UNIVERSITY OF CAPE COAST

DETERMINANTS OF DEMAND FOR HOMEOWNERS INSURANCE

POLICY IN THE HO MUNICIPALITY IN GHANA

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Data Management and Analysis.

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: .... Date: ....

Name: FORGIVE KWAME ADZRAKU

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: .... Date: ....

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ABSTRACT

The most regrettable feeling by homeowners is to lose their shelter together with its contents to perils such as fire, flood and burglary. Despite this uncertainty, home insurance penetration in the insurance market to indemnify those affected has persistently been poor. In Ghana, even though the demand and purchase of insurance policy have seen considerable attention through new Insurance Act, 2021 (Act 1061) together with targeted public education to improve awareness and confidence, within the insurance industry, there exist only 24 life insurance companies, 29 non-life companies and 7000 insurance agents, recording an extremely low percentage of insurance penetration. This study explores the determinants of demand for homeowners' insurance policy in the Ho municipality as it seeks to establish socio-demographic and economic factors resulting from risks associated with owning a home. Through descriptive survey, research questionnaires were administered to a sample population of 400 respondents who were homeowners in the Ho municipality. A binary logit model, which is a regression model was used to estimate the mode. Confirming the results, the determinants of demand were identified as level of premium and savings, market rate of interest and the age of a homeowner. The findings unravelled notable reasons for low home insurance patronage by the general public. It is anticipated that the outcomes will address the shortcomings by relevant stakeholders in the industry.

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DEDICATION

This work is dedicated to my family

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HIP	Home insurance policy
NIC	National Insurance Commission
USA	United States of America
PHC	Population and Housing Census

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CHAPTER ONE

INTRODUCTION

Introduction

This chapter covers topics such as the background of the study, a statement of problem, study objectives and questions, as well as the significance of the study. In addition, it explains the scope of the study, the limitations that were placed on it, the terminology that were used, and, ultimately, the organization of the study.

Background of the Study

Housing is a critical unit of human settlement, and it is frequently the most significant investment, if not the most remarkable achievement, in a man's life. The United Nation's Welfare Right, among other things, emphasized an adequate standard of living (in such matters as housing) for all people (Martin, 2018). The Sustainable Development Goals (SDGs) of the United Nations, particularly SDG 11 "Sustainable cities and communities," place a high priority on housing (United Nations, 2015; Smets & Van Lindert, 2016), simply because it has a close connection to several other SDGs, such as SDG 13 on climate change and SDGs 1 and 3 on good health and wellbeing.

In view of this, Abraham Maslow's hierarchy of needs specified housing as a man's fundamental need. Before a person can proceed on to the realization of their other needs, such as security, belongingness, dignity, and self-actualization, this primary requirement must first be met (Yass, 2020). Since the beginning of man's existence, risks-caused by perils - of losing shelters have been inevitable. These perils, usually, fire, flood and burglary manifest - from the birth of an individual through work life, pension and even at death - when

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they are least expected. Despite the above assertion, all over the world, there still remain inadequate programmes and policies to restore the fulfilment of this very need in case of destruction of shelter by perils. Bennett, et. al., (2015) argues that, in Africa the lack of access to shelter is heightened by abject poverty even though homeownership is regarded as primal human requirements.

According to Antwi-Boasiako (2017), Africans over dependence on the supernatural to prevent such disasters from happening, makes them ill prepared and unwilling to prepare for hazards or put physical effort in risk reduction. In the Ghanaian setting, when people are born, they depend financially on the family, grow to a certain age and start to fend for themselves. At old age, support is expected from their children or younger family members from the external family. According to Wireko (2016), the family is the most important emphasis in addition to providing assistance for elderly members who are at risk of experiencing socioeconomic disadvantage, incapacity, and social exclusion as a result of their condition. In our current dispensation where financial support from extended family members and friends is almost non-existent, insurance then provides the needed buffer when disaster strikes.

In the past, there existed informal systems where a society or neighbours informally agree to support each other financially when disaster strikes (LaLone, 2012). With this informal arrangement, each members' economic risk was shared. To say the least, in the event where a members' home got burnt, there was a communal response to mitigate the financial effect on that particular individual. But with modernization and its attendant spate of urbanization, ones' neighbour is perceived as a stranger with whom there are no shared interests (Zwirner et. al., 2020). Thus, whenever people are met with a

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situation that threatens their personal economic reversals, communal or cooperative support is not expected. With the absence of home insurance policy, one is often forced either to sell assets or to deplete savings, if any, to repair damages, rebuild completely destroyed structure or even rent a home while the destroyed one is being rehabilitated (Kousky et. al., 2021). In the past, family members used to play an extremely important role during such instances. But in today's world, the financial burden associated with these risks are borne solely by the affected individuals.

In McGuire & Van Kleef's (2018) view, insurance is a risk sharing arrangement. In the process of risk sharing, the premiums and liabilities of each individual member of the group of policyholders are distributed among the group primarily based on a formula that has been defined in advance (Ibegbulem, 2021). In this case, home insurance is a sure bet to provide ones' self with economic security. In the event that a person decides to buy a homeowners insurance plan, that individual transfers the risk of sustaining a financial damage to an insurance company for a predetermined and agreed-upon payment known as a premium. Insurance is something that is purchased, not sold (Ajemunigbohun & Oreshile, 2019).

In this regard, home insurance policy serves owners of an insured property, a form of financial buffer when disaster strikes. According to the most recent findings of the National Insurance Commission's (NIC) annual survey, the percentage of Ghanaians who have insurance coverage is less than 2%. (NIC, 2020). Even that, the NIC maintains it is targeting a penetration rate of 10% by the end of 2021 of which latest finding has shown a shortfall in that projection. The reality, therefore, is that the populace does not subscribe to any

form of financial buffer to cushion them in times of economic distress (Bag, 2022). The entire insurance saturation, which includes healthcare coverage and retirement as elements of the insurance industry, stood at about 3 percent. Given this trend, as the health insurance and pensions has been taken out, the percentage penetration has then been reduced to 1% (NIC, 2020). Hence, this research seeks to analyse the determinant of demand for homeowners' insurance policy in Ghana, with the Ho municipality in perspective.

Statement of the Problem

Significantly, past researches have confirmed the indicators of demand for insurance in general (Robinson et. al., 2019; Ndurukia et. al., 2017; Fofie, 2016; Esho, 2004), but not much was done on home insurance products (HIPs). Paramount to these past studies was Chitiyo's (2017) study on the levels of income, inflation and interest rates as major determinants to the demand for insurance policies. Although the introduction of the new Insurance Act, 2021 (Act 1061) in Ghana has drawn significant attention to the demand for and purchase of insurance policies, low public patronage, particularly for home insurance policies, still exists due to the long-held beliefs that insurance is for the rich and risk-takers as well as home owners' overreliance on the supernatural to prevent natural and man-made disaster from occurring. Thus, in order to have deeper understanding of these causal factors, the researcher intends to investigate the factors that influence the demand for home insurance policy, with a specific focus on the home insurance policy market in the Ho Municipality of Ghana.

Research Objectives

The overarching purpose of this research project is to determine the factors that influence the demand for homeowner's insurance policies in the Ho municipality. However, the specific objectives of the study are to:

1. identify the type of homeowners insurance policy being patronized by the people in the Ho Municipality.

2. ascertain the determinants of demand for homeowners' insurance policy in the Ho Municipality.

3. find out the challenges and perceptions that homeowners have about the homeowner's insurance policy in the Ho Municipality.

Research Questions

The following are some of the questions that the study aims to answer:

1. What type of homeowners insurance policy is being patronized by the people in the Ho Municipality?

2. What are the determinants of demand for homeowners' insurance policy in the Ho Municipality?

3. What are the challenges and perceptions that homeowners have about the homeowner's insurance policy in the Ho Municipality?

Significance of the Study

This study is of great importance to the following stakeholders: legislators in the government, the insurance regulator (NIC), insurance companies and their respective agencies and agents, researchers, the insured as well as the general public.

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a. Government as a policy maker:

The findings of this research will expose reasons why the general populace refuses to purchase any home insurance policy (HIP). This aids the government in formulating policies in addressing such hindrances leading to an increase in demand where larger market produces an increase in the gross domestic product (GDP) of the state being contributed by insurance.

b. NIC as a regulator:

A better understanding of the determinants of demand for home insurance will aid regulators in the formulation of more proactive and feasible policies. These policies will aid in addressing challenges faced by the insured as well as addressing perceptions the general public has about insurance. Critical issues relating to demand for home insurance will then be addressed, thereby designing a strategy for education of the general public as to what insurance is and the need to purchase and, increase the demand for HIPs. These policies then aid in increasing the reach of home insurance to a larger market.

c. Insurance companies, brokers, and their respective agents:

Findings from this research will enable insurance companies to better appreciate the determinants of demand for home insurance in order to understand the rationale behind clients' refusal to purchase the home insurance policy. To say the least, it will be a guiding principle for the insurance company in designing new policies and redesigning old policies to increase demand. In terms of marketing, it will support insurance company's quest in using strategic marketing to make its policies target and

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attract the right people, thereby saving itself from making unprofitable expenses.

d. The general public:

The study will help to educate the general public on how insurance can provide a financial buffer of being protected from risk associated with owning a home.

e. Researchers:

The purpose of the study is to make a contribution to the available literature in the domain of homeowner's insurance. This closes a vacuum in the research on the topic of homeowner's insurance by concentrating on Ghana, a country in which the topic has hardly been investigated at all. This will then allow for improvements to be made to the knowledge that is available, which will result in an increased interest in linking different fields of research.

The scope of the Study

Geographically, the study was restricted to homeowners in the Ho Municipality. The study focused on the determinants of demand, socio-demographic, economic, socio-cultural and structural/institutional factors for HIPs in Ghana. It also includes challenges and perceptions the general public have about the insurance industry.

Limitations of the Study

Literature available were basically on general insurance (non-life insurance) and not specifically on home insurance. Also, the inability to access the 2021 population and housing census data which is currently unpublished makes the researcher to use 2010 population and housing census data for the Ho

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municipality introducing a limitation in the calculation of the sample to use for the research. Simple random sampling was used which may lead to a false generalisation of results.

Definition of Terms

i.   **Building** - The main structure of the private dwelling at an address shown together with garages, sheds, greenhouses and other structures used for domestic purposes (Tranter & Booth, 2019).

ii. **Contents** - Personal things and household items of any kind, of any description, that either belong to or are the obligation of the insured or a member of the covered person's family who resides continuously with the insured person (Tranter & Booth, 2019).

iii. **Hazards** – These are contributing factors to a peril such as location, structure, poor wiring, dishonesty, negligence, carelessness and indifference (Brown & Gottlieb, 2007).

iv. **Insurance policy** – It is an agreement between the policyholder and the insurer stating clearly the terms and conditions under which one is covered and not covered (Stempel, 2009).

v.   **Peril** – It is an identifier of a cause of a risk, such as flood, fire, burglary, earthquake and collision (Banks, 2005).

vi. **Policyholder** –This is an individual who purchases an insurance policy and is protected by all risks detailed in the signed policy (Brown & Gottlieb, 2007).

vii. **Premium** - This is the cost that the insured is responsible for paying to the insurance provider in order to maintain their insurance coverage (Brown & Lennox, 2015).

viii.   **Risk** – It is a measure of possible variation of economic outcomes of which an example is financial loss (Brown & Lennox, 2015).

Organization of the Study

This study was structured as follows: chapter one presents the contextual background of the study as well as the problem statement. In addition to this, it explains the goals and research questions, the relevance of the findings, the scope of the study, limitations of the study, and the definitions of the terminology used, as well as the organization of the thesis. In the second chapter, a review of the prior relevant literature is presented. In the third chapter, we discuss the research design, as well as the population, population size, sample size, and methodology. In addition to that, it details the study instruments, the protocols for data collection, and the ethical considerations involved. In chapter four, the data are presented together with an analysis of data, and in chapter five, a summary of the research outcomes, along with conclusions, recommendations, and proposals for additional research, are discussed. Following that is a section on references, which provides exhaustive information on the published works that the researcher used as sources. Additionally, it displays websites from which references were taken.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

Previous research that is pertinent to the study is discussed in this chapter. The following topics are discussed throughout the chapter: the concept of insurance, the many forms of general insurance, theoretical predictions of the demand for home insurance, as well as empirical investigations on the factors that determine the demand for home insurance policies in Ghana.

Review of Theoretical Literature

The concept of insurance

To some extent, the concept of insurance may be understood as the risk transfer from a subscriber to an insurance provider. This allows the insurance company to aggregate the damages sustained by a large number of individuals in order to offer compensation for those who have experienced losses that are covered by the policy (Linnerooth-Bayer, et. al., 2019). According to the preceding, an insurance company must make investments with the accumulated premiums while it still possesses them, and these investments typically take the shape of interest. If they do not, the company runs the danger of losing the potential cost associated with the funds (Spaulding, 2022). In certain situations, the elements of an insurance program may include the pooling of losses, the reimbursement of fortuitous losses, the transfer of risk, and indemnity (Heo, 2020). In most cases, the insurance firm will recruit individuals who are interested in obtaining insurance cover and will organize themselves to run a pool. It covers the losses of the few people who meet the stipulated standards to receive benefits with the premiums that are collected from these individuals.

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Once the insurance premium has been paid, or in some situations, once the proposer has made a commitment to pay the premium, coverage will begin (Cousaert, et. al., 2021). There is a wide range of coverage options available on the market for insurance policies. Some insurance companies provide all-inclusive coverage, while others provide only a basic level of protection with supplemental add-ons that may be purchased separately.

According to Spaulding (2022), received insurance premium ought to be enough to meet the following needs: expected claims/benefits, contingency loading which reflects the possibility that the actual claims costs may exceed those anticipated, inflation (inflation will increase the final cost of future settlement), operational expenses (salaries, office costs, reinsurance, advertising and commissions) and Profits.

Across the globe, insurance policy subscription has seen a significant increase with an expanded number of stakeholders in both residential and worldwide business sector (Asongu & Odhiambo, 2021). This has led to a high potential interest for insurance sales, and also opened numerous entryways for both household and international insurers. For this reason, this study focuses on insurance industry in Ghana. As such, it attempts to analyse the drivers accounting for homeowners' demand of HIP in general. To do this, the study explores the various categories of insurance that is applicable to the industry.

Categories of Insurance

Life insurance, non-life insurance, and reinsurance are the three primary subfields that make up the field of insurance. (Asmussen & Steffensen, 2020). The insured (the client), the insurer (the insurance firm), and the regulator are generally considered to be the three primary

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stakeholders in the process of obtaining insurance (Government or independent authority).

Life insurance

The phrase "life insurance" refers to a contract between a policy holder and an insurer (Insurance Company) to pay an agreed amount of cash upon the death of a named individual (Deshmukh & Jadhao, 2018). Life Insurance is mainly grouped into three, namely; term, whole life and endowment life insurance (Wireko, 2016). In addition, the phrase form of life insurance provides an assurance of life for a predetermined amount of time in return for a premium payment. In the context of term insurance, key considerations include the "face amount," the "premium to be paid," and the "length of coverage." Because the whole life and endowment provisions are all still in effect until the policy is fully developed. A life savings plan, hospitalization insurance, accident indemnity, and burial and funeral expenditures plan are all additional expansions that can be added to a life insurance policy.

Non-life insurance

Non-life (General) also known as casualty and property insurance in the USA is the opposite of life insurance. This type of insurance covers physical damage to property and also loss of use of property that is actually damaged. Example of non-life Insurance policies: home insurance, auto insurance, fire and property insurance, marine aviation and other transport insurance among others (Masozera, 2018). Non-life policies protect one's loss as a result of fire, burglary and all consequential loss. Other types of non-life insurance include credit insurance and errors and omissions

insurance for professionals. Non-life insurance is sometimes known as property and casualty insurance.

Reinsurance

The sharing of risks is at the heart of reinsurance, which is a logical outgrowth of the core insurance notion (Deelstra & Plantin, 2014). That is, insurance bought by an insurance company from another insurance company (a reinsurance business). The insured person in this scenario is not aware of the agreement that exists between the insurer and the reinsurer. After signing a contract with the customer on the whole worth of the risk, the insurer is therefore obligated to settle with the customer in accordance with what was agreed upon. This indicates that an insurer will be required to pay all of the damages that result from the event and must then request that the reinsurance company pay its portion in accordance with the terms of the reinsurance agreement. This provides to the insurance company, security from the uncertainty of loss, capacity in exceeding singular financial limit to accept bigger businesses and finally, stability in order to avoid fluctuation in claim cost year after year.

Players, role and terms in insurance service industry:

Underwriter

The acquisition of insurance is accompanied by a procedure known as underwriting (Browne & Kamiya, 2012). An underwriter is a trained expert who has the capacity to comprehend the dangers that may be caused by the underwritten policy. This expertise is not only acquired via theoretical study, but through years of professional experience dealing with comparable risks and paying claims on such risks (Murphy, et. al., 2014). The underwriter is the person who decides whether or not the risk of the client requesting an insurance

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cover is feasible, as well as whether or not the client and the insurance business would both benefit from a practical insurance package. This position calls for someone who is strong in research and analysis, has excellent communication skills, is comfortable working with computers, and has experience in a related field.

An underwriter is responsible for performing an analysis of the company's financial data, compiling a report that details the company's financial gains, and using Excel models to create flowcharts and graphs (Palepu, et. al., 2020). After that, the underwriter offers their professional guidance based on the findings of the analysis. Before management takes any action about the insurance, they are given this document to review, which is then provided to them.

Claims

A claim is a demand made by a person or corporation, in accordance with the terms of an insurance policy, to recoup costs that was lost. When a customer submits a claim request, it is the duty of the claims team to assist the individual in compiling the claim paperwork in the appropriate manner (Mohammed, 2012). While this is happening, members of the claims team investigate the insurance policy, gather evidence, and conduct interviews with the claimants, their families, and any other relevant parties (Kibatu, 2021). In this respect, the assistance of investigators and loss appraisers is helpful in coming at an appropriate conclusion in making any suggestions for payout, particularly payment amount.

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Loss Adjuster

Loss adjusters are responsible for conducting investigations on complex claims on behalf of insurance companies and the policyholders (Onyebuchi, et.al., 2018). The loss adjuster investigates the claims made for property loss and determines whether or not the insurance policy was written correctly. Loss adjusters are responsible for looking through policies, searching for evidence to back up claims, and doing on-site inspections to establish whether or not a damaged property is entitled to financial compensation (Wai, 2019). They may work for themselves as independent contractors or for the insurance firm itself as employees.

Insurance Agent

A person or organisation that procures, negotiates, or incites insurance contracts on behalf of an insurer is known as an insurance agent. An insurance agent may be an independent contractor or an employee of the insurer (Sanobar, 2019). Insurance agents, as opposed to policyholders, are the legal representatives of insurers. As such, they have the authority to carry out specific actions on behalf of the insurers they serve, such as binding coverage (Matshitse, 2019). They play an important role in guiding consumers through the decision-making process of selecting a particular insurance policy, and they also participate in the process of filling out an application for an insurance policy. Insurance agents are often independent contractors rather than employees of the company; instead, they are compensated on a commission basis for each insurance sold. Insurance agents can either work independently as freelancers, in which case they would sell multi-insurance policies from a variety of different companies, or they might be linked with a single business

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(Trivedi, 2016). The majority of insurance agents focus their efforts on selling life insurance, and as a result, they are expected to have an in-depth understanding of both the policies they sell and the organisation they work for.

Insurance Broker

An insurance broker acts as a go-between for their clients and their respective insurance companies (Zeier, 2018). Because of their comprehensive understanding of the insurance sector and insurance plans, they are able to determine which policies will be the most beneficial and suitable for each client. They are also helpful in the process of submitting a claim. In addition to this, they counsel customers regarding the appropriateness of filing a claim. As is the case with insurance agents, some insurance brokers focus exclusively on either life insurance or non-life insurance, despite the fact that other insurance brokers offer both types of coverage.

Reinsurer

A reinsurer is a type of insurance that assumes responsibility for the ceding company's liabilities, either in full or in part, in exchange for a predetermined premium (Matei, 2018). To put it another way, the reinsurer is responsible for providing insurance to the insurer. Because of this requirement, a reinsurer needs to have a comprehensive understanding of the insurance industry and the applicable legalities that pertain to it. A reinsurer provides an insurance business with the financial capability to pay claims, the ability to resolve contested claims, as well as assistance on a variety of insurance-related matters.

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Risk Manager

An individual who is accountable for overseeing an organization's vulnerabilities and reducing the negative influence of damages on the attainment of the insurance company's goals is known as a risk manager (Kraus, et. al., 2021). The risk manager is responsible for locating potential dangers, determining the severity of those dangers, deciding which risk management strategies will be most effective in mitigating those dangers, putting those strategies into action (for example, by using derivatives), and continually assessing and supervising the programme (Olson & Wu, 2015). Underwriters are instrumental in the successful completion of the aforementioned obligations. This, in turn, increases the capacity of the insurance firm to pay out claims. This individual is also engaged in the management activities such as planning, organizing, leading, and influencing those activities in a company that deals with various risks, such as pricing of policies. This person's responsibilities include planning, organizing, leading, as well as controlling those operations.

Actuary

An actuary is a trained expert who evaluates risk in terms of its potential financial repercussions (Evans, et. al., 2021). An actuary is someone who forecasts the possibilities of future occurrences, comes up with innovative solutions to lessen the chances of unfavourable events happening, and then works to mitigate their effects in the event that they do take place (Aormaih, & Halim, 2021). In order to accomplish this, statistical data, demographic data, macroeconomic data, and social data are utilised in conjunction with one another to conduct an assessment of the risks associated with financial planning.

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Final results, which are typically technical in nature, need to be presented in an appropriate manner to persons who are not technically oriented.

Ghana's Insurance Industry in Perspective

Insurance services have contributed immensely to businesses across countries including Ghana. It advances monetary and social dependability, prepares reserve funds, upholds and advances exchange, trade and furthermore works on the nature of the existences of people (Przybytniowski, 2021; Ahmed et. al., 2019; Sukhorukova & Chistyakova, 2018). In a world economy that is becoming increasingly globalised, countries all over the world are coming up against challenges brought on by environmental rules and emerging sector liberalisation in the security industry, as well as changes in technology and the progress of insurance service provision.

Royal Guardian Enterprise, which was Ghana's initial insurance firm and was founded in 1924 but is now known as Enterprise Insurance Company Limited (Gabrah et. al., 2020). The first indigenous privately held insurance firm, Gold Coast Insurance Company, was established in 1955. In 1962, State Insurance Company was established as a successor to Gold Coast Insurance Company. By the time 1971 came to a close, there were an additional eleven (11) companies that had begun doing business in the insurance industry. Later on in 1976, seven (7) additional insurance companies joined the team, and over those same five years, one reinsurance company and an insurance brokerage were also brought on board.

Table 1: Registered insurance companies in Ghana

No.	Non-life insurance firms	life insurance firms
1	Activa International Insurance Co. Ltd	Allianz Life Insurance Company Ghana Ltd
2	Allianz Insurance Company Ltd	Donewell Life Insurance Company Ltd
3	Bedrock Insurance Company Ltd	Enterprise Life Assurance Company Ltd
4	Best Assurance Company Ltd	Exceed Life Insurance Company Ltd
5	Donewell Insurance Company Ltd	First Insurance Company Ltd
6	Enterprise Insurance Company Ltd	Ghana Life Insurance Company Ltd
7	Ghana Union Assurance Company Ltd	Ghana Union Assurance Life Company Ltd
8	Glico General Insurance Company Ltd	Glico Life Insurance Company Ltd
9	Heritage Insurance Company Ltd	GN Life Assurance Company Ltd
10	Hollard Insurance Company Ltd	Hollard Life Insurance Company Ltd
11	Imperial General Insurance Co. Ltd	Metropolitan Life Insurance Ghana Ltd
12	Loyalty Insurance Company Ltd	MiLife Insurance Company Ltd
13	Millennium Insurance Company Ltd	Old Mutual Life Assurance Ghana Ltd
14	Multi Insurance Company Ltd	Phoenix Life Assurance Company Ltd
15	NSIA Ghana Insurance Company	Prudential Life Insurance Ghana Ltd
16	Phoenix Insurance Company	Quality Life Assurance Company Ltd
17	Prime Insurance Company Ltd	Saham Life Insurance Ghana Ltd
18	Priority Insurance Company Ltd	SIC Life Insurance Company Ltd
19	Provident Insurance Company Ltd	StarLife Assurance Company Ltd
20	Quality Insurance Company Ltd	Vanguard Life Assurance Company Ltd
21	RegencyNem Insurance Ghana Ltd	
22	Saham Insurance Company Ltd	
23	Serene Insurance Company Ltd	
24	SIC Insurance Company Ltd	
25	Star Assurance Company Ltd	
26	SUNU Assurances Company Ltd	
27	Unique Insurance Company Ltd	
28	Vanguard Assurance Company Ltd	
29	Wapic Insurance (Gh.) Ltd	

Source: 2019 NIC annual report

Figure 1: Number of insurance companies, loss adjusters, insurance and reinsurance broker

Source: 2019 NIC annual report

Regulatory Body in Ghana's Insurance industry

Insurance Law, 1989 (P.N.D.C.L. 227) was modified by the Insurance Act, 2021 (Act 1061), which ensured effective management, supervision, legislation, monitoring, and management of the business of insurance, to safeguard insurance insured and the insurance companies. The Insurance Act, 2021 (Act 1061), which revoked Act,2006 (Act 724) and modified Insurance Law, 1989 (P.N.D.C.L. 227), formed the NIC. The primary goal of the National Insurance Commission (NIC) is to create an insurance system that is effective, equitable, secure, and sustainable; a market that encourages competitiveness and development in the advantage of consumers for the good of all (Attah-Kyei, 2021).

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Home Insurance

The individual's primary residence, along with all of its furnishings and other belongings, constitutes the single most valuable tangible asset that a person can own (Neukirchen & Lange, 2005). Those who reside in rented housing will, in most cases, have furniture and other items that are vulnerable to a variety of hazards, such as robbery and fire. According to Korcaj, Hahnel, and Spada (2015), this may persuade one to want to safeguard this investment by acquiring homeowners' coverage. Because of this, the person who holds the insurance policy is freed from the anxiety of not knowing whether or not they would sustain a loss. Homeowners insurance is a form of personal insurance that covers, either a building only, its contents only, building and contents only, or a combined policy which is a combination of building, its contents and optional extensions (Wagner, 2019). For homeowners' insurance, one can insure against perils like fire, flood and other allied perils. As according to Kunreuther (2015), it is the responsibility of the underwriter to evaluate the dangers that is being envisaged, comprehend the dangers that are able to intensify the likelihood of an event, and then use this information to assist in determining the amount of the premium that is required in order to support that particular risk.

Forms of Homeowners insurance coverage

The demand for private insurances is fiercely competitive, and insurers of private insurances will endeavour to distinguish themself from their rivals not only by adjusting the rates at which they charge premiums, but also by the breadth of their coverage and the terms of service that they apply. For instance, Cooper, (2019) believes that for a company to remain successful it needs to be

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innovative where the market is continually evolving in terms of the cover which is available. A variety of policies have been developed by insurers to meet homeowners' needs. The most significant is homeowners' insurances which are usually package policies. Insurers will typically provide a comprehensive package of coverage in the form of a single contract. There is a diverse selection of homeowner packages accessible, some of which include the following:

Building only coverage

This covers the structure of the home together with its fixtures and fittings (Kempen, 2022). In a broad sense, the term "part of the building" refers to everything that would ordinarily be left behind before moving out of a residence. This would include, swimming pools, tennis courts, hedges, fences, gates and outbuildings/garages, fitted kitchens, electrical fittings, drains, pipes and cables and water tanks (Marvi, 2020). Many terms are defined in the policy document to avoid misunderstandings. Household goods and personal property attributable to the policyholder, members of their household, or residential domestic servants for which they are legally liable may be specifically excluded from coverage in the policy paper. This exclusion may apply to all of the above.

Content only cover

This covers the contents of the house, including those of tenants (Tooth, 2015). This will encompass any item that tenants of a house would carry with them when they moved out, but it would not include whatever is permanently linked to the structure, such as a bathroom suite or installed kitchen appliances.

Combined policy

Combined policies, as the names indicate, blend together a number of different types of insurance under the umbrella of a single policy. One has the

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option of purchasing a single policy that covers both the building and its valuables. The owner of the insurance policy has the opportunity to purchase additional coverage for a variety of additional perils, including personal belongings, cash and credit cards, pedal cycles, sports equipment, frozen foods, and so forth. The client will only be responsible for one premium, one renewal date, and one coverage to keep track of, which will make life easier for them from an administrative standpoint (Reguero, et. al., 2020). The issue may not be as straightforward as it seems from the perspective of the insurer due to the fact that one and the same policy may be subject to a number of different reinsurance agreements dependent on which elements of the policy are selected.

Optional extensions

In the ever-evolving and fiercely competitive economy for homeowner's insurance, insurers are constantly adding new plugins to the coverage provided by their policies (Cappiello, 2018). This is done in an effort to satisfy the ever-evolving requirements of their clients and to set their policies apart from those of their competitors in the market. In this instance, what starts off as an innovative change to a particular insurer's policy wording often eventually becomes part of the standard cover provided by all insurers (VanderLinden, 2018). In the event that the premises are deemed uninhabitable as a result of an insured incident, an example of coverage that extends to also include loss of rent and appropriate extra expenses required for temporary lodging is one that might be used. According to Gatzert (2016), coverage includes temporary housing for the insured person, as well as their household and any domestic pets they own. This provision is in place for the amount of time required to make the home habitable again.

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Ghana's Insurance Sector: Growth and Challenges

GH ¢7.65BN
The total assets of the insurance industry
Life sector – GH¢3.85bn
Non-Life Sector–GH¢2.8 6bn
Reinsurance–GH¢0.78bn
Insurance Intermediaries GH¢0.16bn

GH¢3.5BN
The total premium for 2019 Insurance
industry Life – GH¢1.65bn
Non–Life – GH¢1.83bn

12,000
The number of individuals who
work in the insurance industry,
according to current estimates.
Insurers and reinsurers'
representatives, brokers, and
other employees are included.

GH¢302 M
The Total Reinsurance
Premium 2019

GH¢1.4M
Average daily claims
incurred by Non-Life
Insurers

GH¢196M
The total profit for 2019
Insurance Industry

GH¢2.2M
Average daily benefit
paid by life insurers

GH¢72M
The total corporate tax
for 2019

Figure 2: 2019 Annual report on Ghana's insurance industry

Source: 2019 NIC annual report

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Ghana's insurance business is reasonably steady, and there are a lot of new potential and opportunities to investigate (Tamimu, 2020). Based on the information shown above, the insurance sector reported making a total profit of 196 million Ghana cedis by the close of 2019, whereas the total amount of public tax taxed was 72 million Ghana cedis. It was estimated that the insurance business will collect a total of 3.5 billion Ghana cedis in premiums in 2019. The industry is still in its infancy, as of December 2019, there were only 29 non-life insurance companies, 20 insurance firms, 3 reinsurance companies, 93 brokerage companies, 5 reinsurance brokerage firms, and 3 insurance loss adjusters competing for business. The market is still considered to be young (NIC, 2020). Even though only 3 percent of Ghanaians have insurance policies, the insurance sector is nonetheless regarded to play a significant part in the country's overall economic development.

It is essential to point out that as of 2017, the rate of insurance penetration in Luxembourg was 38.8%. Luxembourg has a GDP of over $70 billion, making it one of the wealthiest countries in the world. Following closely behind are nations such as Hong Kong/China and Ireland, each of which has an insurance adoption rate of 13.6 percent and 17.9 percent respectively. South Africa has the greatest level of insurance adoption in Africa with 16.99 percent, followed by Namibia with 6.69 percent and Lesotho with 4.76 percent as of 2018, and Ghana is hovering around 1 percent (Agyei, 2021). It is essential to point out that the process of calculating the cost of an insurance premium might vary from one company to another. Pension and health coverage are not taken into account in the calculation for Ghana because, unlike in some countries, this is not the norm in Ghana. Because of this, the role that investors in the insurance

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market play becomes absolutely necessary in order to raise the level of adoption. As a result, this study provides a glimpse into the difficulties that must be overcome and the methods that must be utilised in order to expand the number of people who have insurance for the many different kinds of insurance firms. In light of this, the company needs to be creative in the development of goods in order to pique the interest of the general public in topics such as life and health, which will result in a rise in gross premium revenues.

This is the context in which the NIC carried out research that tries to study the problems and techniques involved in expanding insurance coverage in accordance with the following goals:

- Conducting an analysis of the difficulties that insurance industry participants have in the process of selling and marketing insurance policies

- Investigating the factors that led to the low percentage of people having insurance.

Challenges facing the Insurance Industry

Depending on the level of advancement of the insurance market, insurance can play a variety of various functions in the process of economic growth. Previous research has revealed that a lack of information about insurance policies and, to some extent, a misconception of the notion of insurance are to blame for poor insurance penetration among Ghana's people with low incomes (Dayour, et. al.,2020; Fofie, 2016). In spite of the fact that good growth patterns have been observed in the insurance sector, there are significant obstacles in the industry's branding, particularly for the insured

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public, the enterprises and other stakeholders, and the sector regulator, which is known as the NIC.

Challenges in marketing

The primary goals of advertising insurance policies are to enhance customer experience and the quality of the customers' perceptions of insurance; effective dissemination of insurance policies; and effective advertising of insurance policies. A few of the many reasons why marketing is such a difficult endeavor are as follows:

Inadequate promotion

The purpose of promotion is to engage with the market opportunity in order to persuade target clients to buy new insurance policies. According to the yearly report published by the NIC in 2019, the percentage of insurance penetration is still relatively low, which means that this strategy was not effective.

Mistrust in insurance relationships

According to Panigrahi, et al. (2018), throughout the years, people's faith in the reliability of insurance contracts has taken a significant nosedive. This is because there is a lack of clarity regarding insurance documentation and products, as well as excessive anticipation of prospective policyholders that are exacerbated by insurance brokers who are mainly just concerned with their commission through the number of policies issued.

Challenges facing stakeholders in the insurance industry

Low people's confidence combined with a strong mistrust of insurance providers is the key problem faced by the industry. This is as a result of the following factors: very high hopes of the insuring public, heightened awareness

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of how insurance performs in other parts of the world, growing knowledge with its affiliated consciousness of legal rights, negative claims experience confronted by insureds, and a lack of clarity and comprehension of insurance.

The insurance brokers

It is typically not an easy process to convince people, particularly individuals and families, of the significance of having insurance in their lives. This is because insurance has a low market penetration. A relatively low insurance penetration rate can be linked to a number of factors, including insufficient agent understanding skills and motivation, a negative image of the insurance sector as a whole, false claims caused by insufficient client data, and a poor image of the industry in general.

The insurance firms

Due to the high level of competition in the insurance industry, many businesses have resorted to unethical business methods such as undercutting premiums. This practice remains at the top of the list of obstacles that are impeding the expansion of the insurance industry. It is important to note that the National Insurance Commission (NIC) has adopted a stringent stance on this issue. As a result, the NIC has been unable to carry out an unusual review to identify insurance companies that engage in premium undermining. This is because this unethical practice has a devastating impact on the ability of insurance companies to pay assertions (Ackah & Owusu, 2012).

Theoretical Framework of the Study

Figure 3: Conceptual framework of the determinants of demand for home insurance

Source: Developed based on previous researches

Home Insurance and Demand

The fundamental concepts

The purpose of this study is to analyses the factors that influence the demand for HIPs. Demand and supply are essential factors to consider if conducting research on a market economy. In this particular study, the researcher is particularly interested in the demand side of this argument. Demand is an economic concept that refers to a consumer's desire to buy products and services and their willingness to pay a price for a particular goods or service. In other words, demand refers to a person's willingness to buy goods and services (Wolff, et. al., 2015). In this section, we will talk about the numerous factors that determine demand.

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Socio-Demographic Factors

The gender, age, educational status, work status, household size, and religious affiliation of the homeowners were some of the important socio-demographic characteristics that were examined in terms of its impact on HIPs.

Gender

There have been several views expressed on insurance satisfaction per gender. Females, as it were, have a higher probability of demanding insurance compared to males because they are more risk-averse than males (Synyavskaya, et. al., 2018). Also, the more satisfied a customer is, the higher the propensity to buy more. According to Anderson et al. (2008), male and female customers have different levels of happiness with the services they receive from insurance companies. The reason for the above researchers coming to such conclusion is that females are more experienced shoppers with great skill in making attribute comparison (Bae & Lee, 2011). This skill makes them identify appropriate insurance policies that best fits them.

For informal savings groups such as burial societies located in the rural communities of which majority of their members are women who use this as their income smoothing option who face losing all assets upon a husband's demise (Paumgarten et. al., 2020).

Age

There have been different deductions found in relation to the relationship between one's age and his demand for insurance which is related to one's satisfaction. Ajao and Ogieriakhi (2018) stated a positive relationship whiles Abubakar, et. al., (2018), a negative one. The negative relationship simply implies that young people seek to insure against future possible adverse

happenings while the elderly do not see the need to do so. Meaning, the older one is, the less likely he will demand for insurance. Because of this positive correlation, an individual's age directly influences the likelihood that he will seek out insurance coverage.

However, for micro-insurance demand, findings for studies reviewed with regard to age have not been consistent. Although some studies find a positive correlation between age and the demand for life insurance policies (Chen et al., 2013), other studies find a negative correlation (Médard & Rodrigue, 2021).

Educational level

Some studies have found that a higher education level encourages individuals to desire for more insurance because it increases their awareness of how insurance performs and the benefits it offers (Ioncică et. al., 2012; Dragos 2014). This impact of education on the demand for insurance has been referenced in some research findings. According to these studies, the higher the level of education, the more aware people are about how insurance works and its advantages. Additionally, the higher the level of education within a family unit, the greater the likelihood that the family unit will volunteer for protection (Chankova et al., 2008; Giné & Yang, 2009).

In addition, with regard to micro-insurance, a higher level of education boosts people's capacity to appreciate the benefits of risk management and savings, but it also raises people's level of risk avoidance and their tendency to avoid taking risks (Bendig & Arun, 2016). Meaning that, relatively formally educated individuals have a higher probability to comprehend benefits of insurance policies more easily than lesser formally educated ones.

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Employment status

The better an individual's employment history, the more it represents how those individual views his career and the degree to which their financial situation is complicated. It was discovered by Peprah et al. (2017) that paid (employed) workers want a higher premium for their health insurance than their contemporaries do. Also, studies carried out by Giesbert (2010) and Chankova et al. (2008) mentioned a strong relationship between a household's demand for micro insurance services and their job status. This suggests that households in which at least one member is employed are more likely to buy micro insurance policies than households in which at least one member is economically inactive. It was shown that the demand for insurance among salaried employees (paid workers) is significantly larger than that of self-employed people. The demand for insurance is lowest among those who are currently jobless.

Household size

According to the findings of Schneider and Diop's (2001) research, there is a favourable correlation between the size of the family or the number of dependents and the demand for micro-insurance services among households. The demand for insurance policies is increasing in direct proportion to the size of the family unit. The tighter the budget becomes, leaving little room to take care of unforeseen circumstances, in direct proportion to the number of dependents. This, in turn, compels one to feel the need to obtain insurance. Asmare, and Worku. (2018) discovered that there was a negative correlation between the demand for micro-insurance policies and the size of households or the number of people who were dependent on the household. If everything else

remains the same, the fewer people who are financially reliant on you, the more money you will save and the easier it will be to afford insurance.

Economic Factors

This section reviews literature demand for homeowners' insurance and economic factors. These economic factors are Premium, income, interest rate and savings.

Premium

The price that consumers are willing to pay for a typical good is supposed to have a direct inverse relationship with the demand for that specific type of good in accordance with conventional economic theory. Ng'ang'ah (2012) did research on the linkage linking premium to insurance demand, and their findings demonstrated a positive relationship among premium and insurance demand. In their findings, they found that premiums are directly related to insurance demand. To put it another way, a rise in premiums results in a rise in the number of people seeking insurance. Hwang and Greenford (2005) and Esho et al., (2004) have found that there is, in fact, an inverse relationship between premium and demand for insurance, despite the fact that the majority of researchers have found a positive correlation between the two variables. That is to say, a lower quantity of demand is anticipated whenever a higher premium is charged.

Income

The income level of a consumer is the aspect that is studied and analyzed the most, and it is regularly discovered to have a major influence on the acquisition of any commodity. The impact of income has been the subject of a great deal of research in a variety of business settings (Shao, et. al., 2017;

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Atreya, et. al., 2015). Tooth (2015), who conducted research on the demand for home and contents insurance, came to the conclusion that a positive correlation exists between the disposal income and the demand for properties liability insurance.

Giné et al. (2008) observed that households in poor nations like Ghana had a comparatively high likelihood of purchasing insurance as their income grows. This was in reference to microinsurance. People who make more money typically have a greater number of assets that need to be insured since they have more disposable income to put toward the purchase of insurance. Because of this, there is a positive correlation between income and the need for insurance. However, the wealthy are more likely to self-insure, which means they place a lower premium on their insurance coverage and, as a result, demand a lower premium.

Inflation rate

According to Gale (2015), inflation can be described as "the consistent and continual increase in the overall price base of some essential goods over a period of time." This rise in general level of prices is what causes inflation. When an individual purchases insurance, his expectation is to be indemnified when an accident occurs. However, inflation decreases the amount of profit made by insures, and even sometimes erodes it totally by increasing claim cost (Ehiogu et. al., 2018). To protect itself from the adverse effect of inflation, the insurer further increases the premium pushing down the demand for insurance. As a result, there is a downward trend in the demand for insurance whenever there is an increase in interest rates.

Market rate of Interest

Any change in interest rate affects both liabilities and assets of insurers (Maverick, 2015). When the interest rate goes down, the future liability of the insurers goes down as well, and conversely (Killins & Chen, 2022). A reduction in future obligation makes insurers make timely payment of benefit to policyholders. This then builds trust between insurers and policyholders. This only indicates that there is an inverse connection between the interest rate and the amount of people looking to get coverage (Wani & Ahmad, 2015).

Savings

According to the findings of the study that Gabrah et al. (2020) conducted entitled "The role of microfinance services on reducing poverty: a study of insurance companies in Ghana," it was established that the amount of savings has a beneficial impact on insurance demand. According to Falco, et. al., (2021), insurance is a form of investment which then makes an individual channel available savings into insurance as a form of investments. However, Wireko (2016) showed that there was a negative correlation between the amount of money saved and the desire for coverage, although they concluded that this correlation was not significant statistically.

Social and Cultural Factors

The relationship between socio-cultural factors and their demand for insurance policies are discussed in this section of the study. This includes risk aversion, trust and religion.

Risk Aversion

More often, individuals that are risk-averse are more willingly to pay for an insurance policy (Cole et al., 2013; Kouame & Komenan, 2012). Individuals

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who are risk-averse buy insurance to avoid risks. As a consequence, this paves the way for the formation of a constructive connection among risk aversion and the need for coverage.

Trust

Trust is very important and a mitigating factor in insurance participation (Dercon, 2008; Patt et al., 2009). The study of Akotey et al. (2011) revealed positive relationship between the household's trust perceptions of insurance firm and the household's demand for insurance policies. Also, for Gine et al. (2008) in their study in India reported that higher level of trust of micro insurance service providers is significantly associated with micro insurance subscription. Highest level of trust is needed in influencing the positive demand for insurance policies.

Religion

According to Yang (2019), religious membership is an important factor to consider when attempting to understand the desire for engagement in financial markets and, more specifically, insurance. Traditionally, religion has been a significant driver of cultural resistance to insurance, with some religious communities holding the belief that relying on insurance demonstrates a lack of faith in God's providential care (Upenieks, et. al., 2022). It is believed by adherents of certain faiths that purchasing insurance is equivalent to gambling (Kasim et. al., 2016). Those who have this kind of faith and are opposed to gambling as a result of their religious views may also be opposed to demanding insurance if they see that depending on insurance is going against what they believe in order to protect themselves. This suggests that there is a negative

association between religious affiliation and the need for various types of insurance.

Structural/Institutional Factors

This section reviews the ways in which structural or organizational variables influence the demand for home insurance. Topics covered in this section include the quality of services offered by insurers and perceived risk, among other things.

Quality of service

According to Pakurár et al. (2019), the definition of service quality is the degree to which a service being offered satisfies the needs of clients. According to the findings of a great number of studies that have been carried out, one of the most important aspects that play a role in determining consumer demand for insurance policies is the quality of the insurance services that are offered (Irulappan and Bincy, 2014; Kuldeep et al., 2014; Pashaie et al., 2013; Curac et al., 2013). As a consequence of this, there will be a growing number of satisfied clients, which will contribute to an increase in the demand for insurance.

Risk exposure

In their respective studies, Lin (2017) and Rehm et al., (2016) came to the conclusion that a person's risk profile generally has a favorable influence on the person's demand for insurance membership. That the demand for coverage will increase in direct proportion to the level of risk that individual is subjected to, and vice versa. On the other hand, studies that were carried out by Galarza and Carter (2010) and Cole et al. (2013) revealed that there was no association between the variables.

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Review of Empirical Studies

In the following section, the empirical study will be presented, and the most important findings in the subject of house insurance demand will be highlighted.

One of such research was conducted by Tooth (2015) where the work analyzed the demand for home and content insurance. The research revealed a significant association between the value of assets to insure, income of policyholder, access to financial institution for emergency money and the demand for home insurance. For value of assets to insure, the higher the expenditure on content insurance, the more likely it for one to demand for insurance. Similar results were got for home insurance as well. As a result, the demand for insurance has a positive correlation with the value of both the contents and the home. Regarding income, the study confirmed that those with higher incomes typically have a greater prosperity of assets to cover, greater wealth that they may utilize in times of necessity, and hence may not prefer to acquire insurance. At the same time, individuals with higher income may have greater disposable income with which to purchase insurance. After further consideration, it was determined that the demand for insurance is affected, albeit somewhat, by one's income.

In addition, Peprah and Koomson (2017) asked the question, "Does poverty, work status, and demographic factors play a role in the demand for insurance in Ghana?". They proved that the demand for insurance has an inverse relationship with age; the older one is in age, the less the demand there is for insurance and vice versa. As a result of the fact that females are generally more averse to risk than males, ladies have a greater propensity to request insurance

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coverage than their male peers do. In terms of education, a higher education implies a higher demand for insurance which is as a result of education equipping such individual with the knowledge of how insurance works and its benefits. Christians demand more insurance than other counterparts in other religions together with those ascribing to no religions. The findings also revealed that, married people demand for insurance than other members of the group because they have the interest of their spouse and children at heart for a secure future. Finally, employed (salaried) workers are more likely to purchased insurance than self-employed and all other groups being because of compliance than willingness to pay.

An analysis into the factors that influence the demand for micro-insurance in Ghana was carried out by Boateng (2016). As such, the study revealed that micro insurance scheme on property is purchased predominantly by high income earners. The higher the income, the more the demand for insurance. Also, the perception of the general public is that; micro insurance being too expensive, difficult in claiming benefits and finally, the benefit claiming process too bureaucratic. The need for insurance has a negative association with the variables that have been discussed previously. It was discovered that gender, age, income level, trust in service suppliers, risk aversion mentality, financial knowledge, service quality, and convenience to micro-insurance systems all have a favorable influence on the demand for asset micro insurance. Furthermore, the demand for micro-insurance is negatively correlated with both the premium and job level of potential customers. That is, those who have jobs are in a better position to pay for microinsurance than those who are jobless.

In a similar vein, Wani and Ahmad's (2015) study demonstrated that a rise in the market's average interest rate causes a drop in the demand for insurance products. As a result, they found age as the sole important sociodemographic factor influencing the demand for home insurance, which was a sociodemographic consequence. Even so, the researchers were unable to find evidence of the extent of such negative relationship between aging and the need for home insurance.

Additionally, Norta et al.'s (2019) research on legacy insurance policies identifies excessive bureaucracy as one of the industry's major challenges and promoted the use of block chain technology to replace the industry's corrupt insurance ecosystem to get rid of unnecessary layers of bureaucracy, and create a brand new quantitative organizational governance system based on transparent, traceable rules rooted in mathematics. Still, insurance companies still experience poor decision-making due to high levels of bureaucracy despite this novel approach. A positive relationship between insurance pricing or premium and insurance consumption was validated by Ng'ang'ah (2012), who studied the factors influencing demand for insurance services in the Kenyan matatu insurance business.

The study found that one of the biggest challenges facing the insurance sector is insurance agents' inability to clearly explain terms and conditions to potential customers.

Ma, Baker, and Smith (2021) have discovered links between individual income and community income inequality and homeowners' adoption behaviours for low-income households in their research that determined the likelihood of factors that made homeowners adopting home insurance prior to

Hurricane Maria which ravaged Puerto Rico. Given this circumstance, an effective insurance policy formulation that considers public-private partnerships is required to solve home insurance affordability for low-income households that are most vulnerable to housing damage.

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CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter discusses the processes and methods that were utilised in gathering and analysing of data, as well as the tools that were used in the actual execution of the study. Study design, study area, population, sampling techniques and sample size, data acquisition instrument, data collection protocol, data processing and analysis plan are the primary sections that will be covered here. Additionally, ethical considerations have been included in this chapter.

Research Design

The study is grounded in the philosophical school of logical positivism. This viewpoint holds that empirical data derived from the senses is the only reliable basis for knowledge (Majeed, 2019). Additionally, as Pratt (2022) argues, valid empirical knowledge can only be assumed if all observers come up with a description of a thing that is essentially the same. This implies that the same description of a thing should be relied upon by all observers. Thus, in this study logical positivism provided a methodological assumption or research strategy that prioritizes an analytical model to obtain accurate measurements to achieve reliable results.

This is descriptive research that used a survey research design as its primary method of investigation. The use of a descriptive study design has the benefit of providing the chance to combine quantitative and qualitative data in order to reconstruct "what is" of a subject. This is one of the descriptive study design's strengths. According to Mohajan (2020), a descriptive method focuses

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on the circumstances and interactions that already exist, such as assessing the nature of pre-existing situations, behaviours, and dispositions; beliefs that are held; activities that are now taking place; or patterns that are established. The researcher was able to acquire and evaluate responses from participants regarding their ideas, attitudes, and practises as a result of this. Siegrist (2021) claimed that a survey study can be used to examine personality factors such as opinions and attitudes regarding events, individuals, or processes. This can be done through the use of a survey.

However, one weakness that may arise from the use of descriptive study is zero confidentiality. Often, subjects are not truthful. When they view questions to be too personal, they either refuse to answer or tell the researcher what he wants to hear (Assiri, et al., 2013). Age and income are some that individuals like to keep to themselves.

Research Settings

The research was conducted in the Volta region of Ghana's Ho municipality. The Adaklu and Agortime-Ziope Districts to the south, the Ho West District to the north and west, and the Republic of Togo to the east are the municipalities that the Municipality shares its borders with.

Ho Municipality is one of the 25 administrative Districts of Ghana's Volta Region, with a total land area of 2,361 km^2 and a total estimated population of 213,960 with 105,195 males and 108,765 females (Ghana Statistical Service, 2017). Its capital is Ho, which also serves as the Volta region's capital. The majority of the population, 134,795 people, reside in cities, while 79,165 live in rural areas. Ho Municipality has a population of 49,826 householders (https://www.hma.gov.gh/). Although earthen housing may be

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found throughout the region, within Ho municipal, the phenomenon is in decline relative to the emergence of non-earthen housing owing to rise in middle-class population whose lifestyles favour acquisition of modern and luxurious homes (Ramage et al., 2019). As a result, the phenomenon makes them to be better prepared and willing to secure home insurance cover against hazards or disasters.

Target Population

According to Bloomfield and Fisher (2019), the term "population" denotes the complete number of instances from which a representative sample is drawn. For the purposes of this study, the population of interest consisted of all householders in the Ho municipality. Due to the fact that the population and housing census (PHC) from 2021 has not yet been published, the research had to rely on data from the PHC from 2010 which had a total number of houses in the Ho municipality to be 31832.

Sample size and Technique

A representative sample is a subset of a larger population that is selected at random and made up of individuals who are representative of that population as a whole for the sake of practicality and clarity (Singh & Masuku, 2014). With a total number of houses of 31832, by use of a web-based sample size calculator (www.calculator.net/sample-size-calculator.html), a minimum sample size of 380 was obtained of which 400 homeowners were studied. The sampling method was simple random sampling procedure. This gives each unit an equal chance of being selected to participate in the research work. A standardized questionnaire was used to gather responses from participants who were

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homeowners in the Ho municipality using this strategy. The participants all lived in the Ho municipality.

Sources of Data

The primary sources of data were relied on extensively during the course of the investigation. For example, primary data on homeowners, some of whom were also policyholders, their demographics, and perceptions of homeowner insurance policies (HIPs) were collected. The academic papers that were used as a secondary source of data for the study were focused on the factors that determine the need for homeowners' insurance. These secondary data came from recently published articles on non-life insurance in scholarly journals, the websites of selected firms, and the website of the National Insurance Commission (NIC).

Data collection Procedure and Instruments

The survey method, aided by a structured questionnaire created in google form, was used as the approach for acquiring the necessary data for analysis. This method was chosen because it is the most suitable given the nature of the subject, and it was also inspired by the detailed examination of previous research that was conducted for the study. In addition, this research utilised both in-person interviews and the distribution of questionnaires in order to acquire the necessary data.

Questionnaires

In the form of a structured document, questionnaires are a tool that can be used to collect information, whether it be facts, views, or both, from a single person or a group of people (Dalkey, 2018). When formulating the questions, the researcher employed language that was clear and uncomplicated to facilitate

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the respondents' comprehension. The questions that were asked in the survey were formulated using the Likert-type scale methodology in order to garner the information that was required for the study. The questionnaires that were prepared for this study primarily consisted of closed-ended questions with a variety of options for responses that were provided for the respondents to choose from. In order to obtain the necessary information from the respondents, we employed the usage of structured questionnaires.

A single questionnaire was designed for the respondents of the study. The structured questionnaire was categorized into four sections:

- the first section was made up homeowners' socio-demographic characteristics such as gender, age, educational level, employment status, number of financial dependents and religious affiliation.;

- the second section of the questionnaire provides statements to identify the determinants of demand for homeowners' insurances;

- the third section examined the perception/challenges affecting the demand for HIPs.

Pre-testing of Instruments of the Study

In order to ensure that the results of the survey are reliable, the questions that were asked throughout the research were pretested on thirty different homeowners in the Ho municipality. It was required of the participants that they fill out the preliminary questionnaires concerning their opinions and requirements concerning HIP. The researcher made certain that the analysed study constructs mirrored genuine interactions and expectations of the questioned respondents by means of the pre-test assessment that they had their participants complete. Due to the fact that the results of the pre-test examination

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revealed that the respondents of the pilot study saw some of the components to be analysing the same concepts, the questionnaire was remodified and given a new organisational structure.

Data Analysis

Quantitative approaches were utilised to do organisation and analysis on the data that were gathered. Tabulating the results, which were then utilised as the basis for the analysis, was accomplished with the help of the Statistical Package for the Social Sciences, or SPSS. Both (a) and (c) of the objectives resulted in the collection of quantitative data, which was then examined and assessed with descriptive statistics. Also, the factors influencing demand for homeowners' insurance; socio-demographic and economic factors were analysed using binary logit regression analysis. An open-ended question generated qualitative data, which was then examined in a thematic way. In general, the data that were acquired were displayed through the utilisation of frequency distribution tables, percentages, pie charts, and bar graphs. The next chapter will go into further detail about this topic.

Frequency Distribution

This is where categories identified are tallied in the form of frequencies to which the mode of the distribution is found. With the sample size of 400 homeowners, "Do you hold a Home Insurance Policy with any insurance company"? A "yes" or "no" response is obtained. From the respondents who answered "yes", "what type of home insurance cover do you have"? The responses obtained from the HIP subscribers are then grouped into categories A, B, C and D where the measure of central tendency, mode aids in achieving the first research objective.

Model Estimation

The logit regression model

The purchase of home insurance policies is directly proportional to one's ownership of a home insurance policy, which transforms the demand for these items into a variable with two possible values. The dependent variable that is utilized in investigating the drivers for the demand for home insurance is considered a binary variable that takes on the value of one (1) if the individual possesses a home insurance policy and having a value of zero (0) if the individual does not have a home insurance plan.

Variables descriptions

Y, the demand for HIP serves as the model's dependent variable. The following factors all influence the demand for HIP: (Choice of variables was informed by literature). X_1 = premium level/ price of insurance; X_2 = Income level of respondent; X_3 == Level of education of respondent; X_4 = Rate of inflation on the market; X_5 = Market rate of interest on financial assets; X_6 = Risk aversion of respondent; X_7 = Level of savings; X_8 = Flexible terms of premium payment; X_9 =. Easy access to benefit; X_{10} = Age of respondent; **ε,** the Error-term.

Specification of Logit regression model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \varepsilon$$

Y, the dependent variable is a binary variable that takes the value one (1) if the respondent's demand for HIP takes the level of 'yes', and the value zero (0) if it does not.

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X_1 = premium level / cost of insurance is assigned one (1), if respondent considers the premium before purchasing HIP, and zero (0) when they do not consider the premium prior to purchasing HIP.

X_2 = Income level of the respondent was assigned the value one (1) if it was determined that the level of income of the policy holder had an influence on the demand for HIP and the value zero (0) otherwise.

X_3 = If the educational level of respondent has an effect on the demand for HIP, then the corresponding value of the variable is one (1), and zero (0) otherwise.

X_4= If the inflation respondent has an effect on the demand for HIP, then the corresponding value of the variable is one (1), and zero (0) otherwise.

X_5 = If the rate of interest on capital assets has an effect on the respondent's demand for HIP, then the value of the rate of interest on capital assets variable is one (1), and if it does not, then it is set to zero (0).

X_6 = If risk aversion of the respondent has an effect on the demand for HIP, then the risk aversion of the responder should be set to one (1). If this is not the case, then it should be set to zero (0).

X_7 = level of saving as a variable corresponds one (1) if the cumulative savings of the customer impacts his demand for HIP, and zero (0) alternatively.

X_8 = If the customer's demand for HIP is influenced by the conditions of premium payment by the provider being flexible, the value is one (1), and if it is not, the value is zero (0).

X_9 =. The value of "easy access to benefit" is set to one (1) if the customer's desire for HIP is influenced by "easy access to benefit," and it is set to zero (0) otherwise.

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X_{10} = If the age of the respondent has an effect on the demand for HIP, then its value is set to one (1); otherwise, it should be set to zero (0).

ε, the Error-term that indicate the other determinants of demand for HIP in Ghana but have not been included in the model of the regression equation.

Expected signs of Coefficients of the Variables in the Model

The predicted signs of coefficients of the independent variables in the model, X_2, X_3, X_6, X_8, X_9 and X_{10} were positive, implying that the demand for HIP improves with an increase in these variables; all things being equal. But, the coefficient of X_1, X_4, X_5 and X_7 were expected to be negative. The fact that this is the case suggests that the demand for HIPs changes in the opposite direction of these parameters. That is, as a result of improvements in these factors, there will be less demand for HIP. The predicted indications of these variables are outlined in the following table for your convenience.

Table *2*: Expected signs of variables identified as determinants of home insurance demand.

Coefficient	Interpretation	Expected sign
X_1	Premium level / price of insurance	-
X_2	Income level of respondent	+
X_3	Level of education of respondent	+
X_4	Rate of inflation on the market	-
X_5	Market rate of interest on financial assets	-
X_6	Risk aversion of respondent	+
X_7	Level of savings	-
X_8	Flexible terms of premium payment	+
X_9	Easy access to benefit	+
X_{10}	Age of respondent	+

Source: Field Survey (2022)

Ethical Considerations

The concept of ethics can be understood as the appropriateness of behaviour in relation to the rights of its participants. As according to Husband (2020), the structure of any study needs to protect participants from discomfort, injury, and discrimination. This is something that must be considered. As a result of this, the information that was collected from the responders was kept confidential and was only utilised for the goals that had been outlined. They were informed of the objective for which information was collected from respondents, and their right to decide participation was assured. As a result, participants took part without being coerced in any way during the course of the study. The research made certain that there was a total equality of both sexes in the sampling to assist in preventing any kind of discrimination against a certain gender that would lead to a prejudiced conclusion for the study. It was important to keep respondents' names private for ethical reasons, and no data or information was linked to any particular respondent or their personal views. The researcher also was dedicated to adhering rigorously to research reporting requirements in order to prevent any bias in the results of this study.

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter focuses on the presentation, data analysis and results discussion in accordance with research objectives per data collected for the study. This includes the type of HIP purchased by majority of Ghanaians, demographic characteristics of respondents, analysis of determinants of demand for home insurance, and finally, challenges that current and prospective policyholders face with respect to home insurance in Ghana.

Type of HIP purchased by majority of consumers

Table *3*: Category subscription of home insurance policy

Category	Frequency	Percent
Subscription to a known HIP		
Yes	13	3.25
No	387	96.75
Total	400	100
Type of insurance policy bought		
Category A	13	100
Category B	0	0
Category C	0	0
Category D	0	0

Source: Field Survey (2022)

From the Table 3, it is deduced that out of a total of 400 respondents, 13 representing 3.25% were subscribed to a home insurance policy whiles the remaining 387 representing 96.75% were not subscribed. Also, all the 13 who

answered "yes" to have subscribed to home insurance policy had only the category A coverage. Which is, insurance for the protection for the building only.

Socio-demographic Characteristics of Respondents

Majority of participants representing 78.25% were male with frequency of 313, and the female respondents constituted 21.25% with frequency of 87. Also, out of a total of 400 respondents, 13 were subscribers of HIP of which all were male. This implies that in the Ghanaian setting, men assume more responsibility in sheltering for the family. As such, the male respondents use HIP as a financial buffer in times of disaster.

Under the age category, it is realized that 14.25%, 26.25% and 59.5% of the total respondents were 30-39years, 40-49 years and 50-59 years respectively. For the number of HIP subscribers, 92.3% were aged 50-59 years while 7.7% of subscribers were aged 40-49 years. The dream of majority of people is to own a home and protect it from all perils.

For the educational level category, all the respondents were above the basic educational level with majority 90.5% of frequency 362 being at the tertiary level, and the remaining 9.5% with frequency 38 being at the secondary level. All 13 HIP subscribers were tertiary educated. This seems to agree with previous research which states that, the higher one is educated, the higher the demand for HIP.

When respondents were asked about their marital status, it was realized that, majority were married representing 61.5% of total number of respondents, followed by single, 36%, divorced 2.5% with non, widowed. Also, among the

subscribers, 11 were married with a percentage of 84.6% and 2 singles representing 15.4%.

In summarizing the employment status of total respondents, it was realized by all 13 subscribers of HIP were employed. No unemployed, self-employed nor others have subscribed to HIP. Also, out of the total of 400 respondents, 7%, 73.25% and 19.75% were unemployed, employed and self-employed respectively.

When respondents were asked the question, "how many financial dependents do you have", majority have "5 and above" with frequency of 161 representing 40.25%, followed by respondents with 3-4 dependents constituting 29% of total respondents. Also, 21% of the total respondents sampled have 1-2 dependents while 9.75% have no dependent.

For religious affiliation, all 13 subscribers of HIP were Christians. For all respondents sampled, 11.75%, 78.5%, 2.5% and 4.75% are not religious, Christians, Muslims, and African traditionalists. For those who answered "others" for religious affiliation, who were 10 constituting 2.5%, they were all Jews.

When asked about their status as financial decision makers 85.25% answered yes while 14.75% answered no. All 13 subscribers of HIP were financial decision makers.

When respondents were asked, have you Heard about a house getting destroyed by flood, fire etc. 92.75% and 7.25% answered yes and no respectively. All 13 subscribers of HIP have Heard about a house getting destroyed.

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Are you aware of any HIP? The question above was put to sampled respondents to which 80.75% answered yes and 19.25% answered no. Out of 13 subscribers, 12 have heard about at least one HIP but one subscriber answered no. when further questioned how possible that is, it was realized that subscription to HIP came as a benefit to a condition of service available to him for being employed at that particular institution.

Is there any benefit of holding a HIP? 80.75% and 19.25% answered yes and no respectively. One subscriber did not see any benefit of subscribing to HIP. This subscriber is one whose subscription came as a benefit as employee to a particular institution.

Determinants of Demand for HIPs.

Table *4*: The logit regression results from the estimated model.

Number of observations = 400
LR chi2(10) = 50.11
Prob > chi2 = 0.0000
Pseudo R2 = 0.4371

Demand for HIP	Coefficient	P-value
Premium	5.124169**	0.034
Income level	-1.97011	0.347
Educational Level	1.493653	0.129
Rate of inflation	0.88978	0.598
Market rate	-4.75835*	0
Risk Aversion	1.484148	0.143
Level of savings	4.64388**	0.015
Flexibility in premium payment	-0.19996	0.911
Easy access to claim payment	-0.87509	0.631
Age	-2.13367***	0.097

Legend: *$p < 0.001$; **$p < 0.05$; $p < 0.1$***

Source: Field Survey (2022)

Estimates of the logit regression model's coefficients, standard errors, and p-values were computed for the variables to be analysed. At three different error levels—0.01, 0.05, and 0.1—statistically significant relationships were found between four of the ten variables. A likelihood ratio of 50.11 and a p - value of 0.0000 indicate that the parameters in the model have an effect when evaluated together on the demand for HIPs in Ghana.

Demand for HIP depends on all the explanatory variables (premium, income, and educational levels, rate of inflation, market rate of interest, risk aversion level, savings level, flexibility in premium payment, easy access to claim payment, age).

The coefficient of Premium, (5.124169) was anticipated to be negative but turned out to be positive. Through literature, it has been established that, premium is inversely proportional to the demand. Also, the coefficient was statistically significant at 0.05 error level, given the p-value of 0.034. The positive coefficient means, demand for HIP increases with increasing rate in premium.

The coefficient of Income level, (-1.97011) was projected to be positive, meaning the likelihood of purchasing any HIP increases with an increase in income level. This expectation was not met thereby producing a reverse effect. That is, increase in income level leading to a decline in the demand for HIP.

The projected coefficient of educational level, (1.49) was positive. Even though expected sign was met making an increase in the level of education causing an increase in demand for HIP, it was found not to be statistically significant.

The coefficient of Rate of inflation, (0.88978) was predicted to be negative. That is an increase in inflation will cause a decline in the demand of HIP. Rather, it produced a positive sign, that is, a positive relationship between rate of inflation and demand for HIP. It was statistically not significant.

The anticipated sign of Market rate, (-4.75835) was satisfied at a significant error level of 0.001 and a p-value of 0.000. The implication is that, a decrease in the market rate leads to an increase in the demand for HIP.

The coefficient of Risk aversion, (1.484148) was projected to be positive. That is the more reluctant one is to take risk, the more the demand for HIP. But from analysis, the variable 'risk aversion' was not statistically significant.

The coefficient of Level of savings, (0.279508) was projected to be positive and this anticipation was satisfied. Statistically, it was significant at a p-value of 0.015 at error level of 0.05. This gives the indication that, for an increase in the level of savings produces and increase in the demand for HIP.

The coefficient of Flexibility in premium payment, (-0.19996) was projected to be positive. That is, the more flexible the terms of payment of premium are, the more the demand for HIP is. This projection wasn't satisfied. It rather produced a negative relationship between flexibility in premium payment and demand for HIP. Also, the variable was not statistically significant.

The expected sign of Easy access to claim payment, (-0.87509) was not satisfied. It was also sstatistically insignificant error level of 0.100 at a P-value of 0.631. The negative relation means that the easier access one has to claim payment, the less the demand for HIP.

It was anticipated that the coefficient of Age, (0.3474501) would have a positive outcome. This expectation did not come true, but there was a statistically significant error level of 0.1, with a p – value of 0.097.

Challenges and perceptions facing home insurance Purchase

The following below represents a summary of the responses given by all 400 responses when asked about the challenges and perceptions they have about the home insurances industry.

Insurance is for the rich only

Figure 4: Pie chart representing responses when asked whether insurance is for the rich only
Source: Field Survey (2022)

The pie-chart above represented the responses given when respondents were asked whether they think insurance was for the rich only. It was realised that more than half of the respondents representing 50.50% objected to the assertion for which 33.75% and 16.75% disagreed and strongly disagreed respectively. Thus, a total of 33% agreed that insurance is for the rich only.

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Premiums are too high

Figure 5: Bar chart representing responses when asked whether premiums were too high

Source: Field Survey (2022)

The figure above described a summary of responses given with respect to whether the respondents think the premium for home insurance is too high or otherwise. It could be observed that no one disagreed with the notion even though only 3% were indifferent. This means that a higher number of respondents constituting 97% agreed that, premium charged for home insurance subscription was too high, thereby making a great influence in their ability to subscribe or otherwise.

Process involved in claiming insurance benefits are too bureaucratic

Figure 6: Bar chart representing responses when asked whether process involved in claiming insurance benefits are too bureaucratic

Source: Field Survey (2022).

The above graph represented respondents' responses to the question whether the process involved in claiming insurance benefits are too bureaucratic. In all, 93% generally confirmed the existence of excessive bureaucracy in the home insurance industry. Out of this, 267 representing 66.75% out of 400 respondents strongly agreed, and 105 respondents representing 26.25% agreed with the notion of excessive bureaucracy. For the above challenge, no one disagreed with the prevalent notion, while 7% were indifferent.

Insurance agents do not explain the terms and conditions to prospective policyholders

Figure 7: Pie chart representing responses when asked whether insurance agents do not explain the terms and conditions to prospective policyholders
Source: Field Survey (2022)

The figure above represented results obtained when respondent asked if terms and conditions were adequately explained during the sale process. 66% representing 264 respondents strongly agreed, the same way 21.50% representing 86 respondents agreed that terms and conditions are never explained making them believe there may be problems when accessing claims

in the future. Only 10% disagreed by confirming they were adequately informed about the terms and conditions.

Poor attitude towards customers

Figure 8: Bar chart representing responses when asked whether Poor attitude towards customers
Source: Field Survey (2022)

      The figure above showed the perception about the customer services respondents receive from home insurance companies. From the figure, it can be deduced that, 69.25% representing a combination of strongly agreed and agreed respondents confirmed customer services rendered by home insurance companies are not the best. Only 2.25% representing 9 respondents disagreed with such assertion, while 21.25% representing 85 of the total respondents were indifferent in their responses.

Policyholder benefits when there is an accident only

Figure 4: Bar chart representing responses when asked whether policyholder benefits when there is an accident only

Source: Field Survey (2022)

The figure above showed a summary of the responses whether the condition where a policyholder only benefits when there is an accident is a cause of low patronage of home insuring policy. With this, 305 respondents representing 78.25%, which is a combination of strongly agreed and agreed answered in the affirmative. From the data, 19 respondents which represented 4.75% disagreed with the assumption, while 19 % representing 76 respondents were indifferent.

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Poor online/internet services for customers on insurance policies

Figure 5: Responses on poor online/internet services for customers on insurance policies.

Source: Field Survey (2022)

Form the above figure, the respondents were asked about online/internet services availability for customers of insurance policies. With this, poor internet/online services were admitted as a challenge of which 37 out of 400 respondents disagreed representing 9.25%, whereas 20.75% representing 83 respondents were indifferent in their responses; 136 respondents representing 34% agreed and 144 respondents representing 36% strongly agreed online/internet service was a problem.

Discussion of Key Findings

Based on the first research question, it was revealed that, among the four categories of home insurance, which are building only, contents only, building

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and contents only and finally optional extensions, all subscribers of home insurance policy opted for the building only coverage.

In order to provide a solution to the second research question, the study investigated the economic as well as the socio-demographic factors that determine the demand for homeowner's insurance. The study found, for instance, a positive association between the demand for homeowner's insurance and the level of premium as well as savings. This was found on the economic factors. This lends credence to the findings of the study that was carried out by Ng'ang'ah (2012), which showed that there is a positive correlation between premium and the demand for insurance. In the same vein, research by Gabrah et al., (2020), demonstrates unequivocally that there is a positive connection between the amount of money saved and the purchase of insurance. In addition, the research showed that there is an inverse relationship between the current interest rate on the market and the demand for homeowner's insurance. This therefore lends credence to the findings of the research conducted by Wani and Ahmad (2015), who found that a rise in the average rate of interest on the market results in a decrease in the demand for insurance policy. Age was determined to be the only significant socio-demographic influencer of demand for home insurance in the Ho municipality, and this was the result of the socio-demographic consequence. The researchers found that there was a negative connection between age and the demand for home insurance. Besides, research by Abubakar et al. (2018), has proved that there is a direct negative correlation between an individual's need for insurance and their age.

Assessing the key challenges of bureaucratic process, the findings equally confirmed that a higher significant number constituting 93% generally confirmed the existence of excessive bureaucracy in the home insurance industry. This study, therefore, is inconsistent with the work done by Norta, et. al., (2019) where excessive bureaucracy was identified as one key challenge of the insurance industry. Likewise, higher percentage of prospective and current policyholders found home insurance policy premiums as too high in terms of price which ultimately discourages subscription. Hwang & Greenford (2005)'s work has confirmed a similar a negative relationship. Meaning, the higher the price of insurance, the lesser the expected demand. Be that as it may, Ng'ang'ah (2012) who examined the determinants of demand for insurance services in the matatu industry in Kenya, confirmed a positive link of price of insurance or premium to insurance consumption. In the study, it was confirmed that the inability of insurance agents to explain terms and conditions of to prospective clients also form major challenge to for the insurance industry. Other challenges were poor attitude towards customers as well poor online services for both customers and prospective ones as well.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

Following the presentation of a summary of the research findings, this chapter draws a number of conclusions, makes recommendations, and makes proposals for additional research.

Summary

This study aimed to analyse the factors that determine the demand for home insurance in the Ho municipality. Home insurance, when properly researched, can offer homeowners an additional source of financing in the event of a natural disaster. The purpose of this study was to determine the approaches that can be utilised to raise the overall percentage of people covered by home insurance policies on the market. The following research questions have been answered as a result of the information presented above.

1. What type of homeowners insurance policy is being patronized by the people in the Ho Municipality?

2. What are the determinants for the demand for homeowners' insurance policies in in the Ho Municipality?

3. What are the challenges and perceptions that consumers of homeowners insurance policies face in the Ho Municipality?

Conclusions

The study set out to explore the determinants of demand for the home insurance policy in the Ho municipality. This was done by using the quantitative research approach. The study found that the most purchased form of home insurance was the building only coverage form suggesting that homeowners will

demand for homeowners' insurance when there is an increase in premium with an appreciable increase in benefit. The work revealed that an increase in the general level of savings from income of homeowners led to an increase in demand for homeowners' insurance. A reduction in the market rate of interest led to an increase in the demand for home insurance. With age, the younger one is, the higher the demand for homeowners' insurance. This study wrapped up that bureaucratic process in claiming of benefit, high premium, inability of insurance agents to explain terms and conditions of to prospective clients. Condition of one benefiting only when there is an accident, poor attitude as well as poor online services for both customers and prospective has been challenges that needs to be addressed.

Recommendations

Based on research objectives and outcome of the study, the research, among other things, recommends that the insurance industry takes into account the following:

1. Home insurance companies should increase benefits to correspond with the increase in premium.

2. Government should introduce policies which will stimulate balance among market rate of interest and home insurance policy rates.

3. Home insurance companies should target the individuals aged between 41-50.

4. Home insurance companies must cut down on the bureaucratic process in claiming of benefit, high premium should come with high benefits

5. Likewise, agents of home insurance companies should explain terms and conditions of to prospective clients.

6. Also, policyholders should have a form of other benefit which could be a form of interest free loan.

7. According to the findings of the study, companies that provide insurance services should hire customer service and marketing experts, continuously train sales representatives, and improve media and information stream to customers in order to boost customer satisfaction and loyalty.

8. Other recommendations concern the adequate and timely handling of customer inquiries, the use of appropriate language when responding to customer questions, the use of customer service specialists to handle customer queries, and so on. It is imperative that the idea that providing service to a customer is a "favor" to the customer be abandoned. Customer service needs to be recognized as a distinct aspect of the company's image so that it can contribute to the expansion of the market share and transaction volumes necessary to achieve larger profitability in the insurance industry.

Suggestions for Further Study

Based on the findings of the study, future research ought to take into consideration the topic of how portfolio diversification, which should include the option of "comprehensive," can reduce the overall risk that is posed to the insurance industry. More so, other aspects of homeowner's insurance, such as coverage for the building alone, coverage for the contents alone, coverage for both the building and its contents, and coverage for optional extensions, ought to be researched for the purpose of educating and informing policyholders more about homeownership insurance. Still, it is also important to analyse the factors

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that influence the quality of homeowner's insurance, as well as customer satisfaction and behavioural goals, with a particular emphasis on target groups within the formal and informal sectors. The role that the internet and other online services play in the decision-making process of policyholders on home insurance is another topic worthy of investigation within the industry.

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APPENDICES

APPENDIX A: Questionnaire

UNIVERSITY OF CAPE COAST

DEPARTMENT OF DATA SCIENCE AND ECONOMIC POLICY AND

THE DEPARTMENT OF ECONOMICS STUDIES

DATA MANAGEMENT AND ANALYSIS

QUESTIONNAIRE ON THE TOPIC:

INSURANCE INDUSTRY IN GHANA - AN ANALYSIS OF THE DETERMINANTS OF DEMAND FOR HOMEOWNERS INSURANCE POLICY IN THE HO MUNICIPALITY

This research is being conducted in partial fulfilment of the requirements for the award of Master in science, Data Management and Analysis (UCC, Department of Economics). The information you provide will only be used for educational purposes, and you can be assured that it will be kept strictly confidential. Please indicate your selection using the checkboxes provided. Open-ended questions may also need you to fill up the areas supplied.

 Thank you.

Please make a tick in the box against your response

Section A - Socio-demographics

1.   Gender   Male ☐   Female ☐

2.   Age

     30 and below ☐   31-40 ☐   41-50 ☐   51-60 ☐   61   and ☐

   above

3.   Educational level

     None ☐   Basic ☐   Secondary ☐   Tertiary ☐

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4.   Marital Status

Single ☐   Married ☐   Divorced ☐   Widowed ☐

5.   Occupation/ Employment Status:

Salaried ☐   Self-employed ☐   Any Other (please specify): …..

6.   How many individuals depend on you financially?

None ☐   1-2 ☐   3-4 ☐   5 and above ☐

7.   Religious Affiliation

None ☐   Christianity ☐   Islamic ☐   African traditional ☐

Other (Please specify): …………………………...

Section B - Determinants of the demand for home insurance

8.   Are you the financial decision maker of the household?

Yes ☐   No ☐

9.   Have you ever heard of a home getting destroyed by fire, flood etc?

Yes ☐   No ☐

10.   Are you aware of any Home Insurance Policy?

Yes ☐   No ☐

11.   Is there any benefit of holding a Home insurance policy?

Yes ☐   No ☐

12.   Do you hold a Home Insurance Policy with any insurance company?

Yes ☐   No ☐

13.   **If YES**, what type of home insurance cover do you have? *Please tick as many as applicable.*

CATEGORY	FUNCTION	
A	Protects against damage to building only	
B	Protects against content of building only	
C	Protects against damage to building together with its contents only	
D	Combined policy (building, its contents and optional extensions) insured property.	

14. Which of the following is/are or will be a major determinant for your decision to buy a home insurance policy with the company? *Please tick as many reasons/determinants as applicable:* YES / NO

ITEM	Determinant	YES	NO
I	Premium (Price of Insurance)		
II	Income		
III	Educational level		
IV	Inflation rate		
V	Market rate of interest on financial assets		
VI	Risk averse (Do not like to take risks)		
VII	Level of savings from income		
VIII	Flexible terms of premium payment		
IX	Easy access to customer claims when due		
X	Age of homeowner		

Section C – Challenges/Perception affecting demand for home insurance

15.   In this section, evaluate some of the challenges/perceptions towards Home Insurance Policy. show how strongly you agree or disagree by making a tick in the appropriate box. The rating is as follows: **SA**-Strongly agree, **A**-agree, **N**-Not sure, **D**-Disagree, **SD**- Strongly disagree.

ITEM	CHALLENGE/PERCEPTION	SA	A	N	D	SD
I	Insurance is for the rich only					
III	Premiums are too high					
III	Process involved in claiming insurance benefits are too bureaucratic					
IV	Insurance agents do not explain the terms and conditions to prospective policyholders					
V	Poor attitude towards customers					
VI	Policyholder only benefits when there is an accident					
VII	Poor online/internet services for customers on insurance policies					
VIII	Claims will never be paid					

APPENDIX B

Socio-demographic characteristics of respondents

Table 4.1 Respondents' socio- demographic data

Variable	Subscribers		Non-Subscribers		Total	
	frequency	percent	frequency	percent	frequency	percent
Gender						
Male	13	100	300	77.5	313	78.25
Female	0	0	87	22.5	87	21.75
Age						
Below 30						
30-39			57	14.7	57	14.25
40-49	1	7.7	104	26.9	105	26.25
50-59	12	92.3	226	58.4	238	59.5
60 and above						
Educational Level						
None						
Basic						
Secondary			38	9.8	38	9.5
Tertiary	13	100	349	90.2	362	90.5
Marital Status						
Single	2	15.4	142	36.7	144	36
Married	11	84.6	235	60.7	246	61.5
Divorced			10	2.6	10	2.5
Widowed						
Employment Status						
Unemployed			28	7.2	28	7
Employed	13	100	280	72.4	293	73.25
Self Employed			79	20.4	79	19.75
Others						

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Number of dependents						
None			39	10.1	39	9.75
1-2			84	21.7	84	21
3-4	10	76.9	106	27.4	116	29
5 and above	3	23.1	158	40.8	161	40.25
Religious Affiliation						
None			47	12.1	47	11.75
Christianity	13	100	301	77.8	314	78.5
Islamic			10	2.6	10	2.5
African traditional			19	4.9	19	4.75
Others			10	2.6	10	2.5
Financial decision maker?						
Yes	13	100	328	84.8	341	85.25
No	0		59	15.2	59	14.75
Heard about a house getting destroyed by flood, fire, among others.						
Yes	13	100	358	92.5	371	92.75
No	0		29	7.5	29	7.25
Are you aware of any HIP?						
Yes	12	92.3	311	80.4	323	80.75
No	1	7.7	76	19.6	77	19.25
Is there any benefit of holding a						

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home insurance policy?						
Yes	12	92.3	311	80.4	323	80.75
No	1	7.7	76	19.6	77	19.25

Source: Researcher's Survey Data (2022)

APPENDIX C

Data on challenges/ perceptions

Table 2 : *Responses to challenges / perceptions*

Challenges / Perceptions	Ffrequency	Percent
Insurance is for the rich only		
Strongly agree	74	18.5
Agree	58	14.5
Not sure	66	16.5
Disagree	135	33.75
Strongly disagree	67	16.75
Premiums are too high		
Strongly agree	154	38.5
Agree	198	49.5
Not sure	48	12
Disagree		
Strongly disagree		
Process involved in claiming insurance benefits are too bureaucratic		
Strongly agree	267	66.75
Agree	105	26.25
Not sure	28	7
Disagree		
Strongly disagree		
Insurance agents do not explain the terms and conditions to prospective policyholders		
Strongly agree	264	66
Agree	86	21.5
Not sure	40	10
Disagree	10	2.5
Strongly disagree		
Poor attitude towards customers		
Strongly agree	141	35.25
Agree	136	34
Not sure	85	21.25

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Disagree	29	7.25
Strongly disagree	9	2.25
Policyholder only benefits when there is an accident		
Strongly agree	191	47.75
Agree	114	28.5
Not sure	76	19
Disagree	19	4.75
Strongly disagree		
Poor online/internet services for customers on insurance policies		
Strongly agree	144	36
Agree	136	34
Not sure	83	20.75
Disagree	28	7
Strongly disagree	9	2.25

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