Influence of Socio-Economic Factors on the Demand for Life Insurance in Kenya

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Abstract

The business of life insurance has been receiving attention in recent years as a critical driving force of economic growth in both developed and developing countries. Additionally, insurance industry forms an integral part of the global financial market, with insurance companies being significant institutional investors. The demand of life insurance industry in Kenya is lower than the country's average economic growth meaning that other sectors of the economy are growing faster than life Insurance. This study assisted in understanding the socio-economic factors affecting the demand for life Insurance in Kenya. The specific objectives are the effects of level of income, insurance premium, perception and awareness on demand for life insurance in Kenya. The study population target was the 17 licensed life insurance providers in Kenya. The sample size included sales agents totaling to 290 respondents. The study used both primary data and secondary data. Primary data was collected through the administration of the questionnaires. Secondary data was used to collect life insurance demand using fund size growth for the period 2014-2018. Descriptive statistics was used to perform data analysis. This study used correlation and regression to link the relationship between the independent and dependent variables. The study found out that income level and life Insurance demand is positively and significantly related (β=3.264, p=0.000). The results further indicated that insurance premiums and life Insurance demand are negatively and significantly related (β =-7.135, p=0.000). Customer perception and life Insurance demand were positively but not significant (β =1.786, p=0.056). Lastly, insurance awareness and life Insurance demand were positively and significantly related (β =2.616, p=0.001). Based on the findings the study concluded that level of income had a significant effect of life insurance intake. Most of the defaulters in our insurance company are the low income earners and many of were customers are high income earners. Most of the customers asserted the premiums are high. Further, majority of the customers are not. Lastly, the study concluded that there was low level of awareness and lack of knowledge of insurance products. The study recommends that insurance companies should push and market policies that provide for both risk coverage and savings component because that what the

customers prefer. The Association of Kenya Insurers (AKI) must sensitize its members on the best training opportunities to ensure that the services offered to the life insurance clients by the sales staff are value adding and in the best possible way.

Keywords: *Level of Income, Life Insurance Demand, Insurance Premium, Customer Perception and Kenya.*

1.1 Introduction

Life Insurance provides the dual benefits of savings and security. Mark (2014) termed life Insurance as a key sector whose contribution to the development of Kenya's economy cannot be over-emphasized. Apart from giving security to the insured against exposure to risk, life Insurance is a mobilizer of domestic savings, inculcates the culture of thrift, and helps to increase income and create wealth.

The business of life Insurance has been getting attention in recent years as a critical driving force of economic growth in both developed and developing countries(Soon, 2014). This is on account of, life Insurance as a component of Insurance business plays a critical job in human's life and the economy of a nation by giving money related security to beneficiaries/bequests of unanticipated events, for example, demise, inability and accidents. Also, life Insurance items improve long term savings funds and investments in both the private and public sectors projects , life Insurance lessens anxieties within the general public and makes employment chances to the individuals from the society (Arena, 2012; Razak *at el*., 2014).

Life insurance is an important aspect of the social-economic development of the society as it helps to safeguard the future while it also ensures some savings that can be used in a later date. Despite its importance, the fund size growth of life insurance stands at 1.3% in Kenya as of the year 2013 (AKI, 2013). This is very low compared to the developed countries where life insurance fund size growth is quite high. Life insurance in Kenya is regulated by Insurance Regulatory Authority which is a statutory government agency established under the Insurance Act (Amendment) 2006, CAP 487 of the Laws of Kenya to regulate, supervise and develop the insurance industry. In terms of ethical and prudent business practices in the industry, this is largely overseen by the Association of Kenya Insurers (AKI), which an umbrella body is bringing all insurance companies in Kenya together. These two bodies have worked in conjunction with life insurance companies to increase the fund size growth of life insurance in Kenya.

1.2 Statement of the Problem

The demand of life insurance industry in Kenya is very low. AKI's insurance industry report (2013) shows that the level of uptake of life insurance in Kenya is only 1.53% against a target of 6% representing the Global average. If we are to raise this uptake level to the target, we need to know first the factors, which are influencing this demand. This is what this study seeks to find out.

While various studies have been done on insurance in Kenya, very little wide studies have been done to look at the reasons why the fund size growth of life insurance is low. Yaari, (2009) attributes the low demand for life insurance in third world countries like Kenya to lack of disposable income and that where many people live below poverty line; it is difficult for people to think about future security. Kaguma (2011) study focused on the quality of customer service in life insurance companies. The study concentrates on the elements of service that customers consider quality service in life insurance. Wairegi (2013) study focused on the nature of

competition within life insurance companies in Kenya. IRA (2011) study looked into the growth opportunities for the industry while (KPMG, 2011) study dwells on the economic importance of life insurance. These studies present a contextual gap as our study focused on the social-economic factors affecting the demand for life insurance in Kenya.

Kjosevski (2012) carried out a study on the determinants of life insurance demand in central and southeastern Europe. Mark (2012) conducted a study on insurance growth and principles for sales force. The studies present a geographical gap as this study focused on socio-economic factors affecting the demand for life insurance in Kenya. Therefore, this study sought to understand the socio-economic factors affecting the demand for life insurance in Kenya.

1.3 Objectives of the Study

   i)   To establish the influence of level of income on life insurance demand in Kenya.
   ii) To determine the influence of insurance premium on life insurance demand Kenya.
   iii) To examine the influence of customer perception about insurance on life insurance demand Kenya.
   iv) To establish the influence of awareness on life insurance demand in Kenya.

1.4 Research Questions

   i.   Does level of income influence the demand for life insurance in Kenya?
   ii.   Does insurance premium influence the demand for life insurance in Kenya?
   iii. Doe customer perception about insurance influence the demand for life insurance in Kenya?
   iv.   Does awareness influence the demand for life insurance in Kenya?

2.1 Literature Review
2.1.1 Theoretical Review: Theory of Rational Demand

The theory of Rational Demand was proposed by Adam Smith in the 1770s and the theory assumes that the consumer is a price taking risk averse expected utility maximizer with, for some results, decreasing absolute risk avoidance. Rational demand for supporting items, where there is a danger of authoritative non-execution, is in a general sense distinctive to that for reimbursement confirmation (Dercon, 2014). Specifically, most demand is zero for infinitely risk avoidance people, and is no monotonic in risk avoidance, price and wealth.
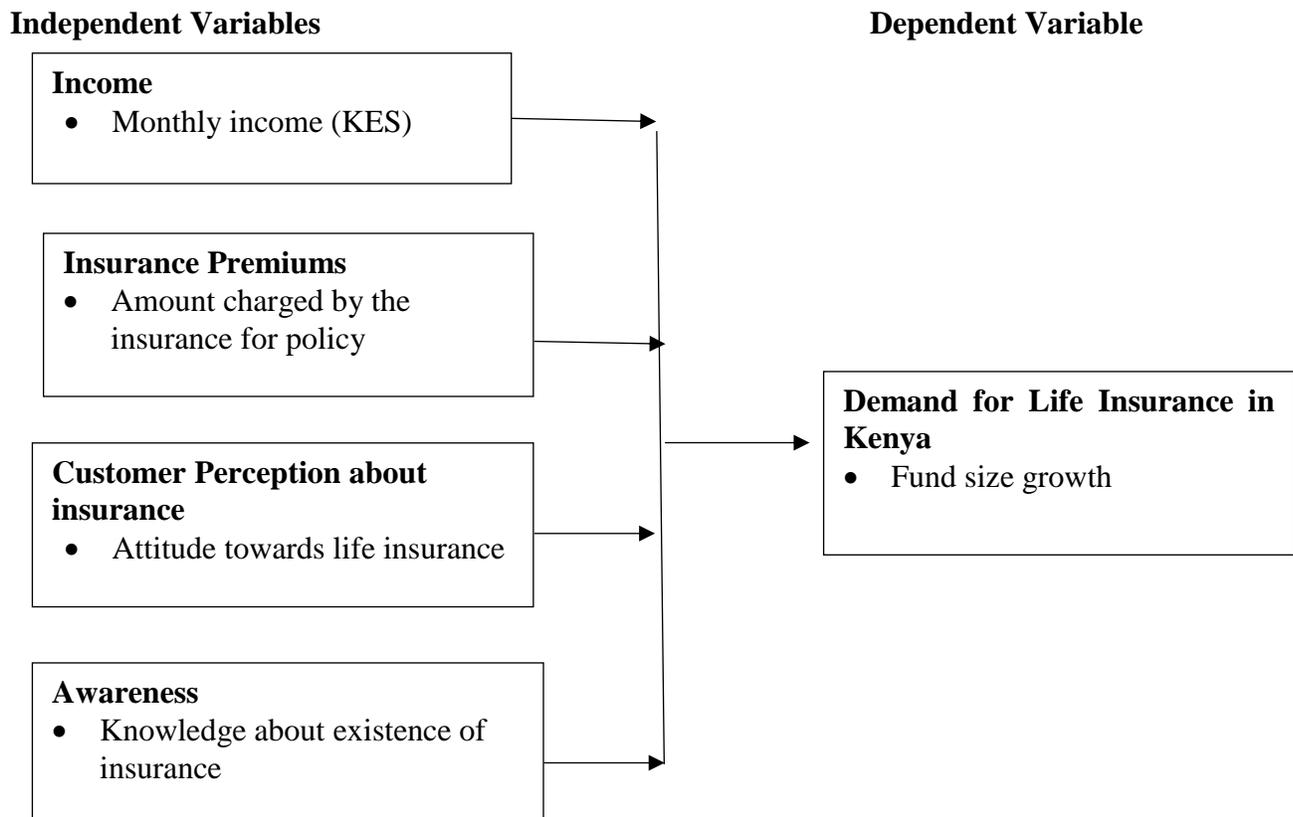
For regularly utilized groups of utility capacities, demand is bump molded in the level of risk abhorrence when the cost is actuarially out of line, first expanding then diminishing, depending on price variability and vulnerability. For a given conviction, upper limits are inferred for the ideal demand from risk disinclined and diminishing decision makers. The obviously low level of demand for buyer supporting instruments, especially from the most risk disinclined, is clarified as a rational reaction to dead weight costs and the risk of contractual non-performance. Doherty and Schlesinger (1990) contend that the risk of contractual non-performance drives rational demand to be no monotonic in risk repugnance, wealth and price. Demand for indexed insurance from infinitely risk averse, maximum decision makers, is appeared to be zero thus demand can't be every time there is increase in risk abhorrence.

The theory is relevant as it measures consumer desire and consumer spending on insurance at a specific price. Supply and demand have an important relationship that determines the prices of

most insurance premiums. Many companies analyze this market relationship while making strategic decisions.

2.3 Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. Mugenda and Mugenda (2003) and Smith (2004), define a conceptual framework a hypothesized model identifying the model under study and the relationship between the dependent and independent variables. Below is a figurative representation of the variables that were explored by this study.

Independent Variables   **Dependent Variable**

Income
- Monthly income (KES)

Insurance Premiums
- Amount charged by the insurance for policy

Customer Perception about insurance
- Attitude towards life insurance

Awareness
- Knowledge about existence of insurance

Demand for Life Insurance in Kenya
- Fund size growth

Figure 1: Conceptual Framework

2.3.1 Level of Income

It incorporates each type of income, e.g., salaries and wages, retirement income, government exchanges like food stamps, and investments gains. Normal family unit income can be utilized as a marker for the money related prosperity of a nation's citizens. Mean or median net household income, after taxes and required contributions and contributions, are great indicators of way of life, since they incorporate just disposable income and recognize individuals sharing convenience advantage from pooling in any event a portion of their living expenses. Average household incomes require not delineate to proportions of a person's earnings, for example, per capita income

as numbers of people sharing households and numbers of income earners per household can vary significantly between regions and over time.

2.3.2 Insurance Premiums

Insurance premium is the money related expense of acquiring an insurance cover, paid as a whole amount or in portions amid the term of the cover. An inability to pay premium when due consequently cancels the insurance cover, upon repayment of the outstanding sum inside a specific period, might be reestablished. It is the measure of cash that an individual or business must pay for an insurance cover. The insurance premium is wage for the insurance organization, when it is earned, and represents a risk in that the safety insurance must give coverage for claims being made against the policy.

The cost of an insurance premium for a given insurance approach can differ and relies upon an various of factors. Among those factors are the kind of insurance coverage, the probability of a claim being made, the area where the policyholder lives or works a business, the conduct of the individual or business being secured, and the measure of rivalry that the insurer faces. The more the risk related with a policy, the more costly the insurance cover will be.

Policyholders may look over various choices for paying their insurance premiums. A few back up plans enable the policyholder to pay the insurance premium in portions, for example, month to month or semi-yearly installments, or may require the policyholder to pay the aggregate sum before inclusion begins. Insurance premiums may increment after the arrangement time period closes. The insurer may raise the premium if claims were made amid the past period, if the risk related with offering a specific sort of insurance increments, or if the expense of giving coverage increments.

2.3.3 Perception about Insurance

It is the comprehension or an understanding of the insurance. Perception is reality and people in general's perception of reality in respect to insurance is that individual insurance as a commodity. Their perception ranges from it being a government conspiracy intended to profit insurance organizations since it is obligatory to it being an essential yet unpleasant expenditure. One of the scariest versions is that insurance should cover whatever anybody needs it to cover. Another unnerving version is that organizations, little and large, have boundless insurance cover that covers that everything.

2.4.4 Awareness about Insurance

Awareness in insurance measures how well known product is. Organizations typically set an objective for the level of awareness they intend to accomplish, and after that plan a promotional campaign to achieve that objective. Insurance awareness entails factors such as purpose of insurance and relevance of Insurance. Insurance education has a vital role to play in ensuring that citizens are aware and equipped with the knowledge they need when making important decisions for themselves and their families. Insurance education enables individuals to improve their understanding of insurance products and concepts and to develop the skills necessary to improve their insurance literacy and opportunities and to help make informed choices of financial services to suit their particular needs.

2.3.5 Demand for Insurance

The insurance demand and uptake measured by fund size growth ratio is used to measure how deep a country's insurance market is. It is a measure of gross value of insurance premiums as a percentage of the Gross Domestic Product (GDP) (Swiss Re, 2012). Life insurance has lost ground due to alternative saving vehicles in the last few years, a trend that is predicted to continue (McKinsey, 2014). Despite its importance for economic development, the majority of African countries lack access to insurance products.

With majority of Africans struggling to meet their basic needs, insurance is largely considered a luxury (KPMG, 2014 and Insurance has low levels of fund size growth in Africa. Reasons for the low insurance fund size growth in Africa range from low awareness and understanding of insurance across various population segments; people not trusting financial service providers; low income levels; challenging business environment that does not provide enough incentives for multinational companies to enter the African market; lack of reliable information making it difficult to access and assess people's risk; legal and judicial systems are poor; lack of human capital and expertise shallow financial markets making it difficult to raise enough money to capitalize insurance and communities making informal forms of insurance rather than using the services of formal insurers (KPMG, 2014). This study used insurance fund size growth levels from the Association of Kenya insurance for the period 2014-2018.

3.1 Research Methodology

This study used the descriptive research design. Descriptive studies are those used to describe phenomena associated with a subject population or to estimate proportions of the population that have certain characteristics. The target population of the study consisted of approximately 1,054 life insurance sales staff of the 17 registered and licensed life insurance companies, located within Nairobi, for the year 2017. The sample size per insurance firm was be obtained by apportioning from the target population of the study. The study used both primary data and secondary data. Primary data was collected through the administration of the questionnaires. Structured questions was used to capture the opinion of the respondent. The qualitative data was collected through semi-structured questionnaires designed to be filled by the managers and their supervisors' sales, customer service, finance and operations departments in all the 17 life insurance companies. Quantitative data was analyzed by calculating the response rate with descriptive statistics such mean, median, standard deviation and proportions using statistical package for social sciences (SPSS). The analyzed data was presented by use of charts, graphs and frequency tables. Inferential statistics was done including correlation regression and ANOVA. They was used to establish the relationship that exists between the independent variables and dependent variable. ANOVA analysis measured the goodness fit and further determined whether the overall model is statistically significant

The multiple regression model before moderation was as follows;
$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$
Where:
Y = Insurance Demand
X_1 = Income Level
X_2 = Insurance premiums

X_3 = Perception of insurance

X_4 = Awareness of insurance

$\beta_{1....4}$ = Coefficients of the variables

ε = Error term

4.1 Results and Findings
4.2 Descriptive Statistics
4.2.1 Level of Income

The first objective of the study was to establish the impact of level of income on life insurance demand in Kenya. The respondents were asked to respond to the statements on level of income. The results of this study are as depicted in Table 1.

Table 1: Level of Income

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
The level of income has a major influence on uptake on life insurance	10%	16%	0%	49%	26%	3.65	1.28
Most of the defaulters in our insurance company are the low income earners	5%	18%	4%	49%	25%	3.71	1.16
Many of our customers are high income earners	6%	17%	2%	57%	20%	3.68	1.13
We target high income earners when marketing for clients	11%	20%	4%	47%	19%	3.44	1.30
Many of our potential clients say that they will purchase insurance once their income increases.	4%	13%	1%	66%	16%	3.78	1.00
Our company offers products that address people with low income.	10%	22%	2%	41%	25%	3.50	1.33
Average						**3.63**	**1.2**

The respondents were asked whether the level of income has a major influence on uptake on life insurance and 75% of the respondents agreed to the statements while 25% disagreed. Further, the respondents were asked if most of the defaulters in our insurance company are the low income earners and a majority agreed with 74% while 23% disagreed. On whether many of the customers are high income earners, a majority of the respondents agreed with 76% while 22% disagreed with the statements. The respondents were asked if they target high income earners when marketing for clients and a majority with 66% agreed to the statements while 30% disagreed with the statements.

The respondents were further asked if many of the potential clients say that they will purchase insurance once their income increases and they agreed with 82% and disagreed with 17%.

Lastly, the respondents were asked if their company offers products that address people with low income and majority agreed with 66% and 32% disagreed to the statements.

4.2.2 Insurance Premium

The second objective of the study was to determine the effect of insurance premium on life insurance demand Kenya. The respondents were asked to respond to the statements on insurance premium. The results of this study are as depicted in Table 2.

Table 2: Insurance Premium

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
The rate of insurance products is has influenced significantly the purchase of life insurance products	4%	15%	1%	60%	21%	3.80	1.04
The change of the insurance premiums rate distresses the uptake of life insurance	10%	23%	0%	45%	23%	3.47	1.33
Most of the customers do not understand how premiums are priced	12%	22%	4%	45%	18%	3.36	1.32
Most of the customers say our premiums are high.	8%	20%	0%	57%	14%	3.49	1.20
Majority of the customers are not certain that the insurance premiums are fairly priced	3%	27%	0%	50%	20%	3.57	1.17
Most of the customers are afraid of the premiums in case of default	7%	18%	1%	48%	26%	3.68	1.23
Average						**3.56**	**1.21**

The respondents were asked if the rate of insurance products has influenced significantly the purchase of life insurance products and majority of the respondents agreed with 81% while only 18% disagreed to the statement. Further, the respondents were asked if the change of the insurance premiums rate distresses the uptake of life insurance and majority with 67% agreed and 33% disagreed to the statement. The respondents were asked if most of the customers do not understand how premiums are priced and majority agreed with 63% while 34% disagreed to the statements. The respondents were asked whether most of the customers say our premiums are high and majority agreed with 72% while 29% disagreed to the statements. Further, they were asked if majority of the customers are not certain that the insurance premiums are fairly priced and majority agreed with 70% while 30% disagreed to the statements. Lastly, the respondents were asked if most of the customers are afraid of the premiums in case of default and majority agreed with 74% while 25% disagreed to the statements.

4.2.3 Customer Perception

The third objective of the study was to examine the effect of customer perception about insurance on life insurance demand Kenya. The respondents were asked to respond to the statements on customer perception. The results of this study are as depicted in Table 3.

Table 3: Customer Perception

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
Majority of the customers prefer taking general insurance to life insurance cover.	8%	25%	2%	50%	15%	3.39	1.24
Majority of the customers are reluctant to take up the life insurance policy	7%	21%	2%	51%	20%	3.55	1.22
Most of the customers are skeptical regarding uptake of life insurance covers	7%	20%	2%	45%	27%	3.64	1.27
Most of the customers who we approach argue that life insurance companies do not come to their rescue at the time of their need	4%	34%	4%	47%	11%	3.26	1.16
The willingness to pay by customers with life covers is very low	15%	15%	3%	49%	20%	3.45	1.34
Average						**3.45**	**1.24**

The respondents were asked whether majority of the customers prefer taking general insurance to life insurance cover and majority agreed with 65% while 33% disagreed to the statements. Further, the respondents were asked if majority of the customers are reluctant to take up the life insurance policy and majority agreed with 71% while 28% disagreed to the statement. On whether most of the customers are skeptical regarding uptake of life insurance covers, majority agreed with 72% while 27% disagreed. On whether most of the customers who are approached argue that life insurance companies do not come to their rescue at the time of their need, a majority with 58% agreed while 38% disagreed. Lastly, the respondents were asked if the willingness to pay by customers with life covers is very low and majority agreed with 68% while 29% disagreed to the statement.

4.2.4 Insurance Awareness

The fourth objective of the study was to establish the effect of awareness on life insurance demand in Kenya. The respondents were asked to respond to the statements on awareness on life insurance. The results of this study are as depicted in Table 4.

Table 4: Insurance Awareness

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
There is low level of awareness and lack of knowledge of insurance products	4%	25%	2%	52%	17%	3.54	1.16
Our insurance company conducts public seminars campaigns on awareness of the benefits of life insurance	9%	17%	9%	51%	14%	3.43	1.20
Our company has a social media presence to promote insurance awareness	6%	27%	1%	46%	19%	3.45	1.25
Our insurance campaigns are client centered and provide adequate general information about insurance	7%	15%	2%	57%	18%	3.65	1.16
Our company conducts product promotion frequently to enlighten the public on existing life covers	9%	23%	5%	43%	20%	3.42	1.28
Average						**3.49**	**1.20**

The respondents were asked whether there is low level of awareness and lack of knowledge of insurance products and majority agreed with 70% while 29% disagreed to the statement. Further the respondents were asked if their insurance company conducts public seminars campaigns on awareness of the benefits of life insurance and majority agreed with 65% while 27% disagreed to the statement. On whether their company has a social media presence to promote insurance awareness majority agreed with 65% while 34% disagreed to the statement. The respondents were further asked if their insurance campaigns are client centered and provide adequate general information about insurance where majority agreed with 76% while 22% disagreed to the statement. Lastly, the respondents were asked if their company conducts product promotion frequently to enlighten the public on existing life covers where majority agreed with 63% while 32% disagreed to the statement.

4.2.5 Life Insurance Growth

The dependent variable was the growth of the 17 life insurance firms that was measured using fund size growth rate. The results are as shown in Table 5.

Table 5: Insurance Growth

Year	Minimum (%)	Maximum (%)	Mean (%)	Std. Deviation
2014	6.00	53.00	26.19	13.37
2015	3.00	66.00	27.86	21.59
2016	6.00	87.00	28.75	23.83
2017	3.00	65.00	21.00	18.41
2018	8.00	69.00	26.66	18.30

The results indicate that in 2014, the minimum rate was 6% with a maximum of 53%. The mean was 26% with a standard deviation of 13.37 and thus showed the variation from the mean value. The minimum growth rate in 2015 was 3% with a maximum of 66% and a mean value of 28.75%. The standard deviation for 2015 was 21.59 from the normal mean. In 2016, the minimum growth rate was 6% with a maximum of 87% and a mean value of 28.75%. The standard deviation for 2016 was 23.83 from the normal mean. The minimum growth rate for 2017 was 3% with a maximum of 65%. The mean was 21% with a standard deviation of 18.41 and thus showed the variation from the mean value. Lastly, the minimum value for 2018 was minimum growth rate in was 8% with a maximum of 69% and a mean value of 26.66%. The standard deviation for 2018 was 18.30 from the normal mean.

4.3 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.4.1 Correlation Analysis

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 6.

Table 6: Correlation Matrix

		Life Insurance Demand	Income Level	Insurance Premiums	Insurance Perception	Insurance Awareness
Life Insurance Demand	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Income Level	Pearson Correlation	0.512**	1.000			
	Sig. (2-tailed)	0.000				
Insurance Premiums	Pearson Correlation	-0.672**	-.475**	1.000		
	Sig. (2-tailed)	0.000	0.000			
Insurance Perception	Pearson Correlation	0.230**	0.095	-.243**	1.000	
	Sig. (2-tailed)	0.000	0.131	0.000		
Insurance Awareness	Pearson Correlation	0.355**	.283**	-.269**	0.001	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.989	

** Correlation is significant at the 0.01 level (2-tailed).

The results in Table 6 revealed that income level and life insurance demand is positively and significantly related (r=0.512, p=0.000). The results further indicated that insurance premiums and life insurance demand are negatively and significantly related (r=-0.672, p=0.000). Further, results showed that customer perception and life insurance demand were positively and significantly related (r=0.230, p=0.000). Lastly, insurance awareness and life insurance demand were positively and significantly related (r=0.355, p=0.000). This implies that an increase in income level, insurance perception and insurance awareness led to increase in life insurance demand. However, an increase in insurance premiums led to a decrease in life insurance demand.

4.4.2 Regression Analysis

The study sought to carry out regression analysis to establish the statistical significance relationship between the independents variables notably income level, insurance premiums, insurance perception, insurance awareness on the dependent variable that was life insurance demand. According to Rencher and Schaalje (2009) regression analysis is a statistical process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while the other independent variables are held fixed (Mugenda & Mugenda, 2003).

The results presented in Table 7 present the fitness of model used of the regression model in explaining the study phenomena.

Table 7: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.726a	0.527	0.520	12.406

Income level, insurance premiums, insurance perception, insurance awareness were found to be satisfactory variables in explaining life insurance demand. This is supported by coefficient of determination also known as the R square of 0.527%. This means that income level, insurance premiums, insurance perception, insurance awareness explain 52.7% of the variations in the dependent variable, which is life insurance demand in Kenya. This results further means that the model applied to link the relationship of the variables was satisfactory.

The Analysis of Variance (ANOVA) results are shown in Table 8.

Table 8: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	43112.64	4.00	10778.16	70.03	0.000
Residual	38629.90	251.00	153.90		
Total	81742.54	255.00			

The findings further confirm that the regression model of is significant and supported by F=70.03, p<0.000) since p-values was 0.000 which is less than 0.05. The study conducted a regression of coefficient analysis to establish the statistical significance relationship between the independents variables notably income level, insurance premiums, insurance perception, insurance awareness on the dependent variable that was life insurance demand. The regression of coefficient results are as shown in Table 9.

Table 9: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	26.513	5.938		4.465	0.000
Income Level	3.264	0.746	0.219	4.375	0.000
Insurance Premiums	-7.135	0.726	-0.505	-9.834	0.000
Insurance Perception	1.786	0.930	0.086	1.919	0.056
Insurance Awareness	2.616	0.766	0.157	3.413	0.001

The regression of coefficients results show that income level and life insurance demand is positively and significantly related (β=3.264, p=0.000). The results further indicated that insurance premiums and life insurance demand are negatively and significantly related (β =-7.135, p=0.000). Further, results showed that customer perception and life insurance demand were positively but not significant (β =1.786, p=0.056). Lastly, insurance awareness and life insurance demand were positively and significantly related (β =2.616, p=0.001).

The optimal model was therefore;

The multiple regression model was laid as below.

$Y = 26.513 + 3.264X_1 - 7.135X_2 + 1.786X_3 + 2.616X_4 + e$

Where:

Y = Life Insurance Demand

X_1 = Income Level

X_2 = Insurance Premiums

X_3 = Insurance Perception

X_4 = Insurance Awareness

The results agree with Hammond *et al* (2017) who established through household survey that life insurance consumption is hugely influenced by family life cycle, income, net worth, and education standard and respective occupations of the customers. The findings are in line with Kamau (2013) who underrates the contribution of education to the low insurance penetration. Further the findings agree with Spinnewijn, (2013) who found that people have very divergent beliefs about the risks they face. The findings are consistent with Li (2007) who expressed that the level of level of awareness positively affects the demand for life insurance. Further the results are in line with Ibok (2012) who observed that training increment individuals' capacity of awareness and the advantages of risk administration and even long haul investment funds as a per-preventative measure and accordingly builds their risk repugnance

5.1 Conclusions

Based on the findings the study concluded that level of income had a significant effect of life insurance intake. Most of the defaulters in our insurance company are the low income earners and many of were customers are high income earners. The insurance firms target high income earners when marketing for clients while most of the potential clients say that they would purchase insurance once their income increases. However, the insurance firms were coming up with offers products that would address people with low income.

The study further concluded that the rate of insurance products has influenced significantly the purchase of life insurance products. In addition, the change of the insurance premiums rate distresses the uptake of life insurance. Most of the customers asserted the premiums are high. Further, majority of the customers are not certain that the insurance premiums are fairly priced and are afraid of the premiums in case of default.

The study concluded that majority of the customers prefer taking general insurance to life insurance cover and are reluctant to take up the life insurance policy. This showed they were skeptical regarding uptake of life insurance covers. The customers approached argued that life insurance companies do not come to their rescue at the time of their need. The willingness to pay by customers with life covers was very low.

Lastly, the study concluded that there was low level of awareness and lack of knowledge of insurance products. This prompted the insurance firms to conduct public seminars campaigns on awareness of the benefits of life insurance and have social media presence to promote insurance awareness. This campaign were client centered and provide adequate general information about insurance.

5.1 Recommendations

The study recommends that insurance companies should push and market policies that provide for both risk coverage and savings component because that what the customers prefer. The insurance companies should also lower the cost of premiums, have efficient claims settlement, improve on agents integrity, improve on customer service, have product variety, have country wide presence to improve the growth of insurance in Kenya

The Association of Kenya Insurers (AKI) must sensitize its members on the best training opportunities to ensure that the services offered to the life insurance clients by the sales staff are value adding and in the best possible way. The life insurance companies should ensure proper sales promotion and pricing of life insurance products for value maximization to its clients. The insurance companies should work hard and competitively to ensure penetration of their services and to organize education to members of the public to demystify their life insurance services. Micro insurance is one of the methods the insurance companies can enhance growth of life insurance business. The Insurance Regulatory Authority (IRA) should come up with mechanisms on how the life insurance sector can best be monitored to attain maximum growth. Proper regulation of the sector would ensure a level playing field and rid the industry of unethical practices.

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