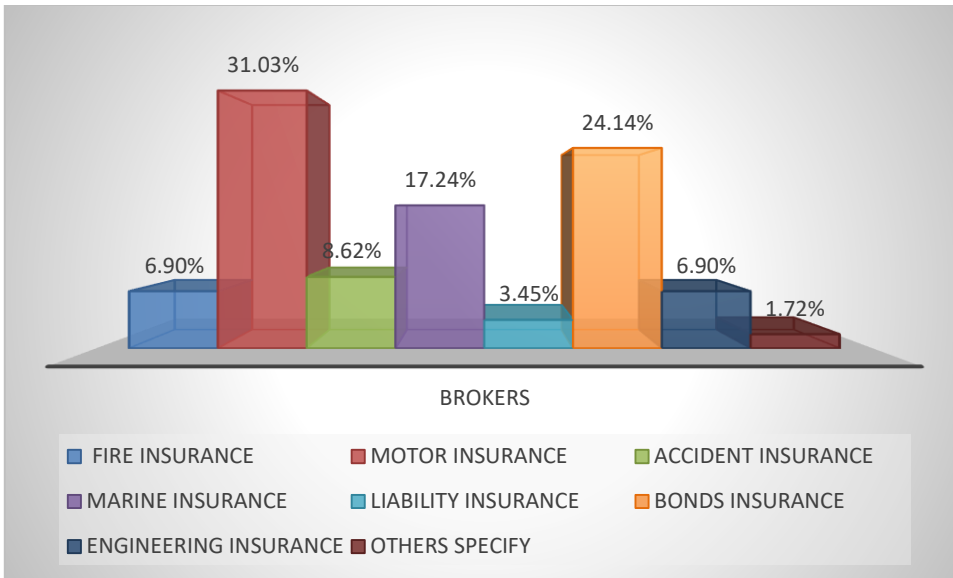
**Figure 19:** Most profitable Non-Life product Reinsurers

For Reinsurance companies, Liability insurance is the most profitable Non-Life product and about 66.66% of the total number of Reinsurance companies stated this. 33.33% of Reinsurers have Fire insurance as their most profitable Non-life product. None of the Reinsurance companies have Motor insurance, Accident insurance, Marine Insurance, Bonds insurance and Engineering insurance to be their most profitable Non-Life product.



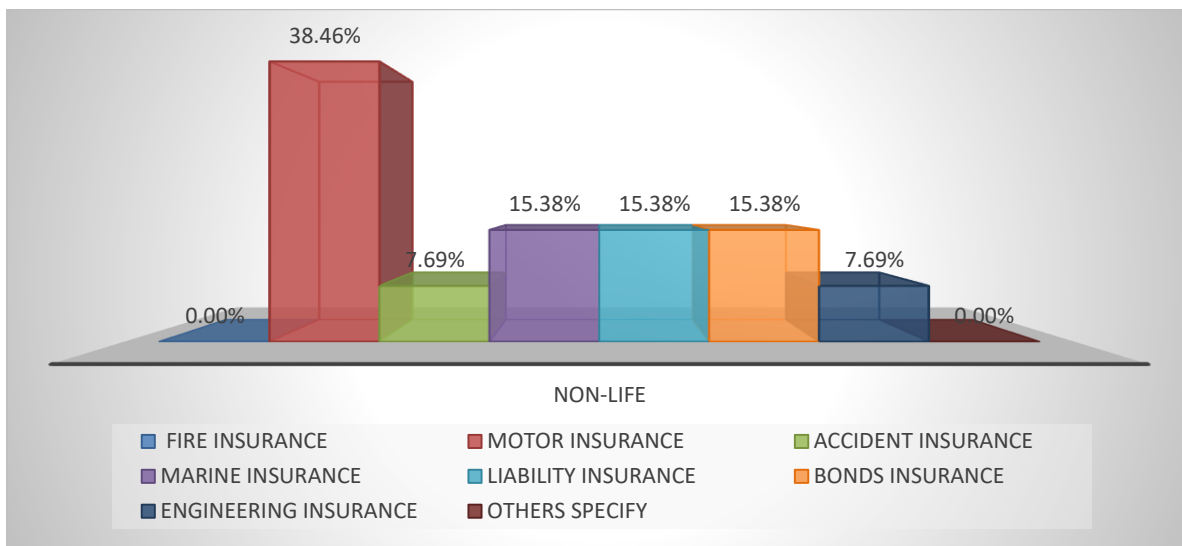
**Figure 20:Least Profitable Life Product**

The least profitable life product among life companies is the Micro insurance due to its structure (micro-insurance is an insurance structure laid down for low income earners). Life insurance companies do not tend to profit much from it. 24.19% of the life companies stated this and that happened to be the highest percentage, this was followed Universal Insurance, 19.35% of the total life companies stated that this was their least profitable product. 17.74% of life companies also stated that Funeral insurance is their least profitable life product, 17.29% stated that their least profitable was Endowment insurance, this form of insurance is the least because it is a form of savings which has a policy attached to it but most clients fail to see the need to save. They do not see the need to save in an insurance company, so they rather save in banks and this leads to higher returns. 11.29% stated that Term Life is their least profitable life product, 6.45% stated that Group Life insurance was their least profitable product and just about 3.23% said theirs was that of Whole Life insurance.



**Figure 21:**Least profitable Non-Life products for Broking Firms (Brokers)

For Broking Firms (Brokers) the least profitable Non-Life Product is the Motor Insurance. For Broking firms (Brokers), 24.14% had Bonds insurance as their least profitable product, 17.24% had Marine insurance as their least profitable product, 8.62% had Accident insurance as their least profitable, 2 groups with percentages 6.90% had Fire Insurance and Engineering insurance as their least profitable products, 3.45% also had liability insurance and just about 1.72% said some other products are their least profitable products



**Figure 22:** Least profitable Non-Life products for Non- Life companies

For Non- Life companies the least profitable Non-Life Product is the Motor Insurance. 3 different groups of Non-Life companies with percentages 15.38% had Marine Insurance, Liability Insurance and Bonds Insurance to be their least profitable product, 7.69% had Engineering insurance and Accident insurance as their least profitable product and none of the Non-Life companies had Fire insurance as their least profitable product.

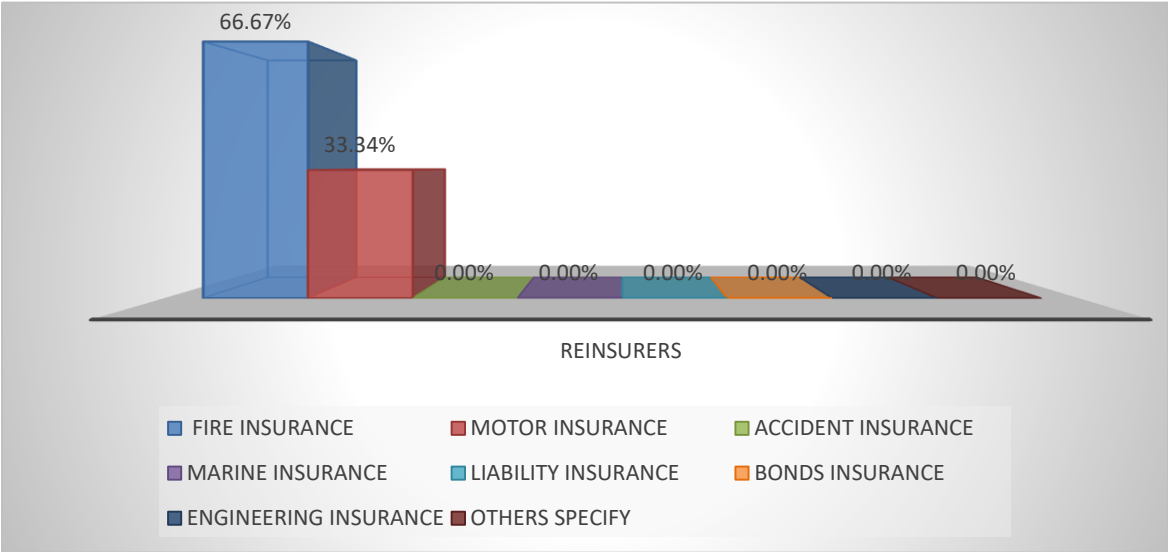


Figure 23:Least profitable Non-Life products- Non-life, Brokers and Reinsurers

For Reinsurance companies, it is that of Fire insurance. 33.34% of Reinsurers also stated that Motor Insurance is their least profitable Non-Life product. None of the Reinsurers stated that Accident Insurance, Marine Insurance, Liability Insurance, Bonds Insurance and Engineering Insurance to be their least profitable products.

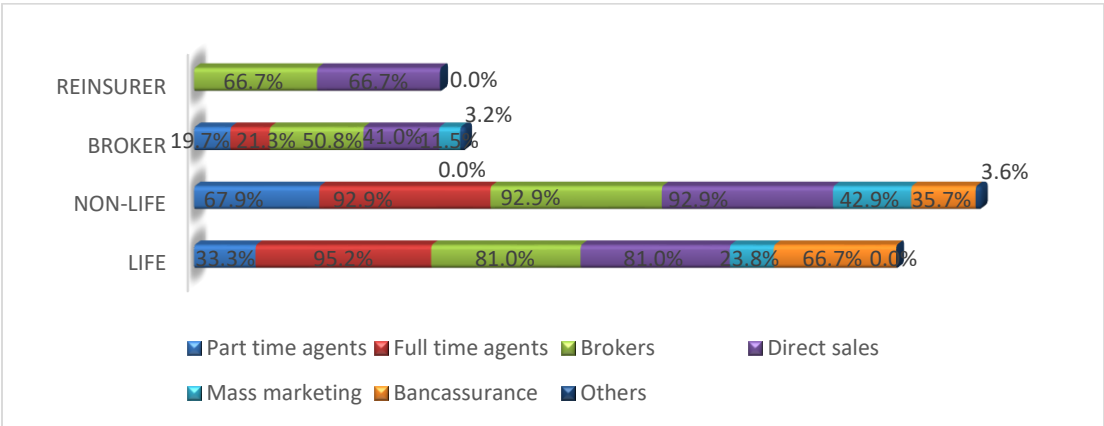
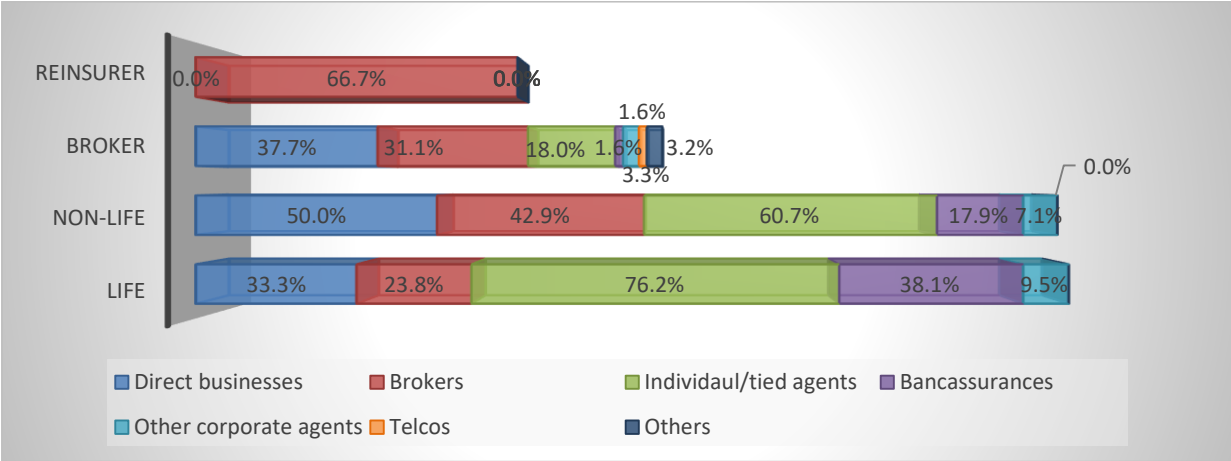


Figure 24:Mode of selling insurance



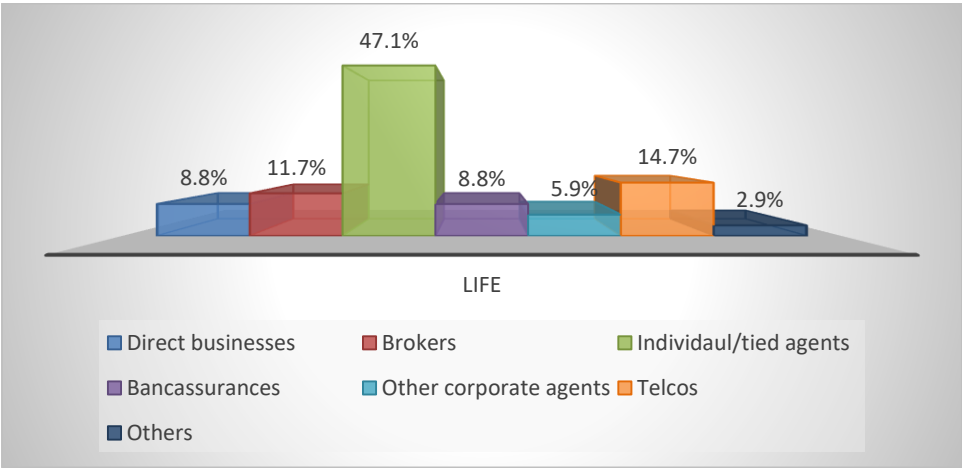
From Figure 24 we can tell that most Non-Life companies, Brokers and Reinsurance companies sell their insurance products through Broking firms but with Life companies most of them sell their products through Full Time Agents and about 92% of Non-Life companies also sell their insurance products through Full Time Agents. 2 groups of Life companies with percentages 81.8% sell their insurance products through Broking Firms (Brokers) and Direct Sales. Also, 2 groups of Reinsurance companies with percentages 66.70% stated that they sell their insurance products through Broking Firms (Brokers) and Direct Sales. Reinsurance companies don't sell their products through Part time agents, Full time agents, Mass marketing and Bancassurance. 39.30% of Broking Firms(Brokers) sell their products through Direct Sales, 12.5% sell through Mass marketing, 14.0% sell through Full Time Agents and 19.60% sell through Part Time Agents. 92.0% of Non-Life companies also sell their insurance products through Direct sales, 64.0% sell through Part Time Agents, 40.0% sell through Mass marketing and 28.0% sell through Bancassurance. 72.7% of Life companies sell their insurance products through Bancassurance, 40.9% sell through Part time agents and 31.8% sell through Mass marketing.



**Figure 25:**Fastest growing distribution channel

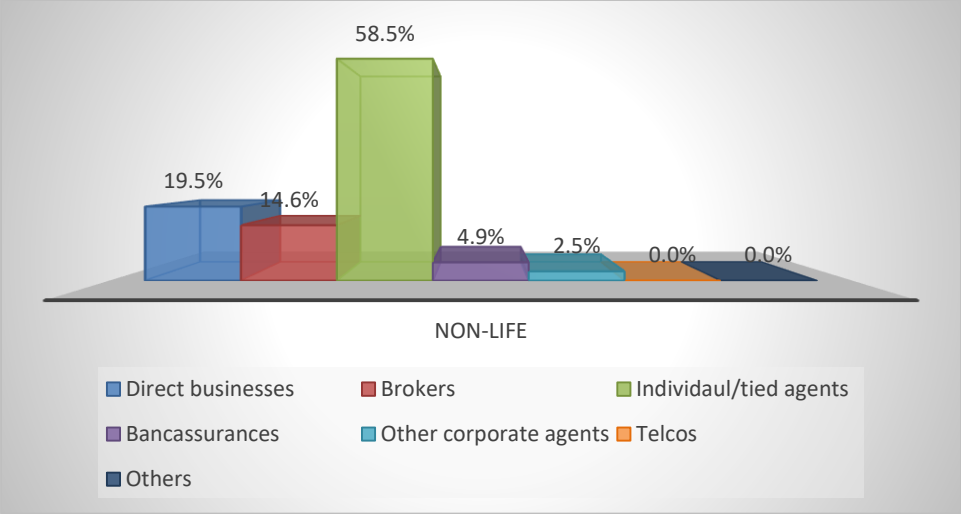
The fastest growing distribution channel among life companies is that of the Individual/Tied Agents. About 76.2% of life companies believe that selling their products through Individual/Tied Agents is their fastest way of distributing their insurance products, about 60.7% of Non-Life companies agree to this which seems to be the highest among other options but Broking Firms (Brokers) don't really think selling through other Individual/Tied Agents is the fastest way of distributing their products. Broking Firms think selling their products through Direct Businesses is the fastest way of distributing their products because 37.70% agree to this which is the highest percentage among the other options, 31.10% went in for Individual/Tied Agents,1.60%

Bancassurance, 3.3% other corporate agents, 1.60% Telecommunication Networks (Telcos) and 3.20% use other means to sell their products and think it's also the fastest growing distribution channel. 66.7% of Reinsurance companies say that selling their insurance products through Broking Firms (Brokers) is the fastest distributing channel of selling their products 50% of Non-Life companies believe that selling their products through Direct Businesses is their fastest distribution channel, 42.9% said using Broking Firms(Brokers) is their fastest distribution channel, 17.9% say Bancassurance is their fastest growing distribution channel and 7.1% say is their fastest growing distribution channel is Telecommunication Networks (Telcos). With Life companies, 33.3% of them believe selling their products through Direct Business is their fastest distribution channel, 38.1% say selling through Bancassurance help them sell their products faster, 23.8% also say they sell their product faster through Broking Firms and 9.5% of them believe that selling their products through other Telecommunication Networks (Telcos) is the fastest way of distributing their insurance products.



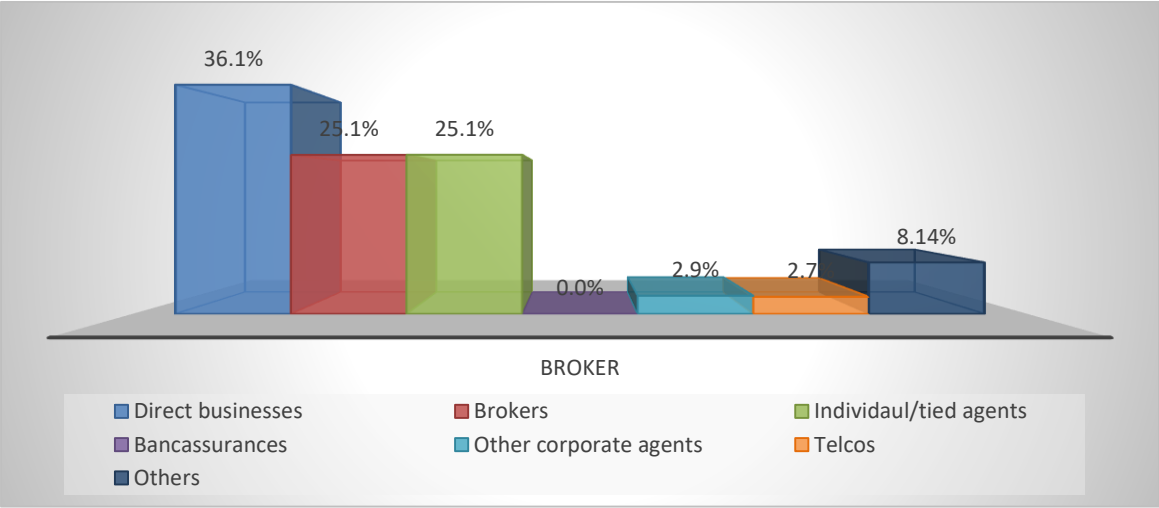
**Figure 26:** Mode of selling insurance products in rural areas(Life companies)

With Life companies, their main mode of selling insurance in the rural areas is through Individual/Tied Agents. For life companies, 47.1% sell their insurance products in rural areas using Individual/Tied Agents. 2 groups of Life companies with percentages 8.8% sell their insurance products using Direct Businesses and Bancassurance, 14.7% of them use Telecommunication Networks (Telcos), 11.7% sell through Brokers, 5.9% sell through other corporate agents and 2.9%of them sell through other means such as (Business to Business)



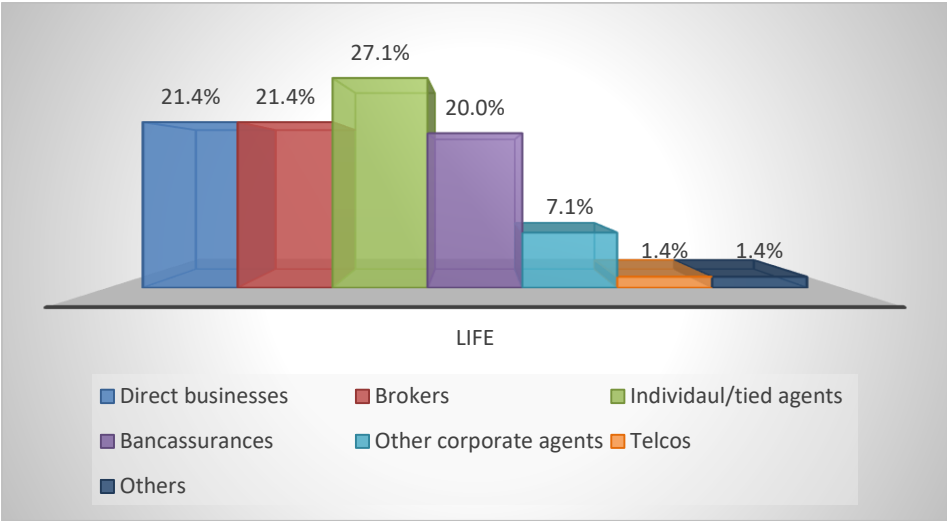
**Figure 27:** Mode of selling insurance products in rural areas(Non-Life companies)

With Non-Life companies, their main mode of selling insurance in the rural areas is through Individual/Tied Agents ,19.5% of Non-Life companies sell their insurance products through Direct Businesses. Non-Life companies don't sell their insurance products in rural areas through Telecommunication networks (Telcos) any other means. 14.6% of Non-Life companies sell their products through Brokers,4.9% sell through Bancassurance and 2.5% of them sell through other corporate agents.



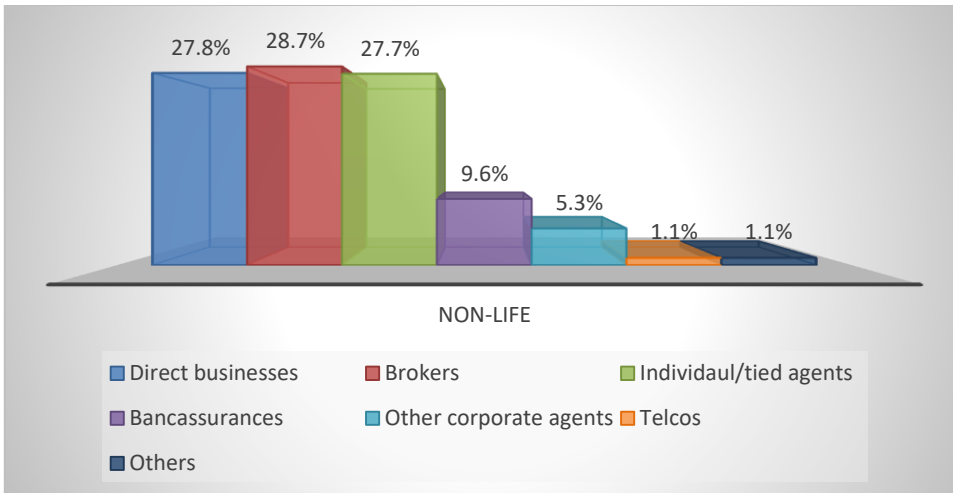
**Figure 28:**Mode of selling insurance products in rural areas (Broking Firms)

About 36.1% of Broking Firms (which is the highest percentage) sell their products through this medium. Broking Firms employ other Broking Firms to help them sell their insurance products in rural areas, this is just about 25.1% of them who do that. 25.1% of Broking Firms (Brokers) also sell their products individual agents. with percentages 2.86% sell their products through Telecommunication networks (Telcos) and other corporate agents. None of the Broking Firms (Brokers) sell their insurance products through Bancassurance.



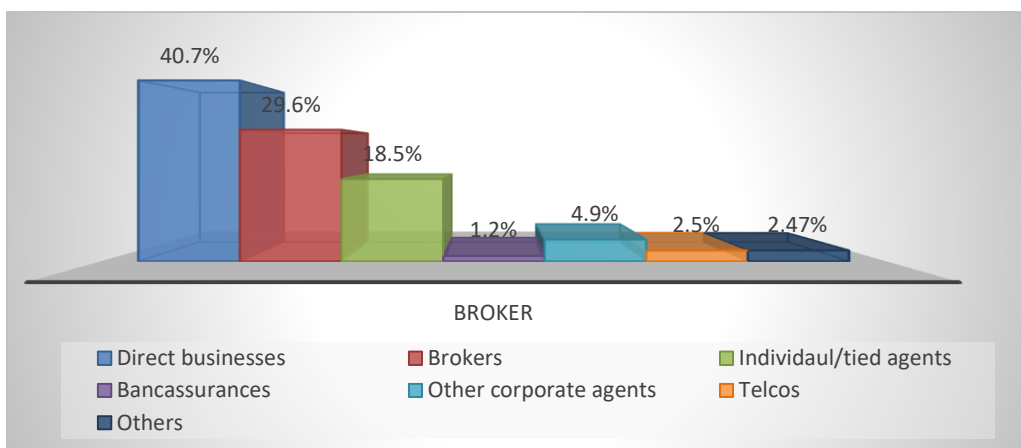
**Figure 29:**Mode of selling insurance products in urban areas(Life companies)

In urban areas, Life companies mostly sell their insurance products using Individual /Tied Agents, 2 group of Life companies with percentages 21.4% sell their products through Broking Firms (Brokers) and Direct Businesses. 20.20% sell their products through Bancassurance, 7.1%% sell through Other corporate agents and 2 groups of life companies with percentages 1.40% each sell their products through Telecommunication Networks(Telcos) and other means such as (Business to Business).



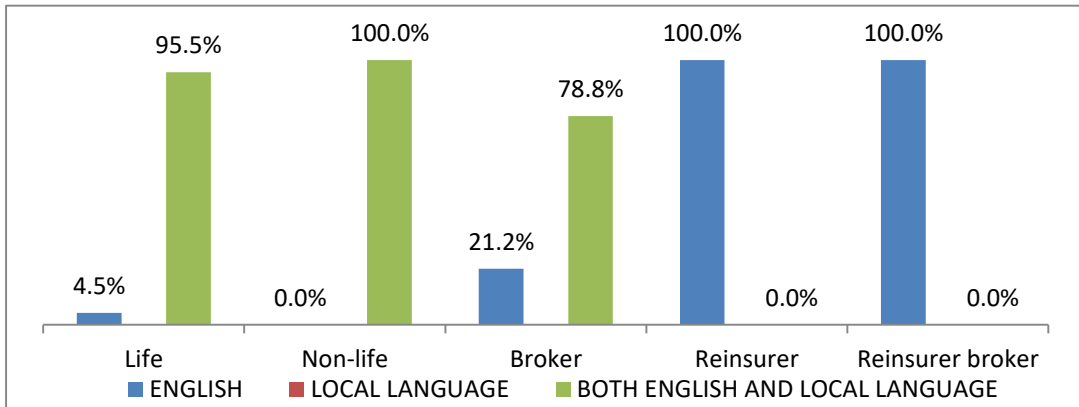
**Figure 30:**Mode of selling insurance products in urban areas(Non-Life companies)

In urban areas, 28.7% of Non-Life companies sell their insurance products through Broking Firms (Brokers), 2 groups of Non-Life companies with percentages 27.8% and 27.7% sell their products through Direct Businesses and Individual/Tied Agents respectively. 9.6% of them sell their products through Bancassurance, 5.3% sell their insurance products through other corporate Agents and 2 groups of Non-Life companies with percentages 1.1% also sell their insurance products using Telecommunication Networks(Telcos) and other means like the LEAD.



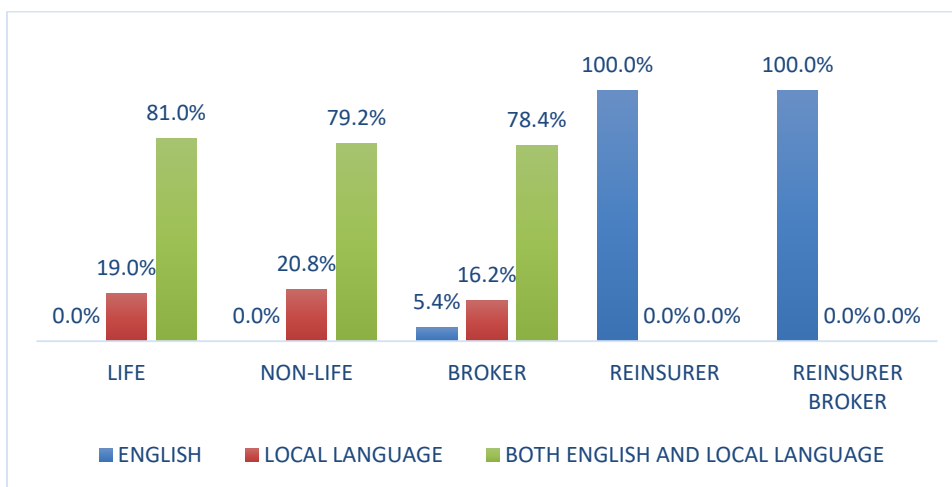
**Figure 31:**Mode of selling insurance products in urban areas(Broking firm)

With Broking firms(Brokers) about 40.7% of them sell insurance products through Direct Businesses, 29.6% of them sell through other Broking Firms (Brokers), 18.5% sell through Individual/Tied Agents, 4.9% sell through other corporate agents, 2.5% of Broking Firms sell through Telecommunication Networks(Telcos), 2.47% sell through other means and just about 1.2% sell through Bancassurance.



**Figure 32:Language used in Selling Insurance**

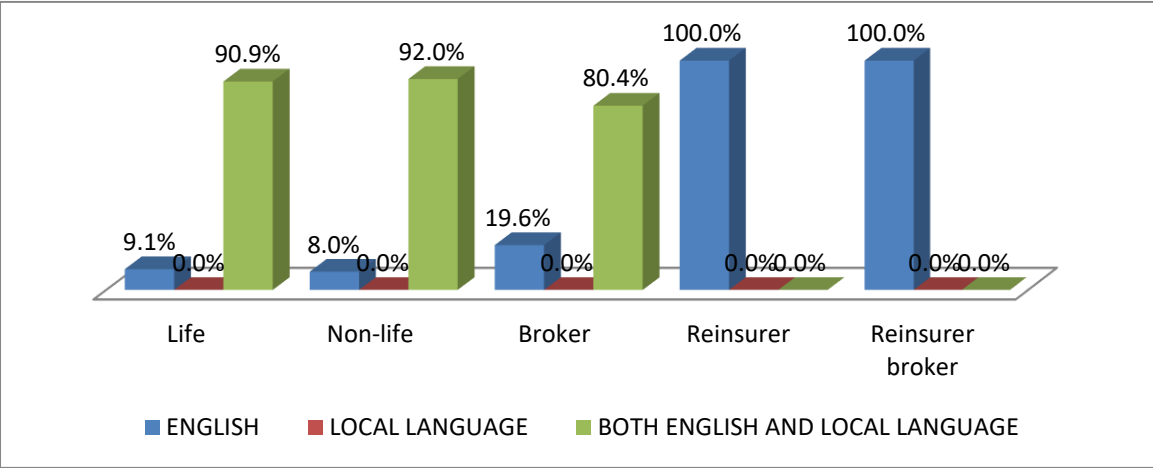
In general, Life companies, Non-Life companies and broking firms use both English language and local language in selling their insurance products taking both rural and urban areas into consideration. Reinsurers and Reinsurance brokers use only English in selling their insurance products.



**Figure 33:Language used in selling insurance in Rural Areas**

In Rural areas, although all Reinsurance companies use English in selling their insurance products, it is a very poor marketing strategy to increase the rate of insurance penetration,

communication is quite key in this exercise. Sellers must be able to communicate in a common language to customers. Take for instance a remote area in the central region where there are no schools, habitants won't be conversant with the English language. Reinsurance Brokers sell their product in rural areas using only English. Looking at Life Companies, Non-Life Companies and Broking firms, most of them use both English and any of the local language to sell their insurance product which is very vital and quite necessary. They hardly use only english Language to sell their insurance products in these areas.

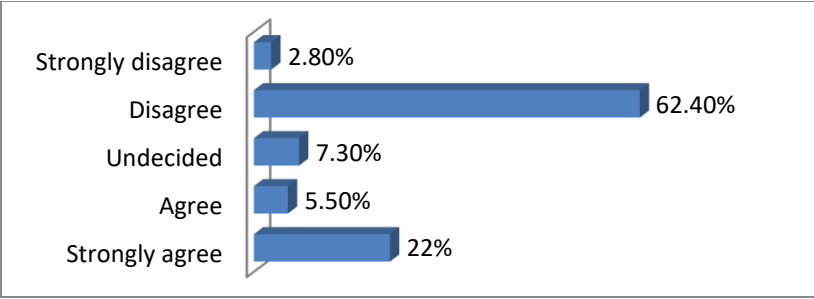


**Figure 34:**Language used in selling insurance in Urban areas

In urban areas, both Reinsurers and Reinsurer brokers use only English language to sell their insurance products. This is not surprising because in the urban areas such as Accra, English is a common language and majority of the habitants can understand English when is being communicated to them hence the reason why all the type of insurance companies don't use only local language to sell their products. For Life Companies, Non-Life Companies and Broking firms, they mostly use both English and any of the local language (Twi, Ga, Ewe) to sell their products. The few companies who sell their products in English doesn't even make up to 25% of the total number of companies for each. Only 9.1% of Life companies sell their products in English,8.0% of Non-Life companies and 19.6% of Broking firms.

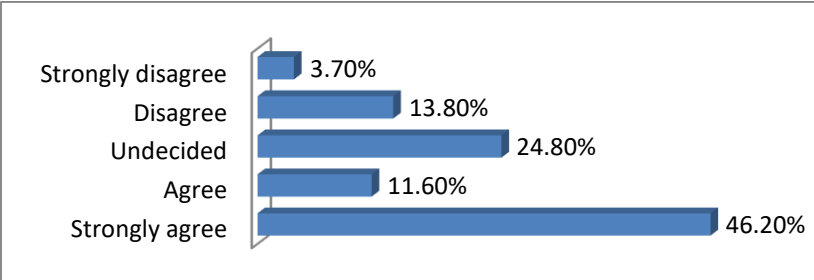
**3.2.3 Insurance Outlook**

This section of the research was to give the overall insurance outlook as perceived by players the industry. Insurance companies were asked to respond to statement made relating to the outlook of insurance in Ghana and were asked to express their level of agreement or disagreement to those statements.



**Figure 35:** Compared to previous years, insurance premiums are currently low

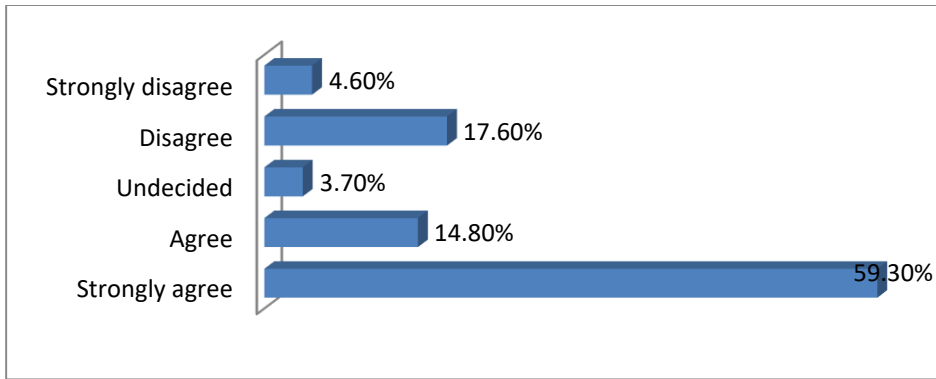
In figure 35 above, insurance companies were assessed on their thoughts about the state of insurance premiums currently, as compared to previous years; whether they were high or low premium rates. Majority of the insurance companies disagreed to the fact that the insurance premiums are currently low as compared to the previous years, with a percentage of 65.2% while 27.5% agreed to it and this indicates that more insurance companies agreed to the statement that there has been an increase in premium cost compared to previous years.



**Figure 36:** Over the next 12 months, insurance prices are likely to remain stable or increase

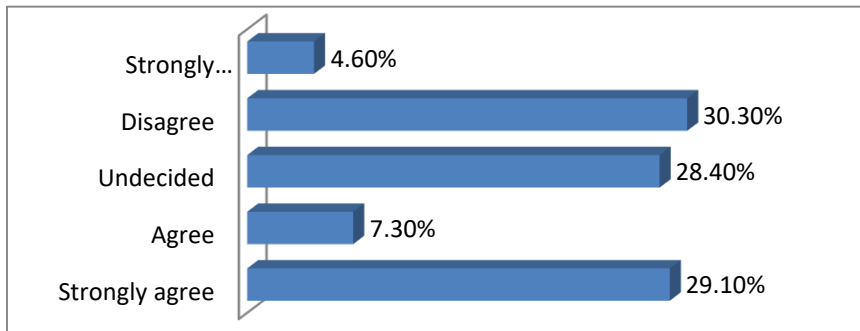
In figure 36, an assessment was made on whether the insurance prices were likely to remain stable or increase. Majority of insurance companies representing 57.8% agreed that in the next 12 months, there will be an increase in insurance prices. This response outnumbered the number of insurance companies who disagreed, with their percentage lagging behind at 17.5%. 24.8% were indecisive as to whether insurance prices would remain stable or increase.





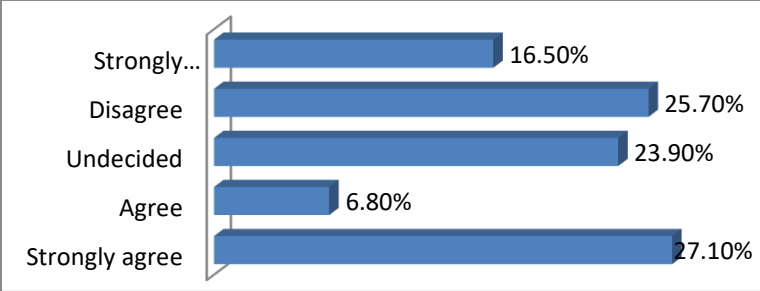
**Figure 37:** Insurance profitability is currently low

Figure 37 was based on perception of respondents about the profitability in the insurance business. This was done to confirm if the insurance profitability is currently low. From the above, 74.10% of insurance companies agreed that profitability in the insurance business is currently low. Out of the 74.10% that agreed, majority (59.3%) strongly agreed to the statement posed and this showed the intensity of low profitability in the insurance business. A contrary view was also shared by 22.2% of the respondents who disagreed that insurance profitability was currently low. 3.7% of the insurance companies were indecisive.



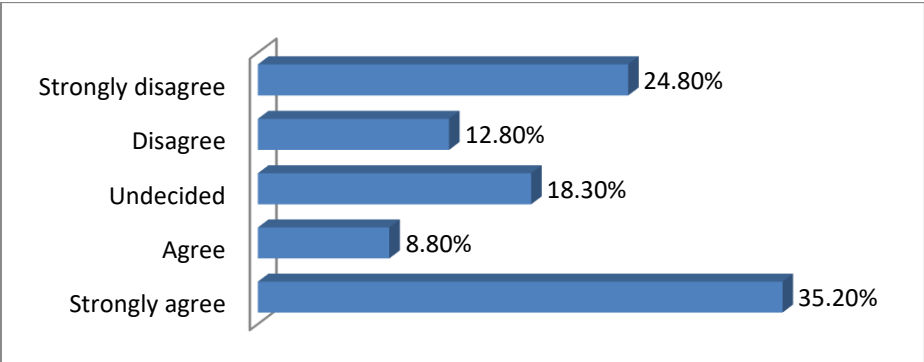
**Figure 38:** Over the next 12 months, insurance profitability is likely to remain stable or increase

Figure 38 explains if the profitability of insurance is likely to increase or remain stable over the next 12 months and 36.4% agreed there will be a positive change in profitability of insurance business whiles 28.40% were unable to tell if there will be any change and 34.9% disagreed to the fact that profit will increase nor remain the same over the next 12 months.



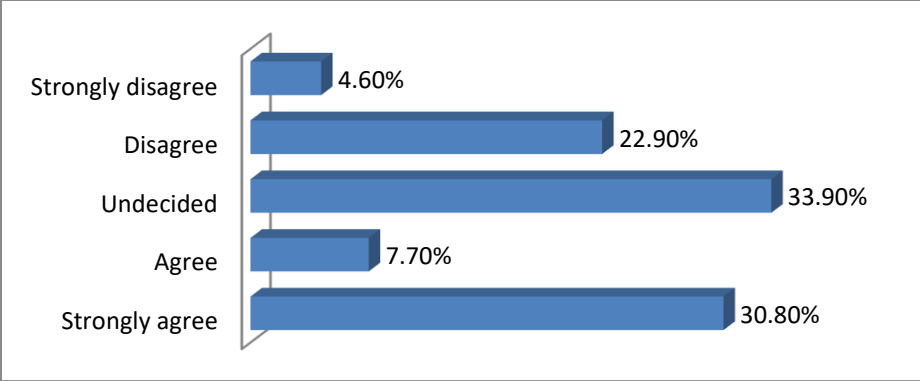
**Figure 39:** Over the next 12 months, my organization intends to increase the number of branches for selling insurance

Figure 39 assessed if insurance companies intend to increase the number of branches to sell insurance. This statement helped in finding out whether insurance companies had plans of opening more branches in different parts of the country or will maintain their existing branches. From the results obtained, majority (42%) disagreed, and asserted that in the next 12 months, there were no plans for their organization to increase the total number of branches. This was in contrast to 31.9% of them who were of the view that their organizations had plans to expand the number of branches in parts of the country.



**Figure 40:** Over the next 12 months, my organization intends to introduce new products to the Ghanaian insurance market

Figure 40 depicts the percentage of insurance companies who intend to introduce new insurance product to the Ghanaian market in the next 12 months. 44% of the total number of companies intend to introduce a new product to the market in the next 12 months, 18.30% are indecisive as to whether they will introduce a new product or not but 37.60% were sure they were not going to introduce a new product in the next 12 months.



**Figure 41:**Over the next 12 months, my organization will increase the number of staff

The above figure shows the number of companies who will increase their number of staff in the next 12 months, 33.90% were indecisive as to whether they will make this decision or not, but 38.50% were certain they will increase the number of their staff in the next 12 months and 27.50% were certain they were **not** going to increase the number of their staff.

### 3.2.4 Challenges in Insurance Marketing and Selling of insurance products

**Table 8:**Challenges in insurance marketing and selling

ID	Insurance outlook statement	Very adequate	Adequate	Undecided	Inadequate	Very Inadequate	Total
D1	State of insurance regulation	38.9	9.7	5.5	43.1	2.8	100.0
D2	Protection against natural catastrophe	14.6	3.7	14.7	61.5	5.5	100.0
D3	State of local technical skills	23.5	5.9	11.0	55.0	4.6	100.0
D4	Capital to develop more products and write additional businesses	19.1	4.8	8.3	62.3	5.5	100.0
D5	Level of insurance	5.1	1.3	0.9	89.0	3.7	100.0
		Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Total
D6	Culture of the people in buying insurance	60.2	15.0	7.3	11.0	6.4	100.0
D7	Poor regulation and laws	37.4	9.4	6.4	41.3	5.5	100.0
D8	The prevalence of low incomes in the country	63.1	15.8	2.8	14.7	3.7	100.0
D9	Poor intermediation in the insurance industry	44.0	11.0	9.2	29.4	6.4	100.0
D10	Negative perception about insurance in the country	74.2	18.5	0.9	2.8	3.7	100.0
	Lack of innovative products to meet the needs of customers	49.92	12.48	3.7	28.4	5.5	100.0
	Similar products on the Ghanaian insurance market	44.8	11.2	6.4	30.3	7.3	100.0

### 3.2.5 Supervisory Challenges

**Table 9:Supervisory challenges**

ID	Supervisory challenge statement	Very great extent	Great extent	Moderate extent	Low extent	Extremely low extent	Total
F1	There is inadequate maturity of the laws that governs insurance in Ghana	14.2	29.2	38.7	10.4	7.5	100.0
F2	Ghana has an outdated laws and regulations which do not spur growth in the insurance industry	9.4	31.1	26.4	28.3	4.7	100.0
F3	In Ghana, the independent and supervisory capabilities of the regulator has not been strengthened enough	28.7	20.4	24.1	17.6	9.3	100.0
F4	The comprehensiveness and effectiveness of regulatory processes in Ghana is inadequate and it inhibits penetration	21.7	23.6	24.5	20.8	9.4	100.0
F5	The insurance market of Ghana is generally not competitive which fails to spur penetration	14.8	14.8	27.8	25.0	17.6	100.0
F6	Insurance companies in Ghana are not well capitalized which lowers their ability to serve competently in the market	10.7	10.7	36.9	26.2	15.5	100.0
F7	The insurance sector is characterized by a shortage of skills particularly product	19.3	21.1	28.4	17.4	13.8	100.0

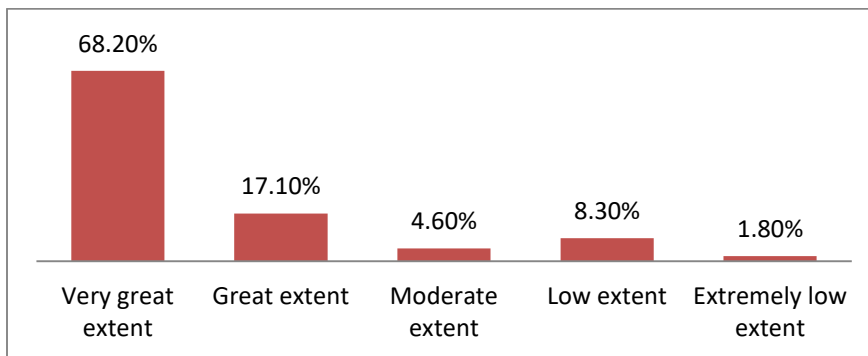
	development, underwriting and actuarial skills which hinders growth						
<b>F8</b>	There are few market led initiatives that seeks to develop the sector as a whole	30.6	23.1	31.5	13.9	0.9	100.0
<b>F9</b>	There are limited, if any, programs aimed at raising the profile of the insurance industry, and attracting graduates and other professionals	22.2	29.6	22.2	16.7	9.3	100.0
<b>F10</b>	The insurance industry is poor on raising awareness level in the insuring public	37.6	33.9	16.5	8.3	3.7	100.0
<b>F11</b>	The products offered in the market are not well situated to the local market and thus leads to low demand	15.7	14.8	31.5	21.3	16.7	100.0
<b>F12</b>	Insurance in Ghana is not meant for the poor, but to the rich and the middle income earners	23.1	21.3	24.1	15.7	15.7	100.0
<b>F13</b>	Innovation and product development is poor among Ghanaian insurers	26.2	37.4	24.3	1.3	1.9	100.0
<b>F14</b>	The poverty levels in the country is high thus leading to low demand for insurance	48.6	28.4	11.9	8.3	2.8	100.0

### 3.2.6 Marketing Strategy

**Table 10:**Marketing strategy for insurance in Ghana

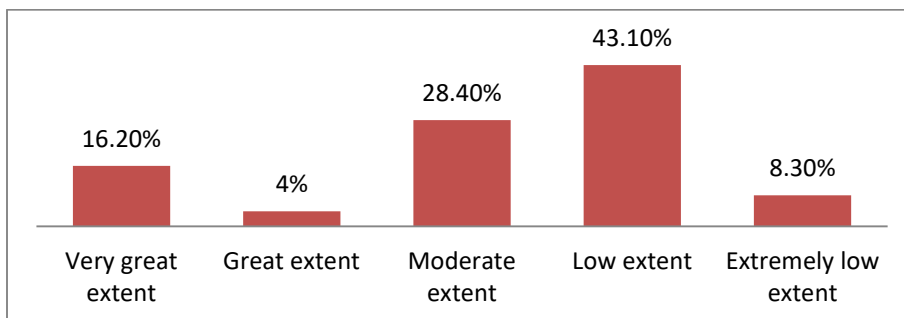
ID	Marketing strategy statement	Very effective	Effective	Not sure	Ineffective	Very ineffective	Total
G1	Product innovation	59.4	14.9	7.3	17.4	0.9	100.0
G2	Vigorous marketing to the youth and low income earners	47.7	11.9	14.7	23.9	1.8	100.0
G3	Price modeling	41.1	10.3	15.6	26.6	6.4	100.0
G4	Flexible payment plans	62.4	15.6	5.5	12.8	3.7	100.0
G5	Making some insurance compulsory	58.3	14.6	4.7	17.8	4.7	100.0
G6	Insurance as a subject in basic and secondary schools	53.6	13.4	11.0	16.5	5.5	100.0
G7	Use of digital marketing to target online users	51.4	12.8	8.3	25.7	1.8	100.0
G8	Product differentiation	58.0	14.5	8.3	25.7	1.8	100.0
G9	Engaging in corporate social responsibility activities	39.6	9.9	20.2	28.4	1.8	100.0

### 3.2.7 Industry Condition



**Figure 42:**Investment in sales force

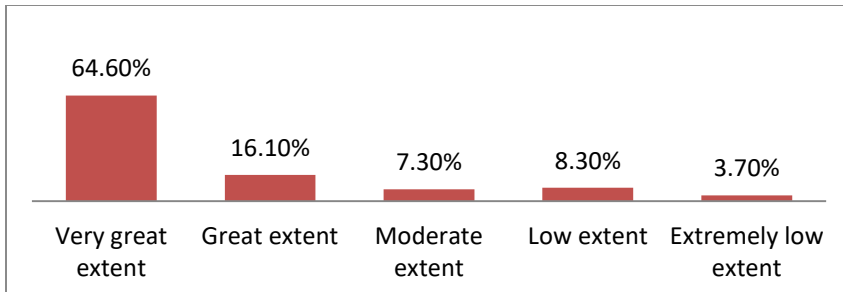
Figure 42 shows us that 68.2% believe that, to a very great extent, the improvement in investment in the sales force will contribute significantly to insurance marketing and selling to the general public. We can believe this statement since more than half of the insurance companies attested to this. In general, 85.3% agreed that investment in sales force will significantly increase insurance marketing.



**Figure 43:**Expenditure on charity activities in the society

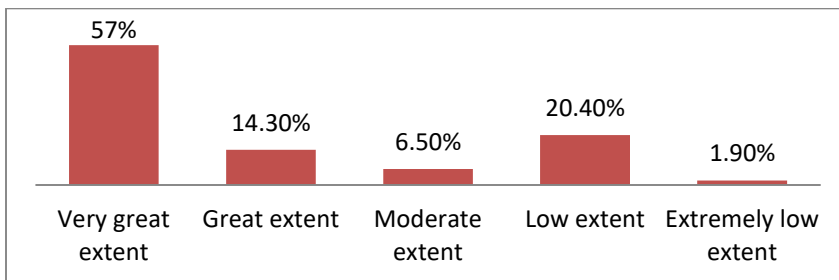
Figure 43 sought to find out whether improvement in the expenditure on charity activities in the society will contribute significantly to insurance marketing and selling in Ghana. Majority of the respondents representing 51.4% were of the view that, expenditure on charity activities does not have ability of increasing insurance marketing. This was in contrast to 20.2% who agreed that, to a large extent, investment in corporate social responsibilities could be used as a strategic tool for enhancing insurance marketing and selling.





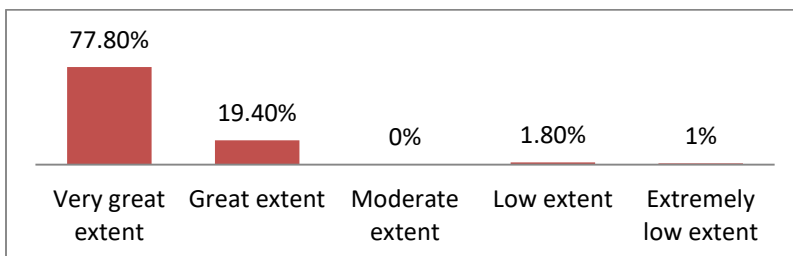
**Figure 44:** Maintenance of higher quality standards for reputation purposes

From the above figure, majority of the respondents agreed that, to a very great extent the maintenance of higher quality standards for reputational purpose has the ability of enhancing insurance marketing and selling.



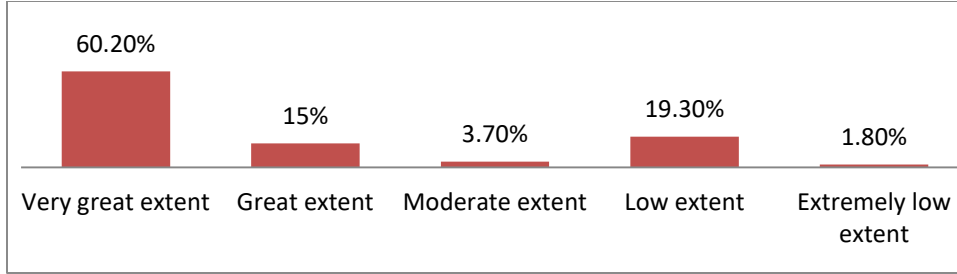
**Figure 45:** Budgetary allocation for sales and marketing department

71.3% of insurance companies say that, the extent to which the improvement in the budgetary allocation for sales and marketing department contributes to insurance marketing and selling to the general public is very great.



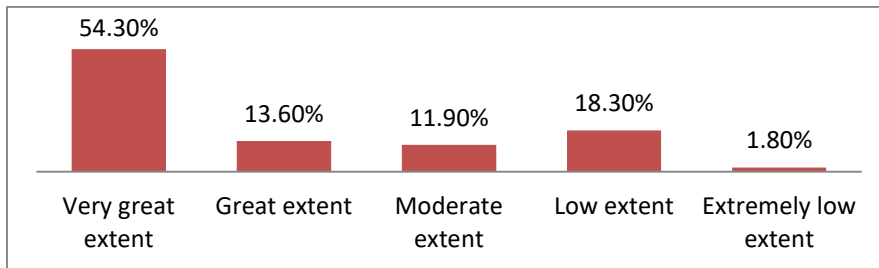
**Figure 46:** Reputation for quick claims settlement

97.2% of the insurance companies agreed that the improvement in the reputation of quick claims settlement will extremely contribute to insurance marketing and selling to the general public.



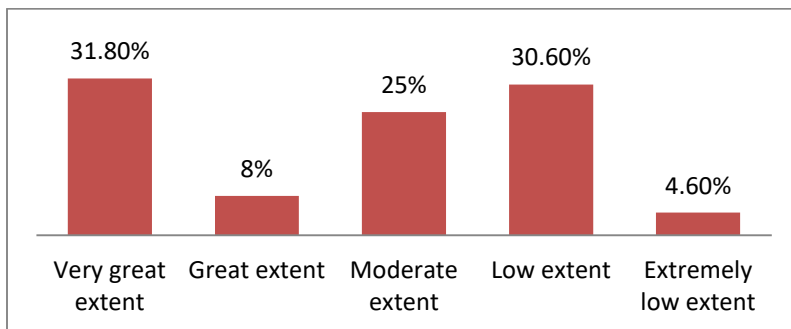
**Figure 47:** Use the media as a marketing tool

Majority of the insurance companies, with a total percentage of 75.20% were positive that the use of the media as a marketing tool will immensely contribute significantly to insurance marketing and selling to the general public.



**Figure 48:** Online selling

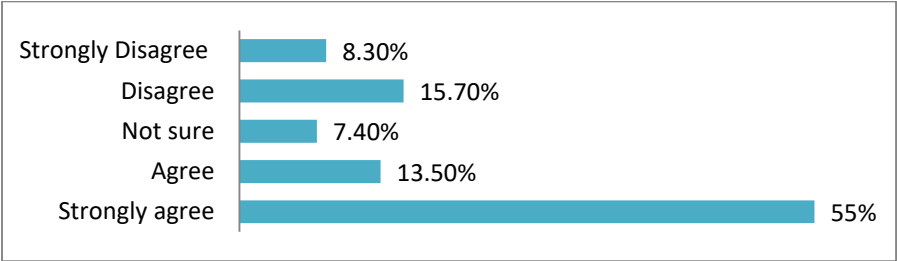
20.1% of the insurance companies opposed to the idea that online selling will contribute positively to insurance marketing and selling whilst an overwhelming number of the companies, with a percentage of 67.9% totally agreed to the idea.



**Figure 49:** Syndication of insurance to handle bigger risks

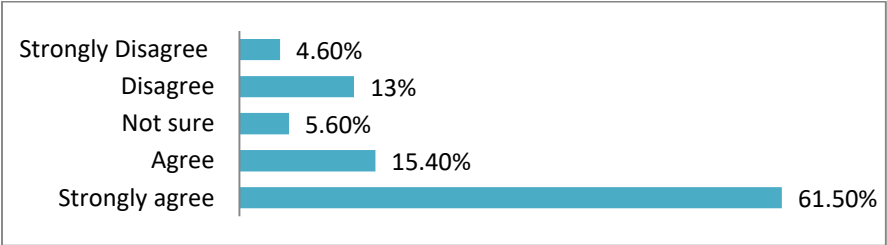
The gap between the companies that agreed and disagreed to the improvement of the syndication of insurance to handle bigger risks as a measure to contribute to insurance selling and marketing was awfully close; with percentages of 39.8% and 35.2% respectively. However, the companies that agreed were more than those that disagreed.

### 3.2.8 Insurance Sustainability



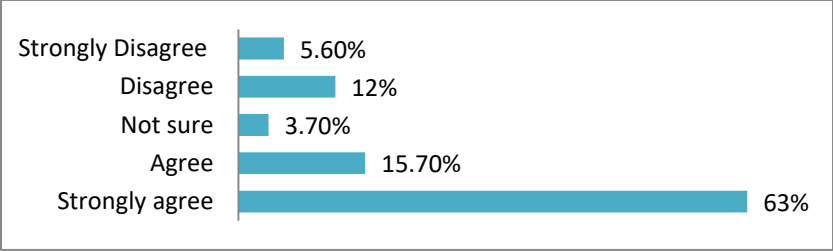
**Figure 50:**Rate of return on insurance product to other investment is low

68.5% of insurance companies in Ghana agreed that, the rate of return on insurance products to other investments is low. In turn, it means that there could be preference for other investment with higher rate of return than investment in insurance.



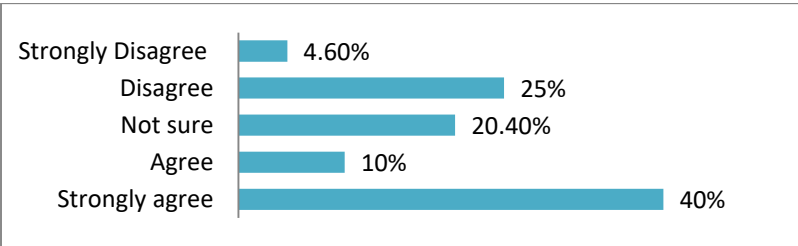
**Figure 51:** There is low levels of market research in the insurance industry

From the survey results, it was revealed that, 76.9% of insurance companies in Ghana agreed that the level of market research in the insurance industry was low calling for more market research to understand the market and bring out challenges to be addressed.



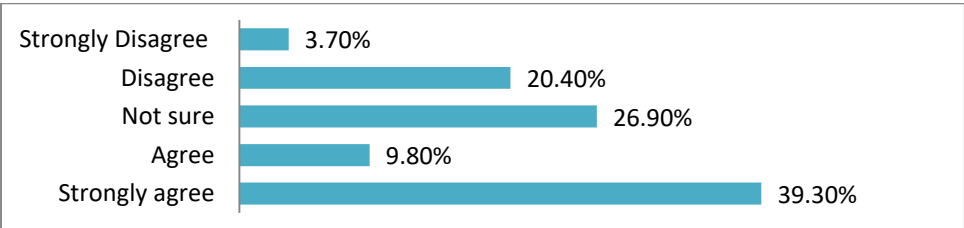
**Figure 52:** There is the existence of premium undercutting

Most of the companies, at a percentage of 78.7%, agreed that, currently the insurance industry is facing the issue of premium undercutting and this is inimical to the sustainability of the insurance business. Most insurance companies made it clear that quite a number of their fellow insurance companies understate their premiums. This makes it difficult for some of the insurance companies to sell their products because their prices will now be termed expensive since there has been undercutting in some insurance companies.



**Figure 53:** There is increasing levels of direct sabotage, industrial espionage and poaching of customers by competitors

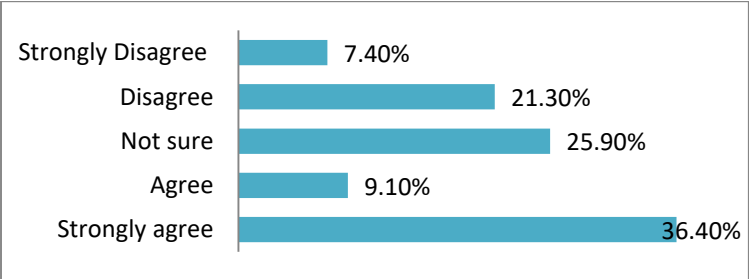
Exactly half of the insurance companies in Ghana say that increasing levels of direct sabotage, industrial espionage and poaching of customers by competitors will contribute significantly to insurance sustainability.



**Figure 54:** There is frequent occurrence of fraud in the insurance industry

Issues of fraud is an important indicator of insurance business sustainability in Ghana. Most insurance companies stated that issues of fraud are on the rise in the insurance industry. This has contributed to the unfavorable perception most Ghanaians have about insurance

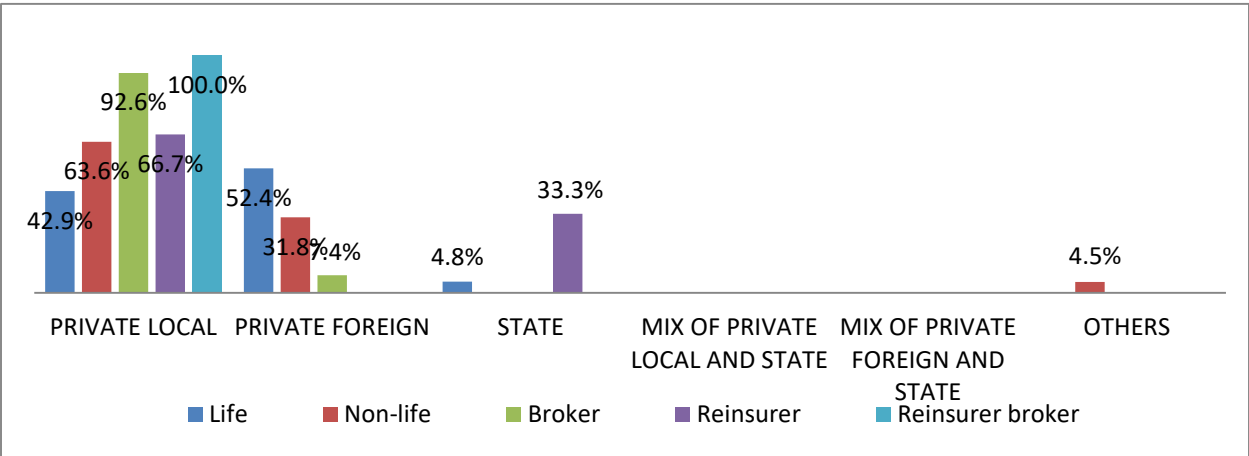
The survey revealed that 49.1 of insurance companies agreed that there is frequent occurrence in fraud in the industry and to a large extent impact on the sustainability of insurance in the country but 24.1% disputed to this fact. They were of the view that, fraud in the industry cannot have significant impact on the insurance business sustainability.



**Figure 55:** There is unfavorable competition between local and foreign insurance companies

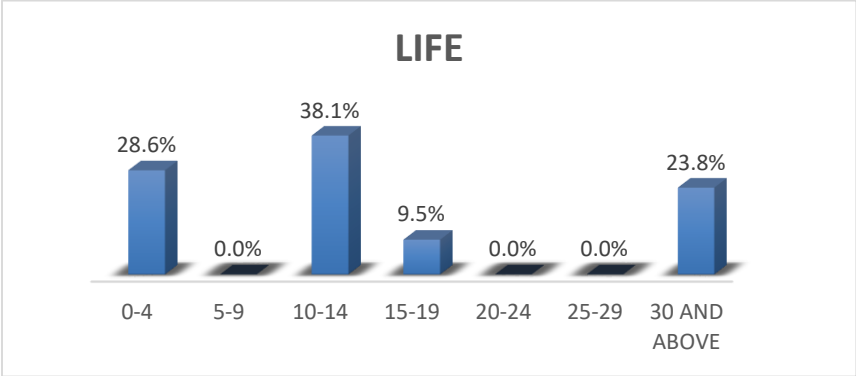
45.5% of insurance companies believe that unfavorable competition between local and foreign insurance companies affect the sustainability of insurance especially to local firms with inadequate capital to take on bigger risks.

**3.2.9 Organizational Information**



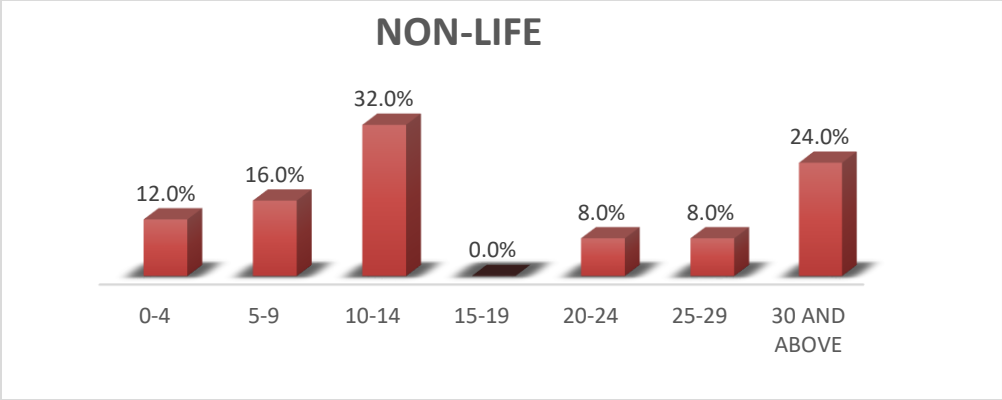
**Figure 56:** Ownership structure of Insurance Companies

All Reinsurance broking firms (reinsurer brokers) have a private local structure and 92.6% of Broking firms (brokers) have a private local structure. 66.7% of Reinsurance companies (reinsurers) ,63.6% of Non-life companies and 42.9% of Life companies all have private local structures. With private foreign structures, about 52.4% of Life companies have this as their ownership structure. 31.8% of non-life companies and 7.4% of broking firms(brokers) also have private foreign structures. Only 33.3% of Reinsurance companies (reinsurers) have state ownership structures and none of the other type of insurance companies have this type of ownership structure. No insurance company has a mix of private local and state ownership structure and a mix of private foreign and state ownership structure. 4.5% of non-life companies have other ownership structures.



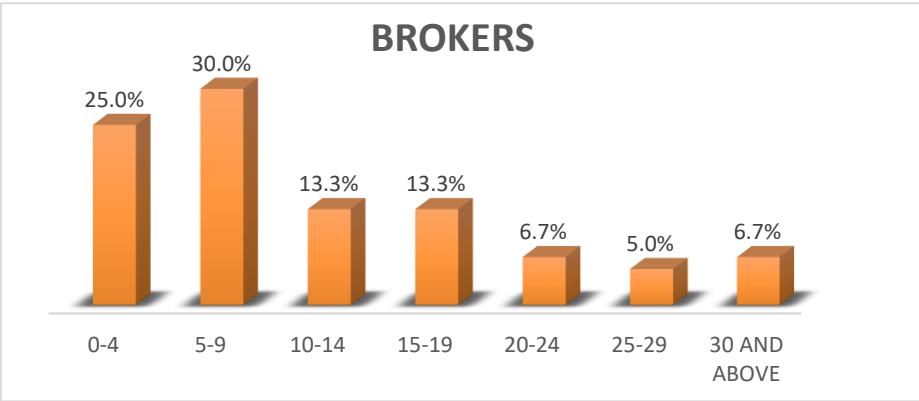
**Figure 57:**How long has your organization been in existence

Most of the Life companies have been in existence for about 10-14 years. 28.6% of life companies have been in existence for about 4 years, 23.8% have been in existence for about 30 years and above.



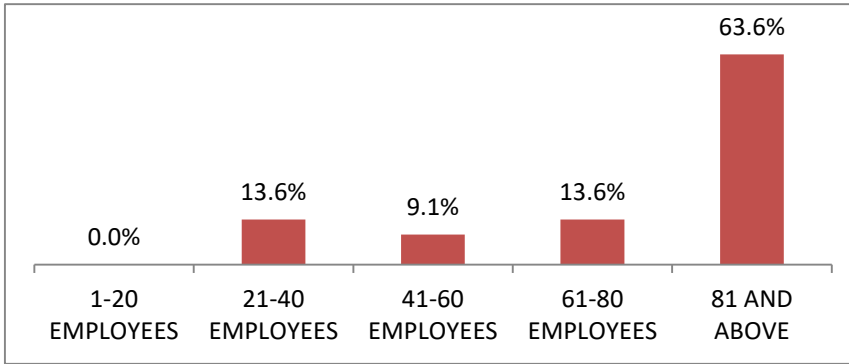
**Figure 58:**How long has your organization been in existence

Most of the Non-Life companies have been in existence for about 10-14 years.24% of Non-Life companies have been in existence for about 30 years and above, 12% of them for about 4 years, 16% for about 5-9 years and 2 different groups of 8%have been in existence for about 20-24 years and 25-29 years



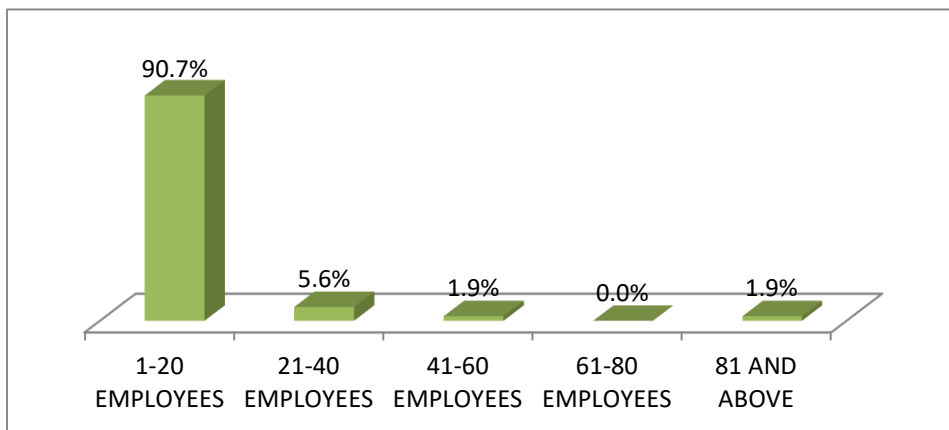
**Figure 59:** How long has your organization been in existence

Most of the Broking companies have been in existence for about 5-9 years and 25% of Broking firms have been in existence for about 4 years, 13.3% have been in existence for about 10-14 years, another 13.3% have been in existence for about 15-19 years, 6.7% have been in existence for about 20-24 years, likewise another 6.7% have been in existence for about 30 years and above and just about 5% have been in existence for about 25-29 years.



**Figure 60:** Staff strength of Life Companies

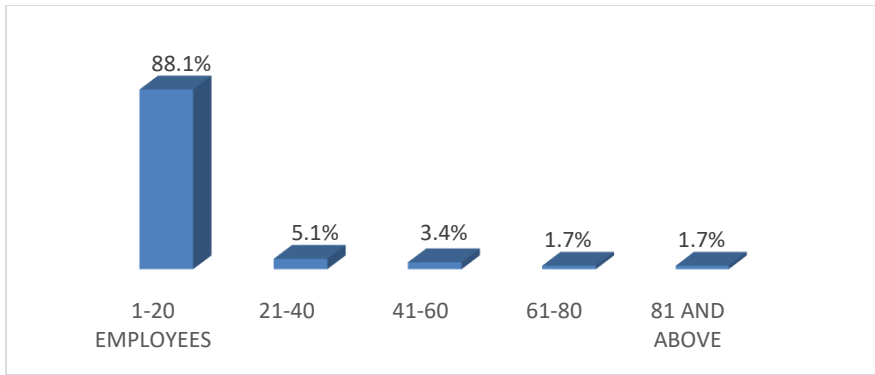
Most life companies have about 81 and above employees in their organization. Just a few of them that is about 9.1% have 41- 60 employees. No Life company has about 1-20 employees but instead 2 different groups with percentages 13.6% each have 21-40 employees and 61-80 employees.



**Figure 61:** Staff strength for Non-Life companies

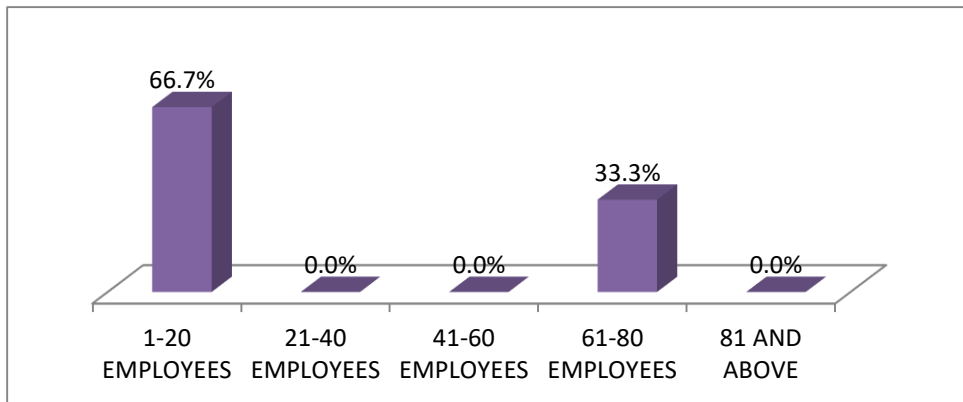
About 90.7% of Non-Life companies have about 1-20 employees in their organizations which seems to be the result of most non-life companies. 5.6% have about 21-40 employees in their organization. 1.9% of them have about 1-20 employees and the same percentage of Non-Life companies have 81 and above employees.





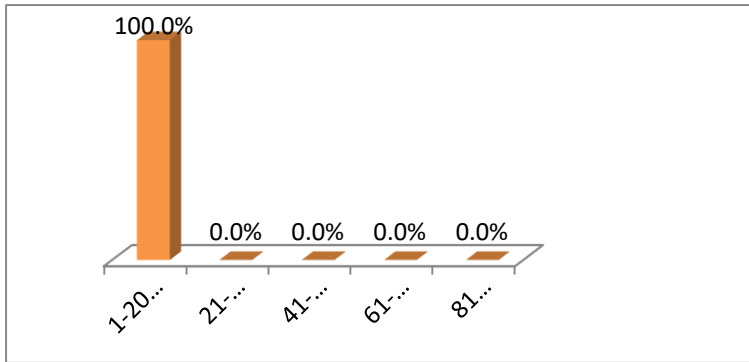
**Figure 62:** Staff strength for Broking firms

About 88.1% of most broking firms have about 1-20 employees in their organization. 5.1% of broking firms have about 21-40 employees, 3.4% have about 41-60 employees and 2 groups of 1.7% have 61-80 employees and 81 and above employees.



**Figure 63:** Staff strength for Reinsurance Companies

Reinsurers mostly have about 1-20 employees. None of the reinsurance companies have about 21-40 employees, 41-60 employees and 81 and above employees but instead about 33.3% of them have 61-80 employees.



**Figure 64:** Staff strength for Reinsurance Brokers

All reinsurance brokers have about 1-20 employees in their organization.

## SECTION 4.0: RECOMMENDATIONS

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Based on the results presented, the following recommendations were deduced:

- Life companies focus on promoting whole life insurance to individuals by engaging in rigorous education.
- To enhance insurance penetration, the insurance industry has to come up with effective and efficient marketing strategies. To come up with this, more investment has to be done in the sales and marketing sector of each company, hence not quite surprising most insurance companies attested to the fact that when the budgetary allocation for the sales and marketing department is improved, it will contribute immensely to the marketing and selling of insurance products.
- The research recommends that market research must be improved. Market niche is a good marketing strategy, because with that, the market is well surveyed and makes it easy to know the type of products going to sell in such areas and which people to sell it to.
- There is the need for greater investment in agents/ salesforce in marketing and selling to people in the rural areas. Since use of phones has become very common, insurance agencies should consider collaborating more with telecommunication providers to sell insurance to the wider population. The products should be tailored to meet the needs of the ordinary person.
- The traditional marketing avenues should be relooked at. Firms should focus on the use of the media as a major way of educating the public, both mass media and social media.
- In order to enhance the uptake of insurance, rigorous supervision must be conducted and strict rules established in order to check and reduce the issues of fraud in the country.
- The research further recommends that insurance companies should do more by entering into rural areas and not focusing on competing in the urban areas for customers. There are greater potentials in the rural areas if they understand insurance and recognize the benefits that comes with it.
- Insurance language should be simplified in the local language for people to understand policies sold to them and the terms and conditions which comes with it. There should be emphasis on the local languages when marketing and selling insurance products especially to the informal sector.
- Use of bancassurance and online platforms should be regularly utilized in promoting insurance products.

- Public perception of insurance is improving, the image of the insurance industry to the ordinary Ghanaian is not very favorable. So most insurance companies agree that maintaining a high quality standard for reputation purposes will really improve the marketing and selling of insurance products and this will enhance insurance penetration