

**THE IMPACT OF PERSONAL SELLING ON THE  
MARKETING OF INSURANCE SERVICES:**

**(A CASE STUDY OF KAPITAL INSURANCE  
COMPANY LIMITED KANO)**

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*BEING A THESIS SUBMITTED TO THE POST GRADUATE  
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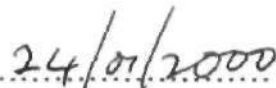
**DEPARTMENT OF BUSINESS ADMINISTRATION  
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**OCTOBER, 1998**

# CERTIFICATION

This thesis entitled " The Impact of Personal Selling on the Marketing of Insurance Services (A case study of Kapital Insurance Company limited Kano.) by **AJOGI ELLA GODWIN** meets the regulations governing the award of the Degree of Masters of business Administration (MBA) of Ahmadu Bello University Zaria, and is approved for its contribution to knowledge and literacy presentation.

  
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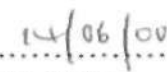
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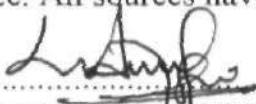
  
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## DECLARATION

I declare that this thesis has been written by me and that it is a record of my own research work. To the best of my knowledge, it has not been presented in any form for the award of Degree. All sources have been fully acknowledge.

  
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AJOJI ELLA GODWIN

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## **DEDICATION**

This thesis is dedicated to the entire Ajogi family especially my late parents Capt. H.A. AJOGI (Rtd) and Mrs MARY AJOGI to whom my dream is to satisfy their desire.

# ACKNOWLEDGEMENT

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Ajogi Ella Godwin

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## ABSTRACT

The research has been undertaken on the impact of personal selling on the marketing of Insurance Services.

Personal selling involves many functions, the researcher has limited his writing to, how the salesman will go out to the field and make sales, and also try to enlighten the public of the advantages people will derive by insuring their properties with the insurance companies.

The researcher has highlighted the entire research problems and history of the organisation

The work of various authors in the field of personal selling have been referred to and their respective views expressed and compared with the existing practice in insurance companies more especially to Kapital Insurance Company, Kano.

Fifty questionnaires were distributed to respondents, thirty to customers and twenty to management while some of the customers were interviewed personally by the researcher.

The discussion of personal selling and proof of hypothesis have been presented.

The researchers findings have been stated with some of the problems identified. Some of the findings are that, some of the people don't want to take insurance policy more especially life assurance policy which is due to their religious beliefs, but if these people were enlightened of the benefits they will derive by taking life assurance policy they will accept it.

Finally, the researcher recommends that qualified salesmen should be employed to carry out all personal selling activities of the organisation.

Also, the existing staff of the job should be motivated by sending them on course to be more responsible to the organisation and the society in general.



# TABLE OF CONTENTS

| TITLE             | PAGE   |
|-------------------|--------|
| Title Page        | I      |
| Certification     | II     |
| Declaration       | III    |
| Dedication        | IV     |
| Acknowledgement   | V      |
| Abstract          | VI-VII |
| Table of Contents | VIII   |
| List of Tables    |        |

## CHAPTER ONE

|                                        |   |
|----------------------------------------|---|
| 1.1 INTRODUCTION                       | 1 |
| 1.2 Statement of Problem               | 3 |
| 1.3 Hypothesis                         | 4 |
| 1.4 Objectives of the Study            | 4 |
| 1.5 Significance of the Study          | 4 |
| 1.6 Scope and Limitations of the study | 4 |
| 1.7 Definition of Terms                | 5 |

## CHAPTER TWO

|                                                             |    |
|-------------------------------------------------------------|----|
| 2.0 REVIEW OF RELATED LITERATURE                            | 8  |
| 2.1 Personal Selling                                        | 8  |
| 2.2 Steps in Making Sales                                   | 10 |
| 2.2.1 Prospecting                                           | 10 |
| 2.2.2 Pre-Approach                                          | 10 |
| 2.2.3 Approach                                              | 11 |
| 2.2.4 Presentation                                          | 12 |
| 2.2.5 Trial close                                           | 13 |
| 2.2.6 Meeting Objection                                     | 14 |
| 2.2.7 Closing                                               | 15 |
| 2.2.8 Follow Up                                             | 15 |
| 2.3 Historical Background of Kapital Insurance Company Ltd. | 19 |
| 2.4 Functions of Insurance Companies                        | 20 |
| 2.5 Classes of Insurance Company                            | 20 |

## **CHAPTER THREE**

|     |                                     |    |
|-----|-------------------------------------|----|
| 3.0 | RESEARCH METHODOLOGY                | 24 |
| 3.1 | Introduction                        | 24 |
| 3.2 | Methodology Used and Justification  | 26 |
| 3.3 | Instruments or Tools Used           | 26 |
| 3.4 | Research Population and Sample Size | 27 |
| 3.5 | Sampling Procedures Employed        | 27 |
| 3.6 | Justification for Sample Procedure  | 27 |
| 3.7 | Method of Data Analysis             | 28 |

## **CHAPTER FOUR**

|       |                                                                 |    |
|-------|-----------------------------------------------------------------|----|
| 4.0   | Presentation and Analysis of Data                               | 29 |
| 4.1   | Introduction                                                    | 29 |
| 4.1.1 | Management Questionnaire                                        | 29 |
| 4.1.2 | Customers Questionnaire                                         | 35 |
| 4.2   | Discussion of the Result                                        | 39 |
| 4.3   | Problems Identified                                             | 43 |
| 4.4   | Evaluation of Personal Selling on<br>Kapital Insurance Services | 44 |

## **CHAPTER FIVE**

|     |                                        |    |
|-----|----------------------------------------|----|
| 5.0 | SUMMARY CONCLUSION AND RECOMMENDATIONS | 46 |
| 5.1 | Summary                                | 46 |
| 5.2 | Conclusion                             | 47 |
| 5.3 | Recommendations                        | 47 |
|     | Bibliography                           | 51 |
|     | Appendices                             |    |

## **LIST OF TABLES**

|     |                                                        |    |
|-----|--------------------------------------------------------|----|
| 1.  | Number of Years as a Staff of the Company              | 29 |
| 2.  | Number of years in Insurance Business                  | 30 |
| 3.  | Policy that Constitutes Major Source of Income         | 30 |
| 4.  | Promotional Activity Adopted                           | 31 |
| 5.  | Effectiveness of Tool                                  | 32 |
| 6.  | Type of Training Provided for Salesmen                 | 32 |
| 7.  | Transportation for Salesmen                            | 33 |
| 8.  | Type of Transportation                                 | 33 |
| 9.  | Contribution of Personal Selling to Insurance Policy   | 34 |
| 10. | To what Extent                                         | 34 |
| 11. | How long the Insurance company is Known                | 35 |
| 12. | Type of Insurance Policy the Insurance Company Provide | 36 |
| 13. | Type of Policy Held                                    | 36 |
| 14. | How essential are Insurance Company to Organisation    | 37 |
| 15. | Compensation of Insurance                              | 37 |
| 16. | Responsibility of Approval                             | 38 |
| 17. | Indemnification of Insurance Company                   | 38 |

# CHAPTER ONE

## 1.1 INTRODUCTION:-

The role of marketing in modern society cannot be over emphasized especially if one views it from the point of mass production in a competitive environment where survival of the fittest is the norm.

Different organizations employ different methods and strategies to market their products or services to their customers. The insurance industry is not left out in the struggle to market its services to the general public and other potential customers. One of the methods they employ which suits their products is personal selling among other means. The company employ's the method of personal selling because the salesman has to create the need for these services because they are less readily demonstrated than the tangible products.

Selling of insurance services in Nigeria is very difficult partly because of the social and religious beliefs of the people.

Some social class believes only in the contributions they give to the bereaved family members in the event of death, or a donation to the member in the event of accident (such as fire or flood), (damage to property).

Personal selling consist of contacting prospective buyers of a product personally, it is by far the major promotional tool.

An activity of such magnitude as personal selling cannot exist without forceful and cogent reasons. Few managers will not be willing to spend the amount of money they do on personal selling if they were not thoroughly convinced that it was the best possible application of their funds.

A salesman is able to seek and pinpoint good prospects for his product, whereas advertising and other tools frequently are unable to separate potential from nonpotential buyers.

Though the insurance companies use advertising to create awareness for the services they render to the general public, the method that best suits their product is personal selling.

Advertising can be linked to a fisherman casting his net with the hope that some fish are in the area and will be interested in it. He is never quite sure whether there are any fish interested in his bait, and never knows which fish will bite. On the other hand, personal selling can be linked to a hunter who stalks his prey with his rifle.

Economically, pinpointing prospects means that frequently there is much less wasted effort and expenditure in personal selling than in advertising. Although the cost per contact by a salesman is many times larger than that of advertising, the portion of the contacts made by advertising may be with people who are not really prospects.

The salesman however is able to tailor his presentation to fit the precise needs of the person on whom he is calling, and he is on the scene to meet the specific objectives raised by him.

The public relations of the insurance industry is very poor because people regard insurers as vultures only ready to grab premiums and run away from claims settlement by quoting policy conditions hidden in the small print in order to avoid liabilities. It is suggested that insurance companies should spread the importance of insurance to the public through personal selling and in the marketing of insurance services through personal selling. The objection that is normally raised by prospects is how they will be indemnified when a risk that is insured against happens and the salesman in this case will be able to point out to the prospects that in the case of the risk happening, the insured should follow the right channel in putting forward his claims and after that the insurance company will send its inspection officers to go and find out the causes of the incidence and see whether if the cause of the incidence is the risk insured against and if they find out that the risk insured against is the cause and not the negligence of the insured then the insurance company will go ahead and indemnify the customer or the client and the insurance company will take title of the damaged property.

There is there for no question that personal selling is far more effective tool for convincing a prospect of products or services merits and desirability. In all promotional activi-

ties, the closer the seller can come to putting his sales appeal to the precise situation of his buyers, the more likely he is to get an order.

It is natural for men to want to help their friends, it is difficult to say no to someone you like. A good sales man for this reason makes genuine friends of his customers. Social relation therefore may be the only basis for giving business to one rather than to another.

Insurance is an intangible product or services, you can not see it as other product but what they are all after is to satisfy consumers needs and in doing their business they need to communicate to there prospects and the salesman provides a channel of communication between the seller and the buyer which no other form of promotional activities can provide. The sales representative is continually willing on buyers, and he is usually bombarded by a multitude of suggestions, information and activities which should be passed back to management if the firm is to continue to make a marketable service. The firm depending mainly on advertising seldom knows what it's customers really think about its products or service. An alert sales force can keep management fully informed about market condition, competitive activities and trends in the market place. Such communication is so valuable that a firm may maintain a sales force almost exclusively for this purpose.

## **1.2 STATEMENT OF PROBLEM**

The survival of any profit oriented organization is dependent on how efficiently and effectively it is able to market it's products and services and generate adequate revenue.

Personal selling can be employed as a technique of marketing a companies goods or services. Kapital Insurance Company is one of such companies that employ this technique. It is pertinent to ask the following questions:

- \* Does personal selling create awareness among the insuring public?
- \* Does personal selling increase the revenue base of Kapital Insurance?
- \* What is the effect of personal selling on the company's image?
- \* What effect, positive or negative does personal selling has on Kapital insurance business?

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\* Is the revenue expended on personal selling being justified?

This research work attempts to proffer answers to the above questions

### **1.3 HYPOTHESIS**

In line with the research topic, the researcher will propose the hypothesis:

That personal selling informs the general public on how they will be indemnified when a loss occurs.

### **1.4 OBJECTIVE OF THE STUDY**

This research will have the following objectives:

The research will critically analyse and assess the impact of personal selling on the marketing of insurance services.

The research will also analyse the activities of the Kapital Insurance Company Limited, to find out if it has actually been performing its duties efficiently and effectively through its personal selling.

### **1.5 SIGNIFICANCE OF THE STUDY**

This research will benefit the insurance industry in assessing and evaluating of personal selling to the industry in general and specifically to the Kapital insurance company limited which is taken as a case study.

Also the research will serve as a foundation for further research to those who are interested in personal selling in the insurance industry.

It will also highlight the general public on the importance of insurance in all matters of life most specially to those who are engaged in one business or the other.

### **1.6 SCOPE AND LIMITATIONS OF THE STUDY**

In implementing this study, various limitations were encountered. One of such is low literacy rate in the country. The research is limited to the Kapital Insurance Company Limited so as to have a case study that will reflect the general nature of personal selling in the insurance industry.

If the scope of this research were wider the data to be collected would have been

humanly impossible because of finance and non availability of data.

## **1.7 DEFINITION OF TERMS**

### **UTMOST GOOD FAITH:**

This means the utmost good faith must be shown in any insurance contract. Both parties to the contract i.e the insured and the insurer, must disclose all relevant facts which might influence the others willingness to enter into the proposed contract. A person who is suffering from incurable cancer must disclose this fact to an insurance company if he wishes to take out life insurance. A car driver with a long history of accidents must also disclose this to the insurance company if he wants to buy motor insurance. If either party fails to show utmost good faith, and hides relevant information when drawing up the agreement, the contract is void. In the above two examples, the insurance company could refuse to pay any claims.

### **INDEMNITY**

By the contract of insurance, the insurance company agrees to make good any loss. The insured must not, however, make any profit out of insurance. The object of insurance is to place the insured in the position he was in before the loss occurred. An insured person could not recover the insured amount if it was found out that he had overvalued the goods insured. If goods are damaged by fire, for instance and the insured is paid their full value in compensation, the right to dispose of the damaged goods passes to the Insurance company.

Life assurance contracts are usually excluded from the principle of indemnity since it is not possible to put a money value on someone life. This is then a non-indemnity insurance.

### **SUBROGATION**

This is the right of the insurer to take the insured's place after he has indemnified him. If the damage was caused by a third party the insurer can therefore try to recover from the third party the amount of the loss he has sustained. If the insured has sold his damaged car

for scrap metal after he has been fully compensated by the insurance company, the insurance company can rightly claim from him the money he received for it.

### **CONTRIBUTION**

Contribution is the right of an insurer to call upon others similarly but not necessarily equally liable to the sum insured to share the cost of an indemnity payment. The fundamental point here is that if an insurer has paid an indemnity it can recoup an equitable proportion from the other insurers of the risk.

### **THE POLICY**

The policy is the document which reduces to writing the contract previously negotiated between the insured and the insurer. There is no standard working of the policies in the market, they vary according to the agreement reached between the underwriters and the insured.

### **INSURABLE INTEREST**

A person can take out insurance only against occurrences which would cause him loss. He cannot insure against events which do not cause him any loss. A householder can thus insure his own property against fire and flood, but he could not insure the property of his neighbour.

### **INSURANCE RISK:**

Not all losses can be insured against. Thus a trader can not insure himself against losses due to his own inefficiency. Insurance will only be effected against those risks which have a mathematical probability of happening. The insurance company will not insure against losses which are caused by the insured person.

### **FIDELITY GUARANTEE INSURANCE:**

The purpose of this policy is to compensate business organizations for losses sustained due to misappropriation of funds and resources by their employers.

## **MOTOR VEHICLE INSURANCE:**

This is one type of contract of insurance that may not be entered into involuntarily. It is so because users of motor vehicle in Nigeria, for example, are obliged to insure such properties under motor vehicle third party insurance act 1945, Nigeria.

The purpose of this is that of compensating the insurer or a third party who may have sustained a loss or injury through an accident. There are two types of motor vehicle insurance, The first is comprehensive insurance which provides standard cover for losses and injury such as bodily injury, damage to property resulting from accidents involving the insured vehicle and this cover both the insured and the third party. The other type of motor insurance is the third party insurance, under it, only the legal liability of the third party if covered by the insurer and no compensation is paid to the insured in the event that losses or injuries are sustained in accident involving the insured vehicle.

# CHAPTER TWO

## 2.0 REVIEW OF RELATED LITERATURE

The aim of this is to have a critical look at literature or write ups from various materials.

## 2.1 PERSONAL SELLING

The objective of this project is to critically analyse and assess the impact of personal selling on the marketing of Insurance services. In this project, the researcher try's to bring out some definitions of personal selling as developed by various scholars.

It will be necessary at this point to put down some of the different views expressed by different authors on what personal selling entails. It is hoped that this will make for better understanding of the subject.

Boulder, (1961, page 484) in his book principles of marketing defines personal selling as “the process of Contacting prospectives of a product personally.

Demonstration of the project or services and it's use by the marketer is usually the most effective method for convincing the prospects of its merits and desirability”

On the other hand, Wilmshurst (1985 page 164) in his book, the Fundamental and Practice of Marketing sees it as “a group of individuals in an organisation striving jointly to reach certain common goal”. He went further to say that the kind of sales force a company needs and the way it organizes it will depend on its marketing objectives. These in turn will be influenced by the kind of markets it is operating in and its position in these markets.

Shapiro (1973 page 147) in his book Marketing Term define's personal selling as “the art of successful persuading prospects or customers to buy a product or services from which they can derive suitable benefits thereby increasing their total satisfaction.

Shultz ( 1966 page 160) in his book An outline of Marketing defines personal selling as “ an oral presentation to prospective

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customers for the purpose of making sales”. It has the ultimate purpose to induce customers and industrial buyers to purchase particular products or services for use.

From the above discussion, one could see that what is required of sales department is to perform its function “right” so that it can contribute effectively to the achievement of organisational objectives. For the purpose of this work therefore the researcher has chosen the definition of personal selling by Rogers (1978, page 172) in his book sales management that “personal selling deals with the whole of the selling process from making initial contacts with a customer to closing the deal and taking money other forms of promotion rarely can”. The person to person situation is far more flexible than the other forms of promotion. An advertisement can only deliver a standard message to the average customer, but a trained salesman can establish each customer’s individual needs and frequently can help to shape the product or service to fit these needs. At worst he can highlight those attributes of an existing product or service that fit in with the customers requirements particularly and thus score heavily over alternative impersonal method of persuasive contact. For proper understanding of the main theme of the project, an attempt would be made to define insurance or the contract of insurance.

D. J. Keenan, defines the contract of insurance thus, “A Contract of Insurance is one in which one party makes periodical payments (called the premium) to the insurer to accept a risk to which the insured is subject and to compensate or indemnify the assured for or against any loss which may occur if the risk insured against happens” Most people have the view that personal selling is used only on tangible products, it can also be used on intangible products or services more especially in insurance.

Despite its relative long history in the country there are still among the general public a lot of suspicious and serious misconceptions about the insurance industry. For example, it is commonly believed that insurance companies generally don’t like to settle claims however justified and they resort to legal interpretations/misrepresentations to confuse the client and prevent him from getting his rightful entitlements.

Through the use of personal selling all these suspicious and serious misconceptions could be corrected in that the salesman will try and explain to the customers the benefits and ways through which the clients will get his rightful entitlements.

## **2.2 THE STEPS IN MAKING SALES**

It is clear from what has been discussed that personal selling includes many different tasks and calls for many different skills. The salesman will normally have to drive a car and organise his journeys, write reports and keep accurate records. He may need to analyse his territory and pinpoint good prospective customers

### **2.2.1 PROSPECTING**

*The first step in making sales is to get the name of a good prospector. A prospector is simply an individual or concern having a need for the product or service and the ability to buy it. Prospecting is a key factor in determining the ultimate success of a salesman. If he fails to confine his activity to good prospects he will be wasting his time and efforts on people who have no need for the services his company is offering and who have no interest in what he wants them to insure, the salesman will reap much larger rewards for his time.*

Some life insurance salesmen concentrate their effort entirely on selling to doctors, lawyers and other professional men because these persons have a definite need for life insurance and also have the financial ability to buy large amount of it.

### **2.2.2 PRE-APPROACH**

The wise salesman after knowing the name of the good prospect immediately attempts to obtain as much information as possible about the person before he contacts him. The more the salesman knows about his potential customers, the better he is able to tailor his presentation to fit the persons needs. Also, a good pre-approach helps to qualify the person as a good or poor prospect. A brief investigation may disclose that the prospect does not have sufficient income to qualify him as an excellent prospect, or possibly it may indicate that he will have no interest in the insurance service at all. What matters here is whether the

individual or company has interest to insure any of its property or to insure against the safety of its employees.

Frequently the prospects occupation is a tip-off on how a sale should be conducted. If the prospect is an engineer, probably he will be interested in his safety or the safety of his employees, but if he is relatively uneducated, care must be taken not to direct the presentation over his head by talking in terms he does not understand, this is so because the Insurance terminology should be fully explained to him.

### 2.2.3 APPROACH

The approach is the initial period of contact with the prospect. If the salesman fails to gain the prospects attention and interest and makes an easy transition into presentation, he may not get to make the sales presentation. Many salesmen do not appreciate the importance of a good approach to the overall success of the sale. The salesman in this case has to explain to him why he should take an insurance policy this may be so because the person is having a little knowledge about insurance and therefore not knowing about insurance and its importance if the salesman fails to make friends with the prospects and immediately gains his attention and interest in the proposition, he will be talking to an antagonistic audience for the remainder of sale.

There are several types of basic approaches. First, there is the simple solution and introduction approach in which the salesman merely greets the prospect, introduces himself and outlines his reason for making the call. Although this is rather unimaginative, it is nevertheless probably the approach most widely used. There is really nothing wrong with it except that it frequently lacks attention and interest. If it is important that the prospect become immediately interested in the proposition, either the product or service approach or the consumer benefit approach should be used.

The product or service approach simply consists of handing the product to the prospect with little or no conversation, but in the case of insurance he just explains the types of

protection the insurance company will provide to him.

The consumer benefit approach consists of beginning the sales by directing the man's attention towards the benefit the company has to deliver to him. One life insurance salesman would begin the conversation with the man by asking "how would you like to receive N500 each month on retirement?" If the prospect allowed that such a sum would be attractive, the salesman would reply, "if you will answer a few questions for me, I would then like to draw a plan which would give you just that. But first, I have to have some information about your personal circumstances"

Many times the referral approach successfully gains the salesman audience with a prospect. The referral approach consists of obtaining the permission of a past or present customer to use his name as a reference in meeting a new prospect. A satisfied customer will often write a short note to a friend who is a prospect, introducing the salesman. This approach works well because the prospect has an immediate common bond or friendship with the salesman and feels duty bound out of courtesy to his friend to hear what the salesman has to say.

#### **2.2.4 PRESENTATION**

The presentation is the main body or the sale in which the salesman presents his product or service and shows the benefits or explains the benefits in case of insurance to the prospect. A good sales presentation is built around a good demonstration and in the case of insurance which is an intangible product or service which cannot be seen, the salesman has to explain to the prospect all that he is supposed to know about insurance services and it is here that all selling points are visualized and buying motives to arouse the interest and the desire of the prospect to take the insurance policy. His success here depends on so many factors one of which is the accurate knowledge of his product or services. This point is valid when he considers that one of the criticisms levelled against salesman is that many of them possess imperfect. Knowledge of the product or service they have to sell. According to Charles Attwood in his book the sales Representatives Hand Book (1969 page) he said "Obviously

a salesman should have reasonable complete knowledge of the goods and services he is presenting and be able to answer any question the buyer may reasonably raise”.

Many sales people seem to feel that it is necessary to keep up a constant flow of talk, that the enemy must be pinned down by a ceaseless discharge of oral machine guns. More experienced salesmen have learnt that it is wise to let the prospect do quite a bit of talking, especially if the person appears favourably inclined towards the proposition. If the prospect wishes to elaborate on some advantage of the insurance service. It is good strategy to keep silent and let the buyer sell himself.

Indeed, many skilled persuaders make a practice of presenting their claims in a rather sketchy style, allowing their prospects to fill in the gaps and arrive at their own conclusions. Under such circumstances the prospect is likely to exclaim “then this would be true too, wouldn’t it?” This is precisely what the salesperson is striving for to help the buyer reach his own conclusions, when their tactics are employed, the buyer feels smugly pleased because he has been able to figure the thing out more or less independently and forthwith embraces and champions the new idea as his own. Thus the prospect sells himself the proposition.

Obviously, one can use these method only when the prospect is not too firm in opposition and has sufficient mental ability to leap the gap in the presentation and reach the desired conclusion without being led step by step.

#### **2.2.5 TRIAL CLOSE**

Throughout the presentation the salesman makes trial closes in order to take the temperature of the sale. That is, he wants to determine whether the customer is ready to buy the product or service. Frequently a salesman may call on a prospect who is ready to buy the services before the presentation is ever made. Perhaps the prospect has made a decision to have an insurance policy on his house or company therefore all that must be done is to take the order and wrap up the sale. Some prospects can become easily convinced early in the sale that they want to buy, whereas others may remain unconvinced for sometime. The salesman must ascertain just how favourable the prospect is to his proposition. He can do by asking

questions such as “What type of insurance policy would you like to take” “ don’t you think this policy you have taken is off great assistance to you” The person who is ready to buy will answer such statements readily and positively.

A prospect who is not convinced however, will either avoid answering the question or simply state he is not all sure that he wants the services. If all goes well in the trial close of course, the salesman goes right on into an assumptive close and wraps up the sale. If he encounters obstacles, however, and detects an unconvinced attitude on the part of the prospect, he must move on into the next phase of selling.

#### **2.2.6 MEETING OBJECTIONS. ,**

Practically all salesmen encounter objections in every sale. A good salesman should welcome them, because they indicate that the prospect has an interest in the salesman’s proposition. A person who is simply not interested in buying will seldom raise an objection. He can go along with presentation and not say anything except at the end when he states “I am not interested in your deal” The person who actively objects to things and asking many questions however, obviously has an interest in the product or service. If his objections can be met satisfactorily, he will buy it.

Objections can be classified in several ways, first there are both stated and hidden objections sometimes prospects will openly state their objection to a proposition and give the salesman a chance to answer them. This is an ideal circumstance because everything is out in the open and the salesman does not need to read the prospects mind. Unfortunately, in a great many instances the prospect hides his real reasons for not buying. Frequently, in addition to having hidden objections, his stated objections are funny. A man may say that he simply does not appreciate the way claims are settled by your company, when deep down he thinks the premium is too high. At other times the prospect is simply misinformed or does not understand some of the technical aspect of the proposition and requires additional education along these lines.

Procrasting objections are frequently the most difficult to overcome. In almost every

sale the salesman will encounter such objections as “Let me think about it a while” “See me in a month or so and I will be ready to buy” “I have to talk it over with my wife”. Experience has clearly shown that if a salesman allows himself to put off with this procrastinating objections, he will loose far too many sales. For in reality the prospect is just vacillating. They are situations in which the salesman must be patient or he will loose the sales. However, he must guard against too little progress towards the order.

### **2.2.7 CLOSING**

The salesman who fails to close the sales is not a salesman at all but merely a conversionist. Everything he has done to this point has had only one goal, to get the order. If the representative fails to do this properly, all is for nothing. It would seem obvious that the close would be the easiest portion of the sale for the salesman to remember to perform. Ironically, many times this is the one step that seem to escape the salesman attention. Many sales people do every thing right until they get to the close, but they fail to try to get to the order. Instead, they seem to think the prospects voluntarily buy things in many other instances there is a certain barrier to spending money that must be over come by adopting closing techniques. Frequently the prospect merely needs a little urging, and the close provides that impetus.

Most salesmen rely on what is known as the assumptive close, or some variation of it, at their basic closing techniques. In using the assumptive close the salesman merely assumes that the prospect is going to buy the service and taking the order by asking such questions as “what type of insurance policy do you want to take” “how long do you want it to last”. The assumptive close is the most natural thing in Nigeria. If the salesman knows he has a good prospect, and has done an excellent job of his product or services and has met all his prospect objection.

### **2.2.8 FOLLOW UP:**

The sale is not over once an order is obtained. An excellent salesman will follow it up

in various ways.

First, immediately after obtaining the order the salesman usually reassures the buyer that he made a wise decision. He makes certain that all the questions have been answered and that the buyer understands the details of the contract. At this time the good salesman is frequently able to obtain leads on other good prospects who are known by the customers. One of the best sources of prospects is a satisfied customer.

A good follow up is the key to building up a loyal clientele which ultimately results in a tremendous income. Former satisfied customers voluntarily give the salesman more business. People truly appreciate being served by a great salesman, and once they have located the man who has the knack of pleasing them, they are not likely to forget him in the future. The concept of selling may be considered synonymous with that of marketing by laymen but they are infact of different meanings. In sales, one is concerned with selling what has already been decided and provided by an organisation and it is the salesman's responsibility to create a demand for such products. He starts with an available product and tries to look for a market to dispose of it.

Marketing on the other hand is directed towards identifying the needs and wants of consumers and planning to satisfy the consumers in the long run considering social interests and obtaining profitable sales volume.

Furthermore the difference between selling and marketing could be compared to the difference between tactics and strategy. In selling the salesman adopts move by move skills in order to achieve his ultimate objective of selling his product. On the other hand, marketing takes an aerial view of a business and as is recognised, it is a vital ingredient in any business management system. Generally speaking, selling is a part of promotion and promotion is a part of the total marketing system.

Osoka (1981,Pg.2) in his paper " the role of personal selling in Nigeria " said that personal selling entails that the activities of all companies must be directed towards identi-

ifying the consumer wants and needs and planning how to satisfy these wants at a profit to the company in the long run.

How does the insurer define his business? It is quite common to come across insurance executives who quickly define their business as that of providing insurance policies. Thus with the emphasis on policies one is under the impression that insurers are technically or product oriented as opposed to being marketing or consumer oriented.

Osoka (1981 .pg 9) further said that the first commandment in personal selling is “know thy consumer “ and the second is “ know thy product”. Generally the customer fall under the following.

- a. The buyer who actually purchases the product or (the proposer).
- b. The user who takes advantage of the product or service (the proposer)
- c. The decision maker who decides on the purchases.

The personal selling strategies should be such that the insurance companies are no longer detached from their customers whose needs and wants they seek to satisfy. One of the tactics in achieving this objectives is to refrain from referring their customers as policy holders but to admit them as customers, they must be looked at as their main source of continual existence.

Osoka also went further to say that one of the problem of personal selling in insurance is that of defining the product itself. A product has been defined as a set of tangible and intangible attributes that lead to consumers satisfaction. In theory this definition applies equally to insurance as one of the business which is clearly tied to satisfying the basic needs of a consumer and that of providing security in all forms.

In practice, there is doubt as to the extent to which insurance fully caters for these needs. The true position is that we find a situation where through policy exclusion arbitrary boundaries are created between identical misfortunes, some which are covered because they occur in a certain way and others are excluded because they occur in another way. For

this reason among others, it is only at the time of a claim that the customer is able to ascertain the level of satisfaction obtained through insurance, it is only then that it can be determined whether the basic security need which insurance sets out to cater for in the first place has been provided for.

In personal selling the words that should be emphasised are “buyer” “buy” “buying”. The modern view point approaches the subject by regarding the selling process as a buying process. Strictly speaking, the salesperson doesn’t sell anything but merely helps to condition the mind of the prospect so that the latter buys. There is no change in the mind of the salesperson regarding the merits of the proposition. But if the sales is to be made, the prospects mind must undergo a change. A sales is made not in the mind of the salesperson, not over the counter or desk but in the mind of the buyer. Therefore our attention is rightly centred first on this factor of the sale. The sellers every word, every gesture should have only one objective, the making of the right impression on the mind of the prospect.

Personal selling in insurance has a great impact because the salesperson can tell a good deal about a prospect’s frame of reference by closely observing his previous purchases because the factors which influence a person to buy or not to buy a particular product or service are basically similar to the factors which have influenced previous purchases. We may go even further and say that they are similar to the factors which influence general behaviour.

There are certain instances where a prospect is not sought but rather the prospect seeks the insurance company. And in such a situation personal selling will be useful to the insurance company because the salesmen are mentally prepared to deal with such a situation instantly.

Here also mentioned some need to be made of the price structure as part of a company’s overall personal selling system. When the economy is considered we find that price is a major regulator as a result of its influence in the allocation of scarce resources. For the

individual companies, pricing also serves as important part, but the personal selling of the companies may not depend on it. On the part of the consumer the price of the product when compared to an extent determines the quality of each product, thus the higher the price the better the quality.

What kind of price structures should be adopted in selling insurance policies? The pricing system insurance is usually linked with the company's underwriting policy, scope of cover granted, government regulation, tariff, cash flow, needs, investment and other special considerations and claims experience of a particular class of business amongst others. In Nigeria, the pricing policy of most insurance companies is still rather rigid, although these days we see elements of flexibility in pricing as some companies are actually cutting rates to write more business and attain a certain market share.

### **2.3 HISTORICAL BACKGROUND OF KAPITAL INSURANCE COMPANY LIMITED.**

Kapital insurance Company limited was incorporated in 1973 as insurers. The company commenced business in 1974. The company was under the new Nigeria development Company Limited and it was owned by new Nigerian Development Company Limited, Kano State Investment and properties Limited, Bauchi state Investment and properties development company Limited and Niger State Development Company Limited and the company belongs to the following professional associations:-

- Nigeria Insurance Association
- West African Insurance Company Association
- African Insurance Organisation
- Insurance Institute of Nigeria.
- Nigerian Employers Consultative Association.

This insurance company was established by the owner states at the time because there was no any insurance company owned by those state and they saw that many private insurance companies were being set up and they were trying to dominate the insurance

market, so there was the need for such an insurance company because new companies were been established and there was a lot of profit to be gained. And also at that time the states had the manpower to run the insurance company even though there were some expatriates that were involved in running the company and some that were not from the owner states. The Head office of the company is located in Kano and has branches in Kaduna, Lagos Minna, Bauchi and agencies in Abuja and Jos.

The insurance company services includes all classes of insurance i.e Fire insurance, and consequential loss insurance, motor insurance, burglar and theft insurance, workmen's compensation insurance, cash in transit insurance, goods in transit insurance, life assurance, marine insurance, Aviation Insurance, Personal Accident Insurance , Engineering Insurance and Contractors All Risk Insurance.

## **2.4 FUNCTION OF INSURANCE COMPANIES:**

The primary function of insurance is to indemnify the individual policy holder for his financial losses. Though the policyholder is not expected to benefit from the policy, he will be reinstated in the position he was before the loss occurred. By this the policy holder is better off than in a situation when a policy is not taken.

Insurance renders other ancillary services to the policyholders. One of such is the prevention of losses. Periodically, insurance carries out surveys and inspect risks through their experts and consequently take appropriate measures to prevent risk identified.

Insurance can also be used as security for loans. Most lending institutions insist on insurance without which they are not willing to lend money to the prospective borrowers

Insurance companies also lend money on the security of their life policies.

Another function of insurance which is seriously gaining popularity is the fact that some people use insurance policy for investment purposes. A good example of this is the Social Insurance Trust Fund.

## **2.5 CLASSES OF INSURANCE**

Insurance has two main function, that is the primary and the secondary or subsidiary

functions:

### **PRIMARY FUNCTION:-**

The primary function of insurance is to ensure that the financial losses of the individual are fairly distributed over the insured community. The policy holder pays premium into the common pool out of which the unfortunate few who suffer losses are adequately compensated.

### **SECONDARY FUNCTION:**

The insurance company also provides a number of subsidiary functions which are of great value to the society or the country as a whole. It offers financial security to business men and women and individual.

### **CLASSES OF INSURANCE**

#### **CONVERTABLE TERM ASSURANCE**

This is a term assurance with the option of Conversion during the selected period either a whole life or endowment assurance at increased cost. This class of assurance is specially suitable for persons who feel that they need life assurance protection, but cannot afford to pay enough premium to secure a reasonable sum assured.

#### **MORTGAGE PROTECTION POLICY:**

This mortgage policy is a way of making sure that in the event of your untimely death, the sum assured under the policy could be enough to repay the mortgage. At a slightly increased cost, the policy can be drawn to provide a cash survival benefit at maturity.

#### **MARINE INSURANCE:**

The marine insurance is normally taken up by people in the importing business. When goods are imported from overseas, the marine insurance is taken up to cover the goods in transit from the port of exports to port of destination.

#### **HEALTH INSURANCE SCHEME:**

The health insurance scheme covers the insured against his inability to pay for medical expenses. When this occurs the insurance company will come to his aid and pay his

medical bills.

### **AGRICULTURAL INSURANCE:**

This is one of the latest developments in the insurance industry. It covers the insured against any damage to agricultural products as a result of storm or others Means.

### **GOODS IN TRANSIT**

This insures against goods while still in transit until it reaches its port of destination. The cover ceases immediately the goods arrives at their final destination. In case of any accident while the goods are still on transit the insurance company bears the entire cost of the damaged goods.

### **CASH IN TRANSIT**

This insures against Cash while still in transit until it reaches the owners premises. This type of policy also covers salesmen and other money's from the bank to the owners premises.

### **WORKMEN'S COMPENSATION:**

This workmen's compensation policy is for the lower categories of workers, especially in the construction and manufacturing industry. It covers these categories of workers against partial or permanent bodily disablement as a result of accident while performing their normal duties. In case of misfortune, compensation is duly paid to the insured to enable him live happily thereafter.

### **HOUSEHOLD INSURANCE:**

The household insurance policy insures against theft or damage to the contents of insured household. The household insurance covers properties like furniture, household utensils, bed and beddings, owners personal properties etc. against theft or damage.

### **PERSONAL ACCIDENT:**

This policy provides benefits in the event of death or disablement caused mainly and solely by accident. This type of policy can be effected in conjunction with life assurance, since benefits are payable in addition to the sum assured under life policy.

## **LIFE ASSURANCE POLICY:**

As a result of development in the technology, so many people are losing their lives prematurely leaving their dependants behind to suffer. This premature death usually occurs as a result of accident or other means.

The above therefore resulted into the development of life assurance policies by modern insurers.

The life assurance policy can be categorised as follows:

### **WHOLE LIFE ASSURANCE:**

As a bread winner of your family, your dependants will no doubt suffer enormous hardship in the event of your premature death. In order to safeguard against the hardship, the whole life assurance is most suitable. It secures a capital sum payable at death, no matter how soon this may occur.

### **ENDOWMENT POLICY**

This popular type of assurance combines a safe and profitable method of saving with valuable protection for self and dependants. It secures a capital sum payable to the policy holder or survival to the dependants in the event of premature death.

### **EDUCATIONAL ENDOWMENT**

This policy is effected on life of parents subject to payment of the proceeds to the legal representatives or appointed trustees for the child's education, in the event of parents' premature death.

### **TERM ASSURANCE:**

Under term assurance policy, the sum assured is payable in the event of death during the selected period. The policy has no surrender value and it is ideal for business trips abroad and a security for raising loan.

# CHAPTER THREE

## 3.0 RESEARCH METHODOLOGY

### 3.1 INTRODUCTION:

Information is the life wire of any organisation. The management process or function can only be performed on an adequate and relevant network of information and communication. The place of information in decision making is very important. It is worthy to note that it is the research problems that determines the kind of information required in a research, the mode of collecting data, the size of sample etc.

The sources of data collection could be classified into two categories, secondary and primary sources. The selection of data collection method plays a key role in research design. Although creativity and judgement play a major role, the decision is partly influenced by the time and money constraints.

Secondary data refers to already existing information on the topic of study, that is data that were developed for some purpose other than helping in solving the problem at hand. Secondary information may solve the problem where adequate information is available and primary data collection becomes unnecessary and even where the secondary information is inadequate it serves some supplementary uses in that it helps to define the problem and formulate hypothesis about its solution. Secondary data can be gathered more quickly and inexpensively as compared with primary data. Sources of secondary data can be internal or external.

The internal sources can be classified into the following categories:-

Accounting records which includes sales invoices that provide particulars of sales, customers name , location, size or order and discounts.

The external sources of secondary information also include industry information from annual reports, trade journals, newspapers, magazines advertisements, computerized data , other published sources like books, periodicals and special reports.

Primary data is obtained where secondary data is found inadequate. Primary data refers to information generated specifically for a particular research. Survey research are the common methods of collecting data for marketing research. Data on attitudes, beliefs, personal characteristics are collected through surveys. Surveys are methods of obtaining information from respondents in a systematic manner through or with the use of questionnaires. And the method opened to researcher in obtaining primary data are:-

**Interviews:** They are most flexible methods of data collection, they are often of general application for differing information requirements and situation and as a result are widely used. An interview may require personal contact between the interviewer and the respondents.

**-Telephone:** The non personal indirect means through the telephone which involves the presentation of the questionnaire by telephone, this is particularly more effective where there is computer assistance into which the survey questionnaire has been programmed.

**- Postal Research or mailed questionnaire:** It involves sending a respondent a questionnaire which may contain open ended (unstructured) where neither the interviewer nor the respondent are bound by the structure of a questionnaire, the interviewer is free to word the questions as he pleases or close ended (structured) and here the situation is structured or controlled through the medium of the questionnaire, the interviewer reads out the question and the notes to the respondent as these questions appear on the questionnaire forms. This method is advantageous in that it does not involve personal interviews and can therefore reach more people in a widely spread geographical area.

**Observation** refers to the direct examination of behaviour or the result of behaviour of respondents. To be effectively used in research, the data must be accessible to observation through attitudes, motivation can not be easily observed but can be inferred from the observed behaviour. Behaviour must be repetitive, frequent or predictable in-order to justify the time spent, the behaviour must be repetitive or frequent enough.

An event must cover reasonably short time span based on time and money constraints, the event to be covered in any research should be completed within a relatively short time.

The research method employed in these research study is the use of primary and secondary sources of data. Primary sources of data will be in form of administering questionnaires to key officers of the insurance company and a face to face verbal interview with some top management staff of the company. Some of the customers will be given questionnaires, and verbal interview with some of them will be held.

### **3.2 METHODOLOGY USED AND THE JUSTIFICATION FOR USING SUCH METHOD**

The researcher discovers it is appropriate to use primary and secondary sources of data because the data could be easily analysed and interpreted. It will also enable the researcher to acquire an in-depth knowledge and understanding into the problems and also develop meaningful ideas into the problem.

It is worthy mentioning that the type of research method employed can be to large extent provide the needed information for this study.

### **3.3 INSTRUMENTS OR TOOLS USED**

The research instruments or tools used in writing this project are:-

- Questionnaire
- Personal Interview

#### **QUESTIONNAIRES:**

For the purpose of carrying out this work effectively, a comprehensively constructed questionnaires were compiled and administered to the management and staff of the organisation, and some where administered to the customers that form the sample size for the study. The sample size is fifty (50), thirty (30) questionnaires were distributed to customers and twenty (20) to management. The questionnaires were answered by the management staff and customers, and were returned. The researcher studied the answers provided by the respondents, this provided the researcher with a clear view and insight into the respondents

reaction.

### **PERSONAL INTERVIEW:**

The instrument employed here is that all the questions intended to be asked by the researcher could not be reflected in the questionnaire. Personal interview are more flexible because interviewers can alter the questions to fit the situation as they see it. Ordinarily, it is possible to obtain more information by personal interview than by telephone or mail.

It is necessary to use this instruments to have up- to - date information about the activities of the organisation under study.

### **3.4 RESEARCH POPULATION AND SAMPLE SIZE**

Population means the total number of items, issues or objects under investigation. The total population of this project covers the total staff strength of both marketing and sales department of Kapital Insurance Company Limited which stood at 60%. Out of this sample, 20% represent marketing department, while the remaining 40% represent the sales department.

The sample size was observed at random as it is not possible to cover all the branches under the insurance company because it has so many branches within the organisation involved, but it is assumed that this number will give a likely representation of what is likely to be the reactions of the total population.

### **3.5 SAMPLING PROCEDURES EMPLOYED**

The sample procedure used by the researcher is the non probability random sampling which is found to be a convenient method as it gives the respondents an equal chance of being represented or selected.

Finally 60 people serving in both marketing and sales departments were served with questionnaire and the procedure of selection was through a ballot system.

### **3.6 JUSTIFICATION FOR SAMPLE PROCEDURE**

The above mentioned sample selection procedure was chosen because of the area the study covered and time factor made it impossible to work on a large sample size, that is why

sixty (60) respondents were selected or chosen from the two departments.

### **3.7 METHOD OF DATA ANALYSIS**

The data generated from various sources and other findings were explained theoretically. For further illustration and to convey the message in simpler terms percentages were used for analysis.

At the initial stage 5 samples of the questionnaires were distributed to test its efficacy and on the whole, 50 questionnaire were administered.

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# CHAPTER FOUR

## 4.0 PRESENTATION AND ANALYSIS OF DATA

**4.1 Introduction:-** In chapter one the researcher starts to ascertain the impact of personal selling on the marketing of insurance services with reference to kapital insurance company limited, Kano. In order to do this, fifty questionnaires were administered to the management and customers, and personal interview was conducted with some of the customers.

The data collected through this type of questionnaires and interviews are subject of analysis in this chapter.

On the whole fifty questionnaires were administered and dully completed, and personal interview on respondents. This represents one hundred percent (100%) of the total.

The following are tabulations and analysis of the individual items in each of the questionnaires.

### 4.1 MANAGEMENT QUESTIONNAIRES.

#### QUESTION 1:

How long have you been with the insurance company as their staff ?

**Table 4.1 NUMBER OF YEARS AS STAFF**

| Options      | No of respondents | percentages |
|--------------|-------------------|-------------|
| 1 - 3yrs     | 6                 | 30          |
| 4 - 6yrs     | 8                 | 40          |
| 7 - 9yrs     | 4                 | 20          |
| 9 - 12yrs    | 2                 | 10          |
| <b>TOTAL</b> | <b>20</b>         | <b>100</b>  |

The above data shows that thirty percent (30%) of the company's staff have stayed with the company from two to three years. Forty percent (40%) of the respondents say that

they have spent four to six years with the organisation, while twenty percent were there from seven to nine years, the other ten respondents worked for the company from nine to twelve years as staff.

## QUESTION 2

How long have you been in insurance business? ..

**Table 4.2      NUMBER OF YEARS IN INSURANCE BUSINESS**

| Options      | No of respondents | percentages |
|--------------|-------------------|-------------|
| 1 - 5yrs.    | 10                | 50          |
| 5 - 10yrs    | 2                 | 10          |
| 10 - 15yrs   | 6                 | 30          |
| 15 - 25yrs   | 2                 | 10          |
| <b>TOTAL</b> | <b>20</b>         | <b>100</b>  |

Table two data revealed the length of time respondents have been in the insurance business and fifty percent of the respondents said they have been in the business from one to five years, and ten percent have been in the business for five to ten years while the other respondents say that they have been there for ten to fifteen years which is represented by thirty percent, while ten percent have spent fifteen to twenty-five years.

## QUESTION 3

What Type of Policy Constitutes Your Major Source of Income?

**Table 4.3.      POLICY THAT CONSTITUTES MAJOR SOURCE OF INCOME**

| Options            | Number of Respondents | Percentage |
|--------------------|-----------------------|------------|
| Motor Vehicle      | 0                     | 0          |
| Insurance          | 16                    | 80         |
| Fidelity Guarantee | 0                     | 0          |
| Life Assurance     | 4                     | 20         |

|                    |           |            |
|--------------------|-----------|------------|
| Marine Insurance   | 0         | 0          |
| Burglary Insurance | 0         | 0          |
| <b>TOTAL</b>       | <b>20</b> | <b>100</b> |

In the above table 16 respondents representing eighty percent (80%) of the total sample revealed that motor vehicles insurance constitutes the major source of income for the company, while twenty percent (20%) of the respondents said life assurance constitutes some part of the company's source of income.

There was no respondent for fidelity guarantee insurance, marine insurance and burglary insurance which represents zero percent .

#### QUESTION 4

What promotional activity do you adopt to reach your customer?

**TABLE 4.4                      PROMOTIONAL ACTIVITIES ADOPTED.**

| Option           | No. of Respondents | Percentages |
|------------------|--------------------|-------------|
| Personal Selling | 13                 | 65          |
| Magazines        | 2                  | 10          |
| Newspaper Advert | 3                  | 15          |
| Telephone Advert | 2                  | 10          |
| <b>Total</b>     | <b>20</b>          | <b>100</b>  |

Table 4 revealed that sixty-five percent of the respondents adopted personal selling to reach their customers, and ten percent (10%) said they use magazines. Three respondents representing fifteen percent (15%) used newspaper advertisement to reach their customers while ten percent (10%) used ten percent in creating awareness for the services they offer.

### QUESTION 5.

How effective is the tool adopted ?

**TABLE 4.5 EFFECTIVENESS OF TOOL**

| Options        | No. of Respondents | Percentages |
|----------------|--------------------|-------------|
| Most Effective | 8                  | 40          |
| Very Effective | 9                  | 45          |
| Not Effective  | 0                  | 0           |
| Effective      | 3                  | 15          |
| <b>TOTAL</b>   | <b>20</b>          | <b>100</b>  |

The table above shows that forty five percent (45%) of the respondents agree that the tool adopted is very effective while forty percent (40%) said that the tool is most effective, and fifteen percent (15%) said that it is effective. On the other hand, none said the tool is not effective.

### QUESTION 6

What type of training do you provide for your salesmen to enhance their effectiveness ?

**TABLE 4.6 TRAINING PROVIDED FOR SALESMEN**

| Option              | No. of Respondents | Percentage |
|---------------------|--------------------|------------|
| Seminars            | 2                  | 10         |
| On the Job Training | 13                 | 65         |
| Workshop            | 3                  | 15         |
| In-service          | 2                  | 10         |
| <b>TOTAL</b>        | <b>20</b>          | <b>100</b> |

Table six shows that 13 respondents representing 65% agree that the type of training that they provide to their salesman is on the job training while three respondents representing 15% said that they conduct workshop for their salesman to enhance their effectiveness. Two of the respondents representing 10% agree that they conduct seminars for the sales-

man, and also two respondents representing 10% says that they offer in-service training to their salesmen whereby they sponsor the salesmen to go for further studies.

#### QUESTION 7

Do you provide transportation for your salesmen?

**Table 4.7 TRANSPORTATION FOR SALESMEN**

| Options      | No. of Respondents | Percentage |
|--------------|--------------------|------------|
| Yes          | 14                 | 70         |
| No           | 6                  | 30         |
| <b>Total</b> | <b>20</b>          | <b>100</b> |

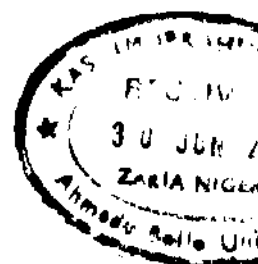


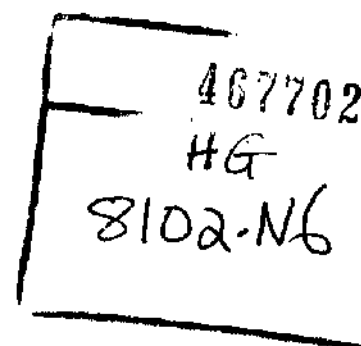
Table seven shows that 70% are of the view that they provide transportation to their salesmen so as to ease the transportation problem the salesmen are facing while 30% of the respondents said that they don't provide transportation to their salesmen.

#### QUESTION 8

If yes , what type?

**Table 4.8 TYPE OF TRANSPORTATION**

| Options      | No. Of Respondents | Percentage |
|--------------|--------------------|------------|
| Bicycle      | 0                  | 0          |
| Bus          | 4                  | 20         |
| Motor-Car    | 12                 | 60         |
| Motor-Cycle  | 4                  | 20         |
| <b>Total</b> | <b>20</b>          | <b>100</b> |



The above table shows that twelve respondents representing sixty percent agree that they provide motor car to their salesmen. At the same time four respondents representing twenty percent says they provide bus to their salesmen and another four respondents repre-

senting twenty percent are of the pinion that they provide motor cycle to their salesmen, while zero respondents representing zero percent has negative reply.

#### **QUESTION 9**

Does personal selling contribute greatly to the marketing of insurance policy?

**TABLE 4.9 CONTRIBUTION OF PERSONAL SELLING TO  
INSURANCE POLICY**

| Options      | No. Of Respondents | Percentage |
|--------------|--------------------|------------|
| Yes          | 19                 | 95         |
| No           | 1                  | 5          |
| <b>Total</b> | <b>20</b>          | <b>100</b> |

Table 9 shows that 95% of the respondents agree that personal selling contribute greatly to the marketing of their insurance policies, while 5% of the respondents says that it does not contribute to the marketing of their insurance.

#### **QUESTION 10**

If yes, to what extent?

**Table 4.10 TO WHAT EXTENT?**

| Options       | No. of Respondents | Percentage |
|---------------|--------------------|------------|
| Less than 10% | 0                  | 0          |
| 10 - 20%      | 1                  | 5          |
| 20 - 30%      | 2                  | 10         |
| 30 - 40%      | 5                  | 25         |
| Over 50%      | 12                 | 60         |
| <b>Total</b>  | <b>20</b>          | <b>100</b> |

Data above shows that 12 of the respondents representing 60% agree that personal selling contribute greatly to the marketing of their insurance services, and 5 of the respondents representing 25% says that it contributes 30 to 40% in marketing its services, while 2

respondents representing 10% agree that it contribute 20 to 30%.

On the other hand, 1 respondent represented by 5% says that the contribution is only 10 to 20% while there is no response from those who say that the contribution is less than 10%.

#### **4.1.2 CUSTOMER'S QUESTIONNAIRE**

##### **QUESTION 11**

How long have you known the insurance company?

**Table 4.11 HOW LONG THE INSURANCE COMPANY IS KNOWN**

| Options        | No. of Respondents | Percentage |
|----------------|--------------------|------------|
| under one year | 3                  | 10         |
| 1 - 3yrs       | 14                 | 46         |
| 4 - 6yrs       | 8                  | 26.7       |
| 7 - 9yrs       | 3                  | 10         |
| Over 10yrs     | 2                  | 6.6        |
| <b>Total</b>   | <b>30</b>          | <b>100</b> |

Table 1 above shows that 14 respondents which represents 46% says that they know the company from 1 - 3yrs, while 8 respondents which is represented by 26.7% shows that they know the company from 4 to 6yrs.

On the other hand, 3 respondents represented by 10% agree they know the company from 7 to 9yrs, and also another 3 respondents represented by 10% say that they know the company under one year while 2 respondents represented by 6.6% say they have known the company over 10 years.

## QUESTION 12

How do you come to know the type of insurance policies the insurance company is providing?

**Table 4.12 TYPE OF POLICY THE INSURANCE COMPANY PROVIDES**

| Options          | No. Of Respondents | Percentage |
|------------------|--------------------|------------|
| Friends          | 3                  | 10         |
| Advertisements   | 17                 | 56.6       |
| Broker           | 5                  | 16.7       |
| All of the above | 5                  | 16.7       |
| <b>Total</b>     | <b>30</b>          | <b>100</b> |

The data above shows that 17 respondents represented by 56.6% know the policies offered by the insurance company through advertisement, while 5 respondents represented by 16.7% know the company's policies through brokers and also 3 of the respondents represented by 10% say they know of it through friends, 5 respondents represented by 16.7% say they know the insurance policies through all the above listed ways.

## QUESTION 13

What type of insurance policy are you holding?

**Table 4.13 TYPE OF POLICY HELD**

| Options          | No. Of Respondents | Percentage |
|------------------|--------------------|------------|
| Fire             | 6                  | 20         |
| Life Assurance   | 10                 | 33.34      |
| Accident         | 9                  | 30         |
| Fidelity         | 3                  | 10         |
| All of the Above | 2                  | 6.66       |
| <b>Total</b>     | <b>30</b>          | <b>100</b> |

The table above revealed that ten of the respondents represented by 33.34% are holding life assurance policy and nine of the respondents represented by 30% are holding accident insurance policy, while six respondents represented by 20% are holding fire insurance policy.

Three respondents represented by 10% are holding fidelity guarantee insurance and two respondents represented by 6.66% are holding all the listed insurance policies.

#### **QUESTION 14**

Do you think an insurance company is essential to any business organisation?

**Table 4.14 HOW ESSENTIAL ARE INSURANCE COMPANY TO ORGANISATIONS ?**

| Options | No. Of Respondents | Percentage |
|---------|--------------------|------------|
| Yes     | 27                 | 90         |
| No      | 3                  | 10         |
| Total   | 30                 | 100        |

The table above shows that 27 respondents represented by 90% agree that insurance companies are essential to any business organisation while 3 respondents represented by 10% says that insurance is not essential to any business organisation.

#### **QUESTION 15**

How will you compare the services of your insurance company with that of other insurance companies?

**Table 4.15 COMPARISM OF INSURANCE COMPANIES**

| Options        | No. Of Respondents | Percentage |
|----------------|--------------------|------------|
| Very effective | 13                 | 43.34      |
| Effective      | 15                 | 50         |
| Not Effective  | 2                  | 6.66       |
| Total          | 30                 | 100        |

The data above shows that 13 respondents represented by 43.34% says that the services of their insurance company if compared with other insurance companies is very effective, while 15 respondents represented by 50% agree that it is effective, whereas 2 respondents represented by 6.66% says that the service of their insurance company if compared with other insurance companies is not effective.

#### QUESTION 16

In insuring your company's property who is given the responsibility of approving?

**Table 4.16 RESPONSIBILITY OF APPROVAL**

| Options             | No. Of Respondents | Percentage |
|---------------------|--------------------|------------|
| Appointed Committee | 15                 | 50         |
| Chief Executive     | 10                 | 33.33      |
| Departmental Head   | 5                  | 16.67      |
| <b>TOTAL</b>        | <b>30</b>          | <b>100</b> |

Table six revealed that 15 respondents represented by 50% agree that appointed committee are given the responsibility of approving, whereas 10 respondents represented by 33.33% says that the chief executive is given the responsibility while 5 respondents represented by 16.67% agrees that the departmental head is given the responsibility of approving.

#### QUESTION 17

Have you ever been involved in an accident whereby the insurance company indemnifies you?

**Table 4.17 INDEMNIFICATION BY INSURANCE COMPANY**

| Options      | No. Of Respondents | Percentage |
|--------------|--------------------|------------|
| Yes          | 9                  | 30         |
| No           | 21                 | 70         |
| <b>Total</b> | <b>30</b>          | <b>100</b> |

The data above shows that 21 represented by 70% says that they have never been involved in an accident whereby the insurance company indemnified them, whereas 9 respondents represented by 30% says that they have been involved in an accident whereby the insurance company indemnified them.

#### **4.2 DISCUSSION OF THE RESULT**

The out come of all the result collected from the questionnaires will be discussed as follows.

Findings made by the researcher will be highlighted and reference will be made to the questionnaire's responses with explanation.

In question one, eight respondents representing 40% agreed that they have stayed in the organisation from four to six years as their staff.

On the other hand six respondents representing 30% says that they stayed with the organisation from one to three years, from the above, it is agreed by the researcher that most of the company's staff have been with the company from one to six years because 70% of their staff have agreed they stayed with the company within the period stated. While the remaining 30% says they have been with the organisation from seven to nine years.

Two of the respondents representing 50% who are the management of the company says they have been in the insurance business from one to five years. Whereas the remaining ten respondents representing 50% agreed that they have been in insurance business from five to twenty-five years.

From the argument above, the researcher supports the view that the insurance company has been in business from one to five years, this is because the remaining ten respondents have varying years in insurance business. Some says that they have spent five to ten years, ten to fifteen years and others fifteen to twenty-five years. This shows that the company is in business from one to five years because this group has the highest number of respondents who are of the same view.

Reference to question three reveals that motor vehicle insurance constitute major source of the company's income which is 80%. However, 20% says their major source of income is life assurance.

From what we have seen above, it clearly shows that most of the company's clients are owners of motor vehicle, this can be seen from the increasing number of vehicles on our roads and the high rate of accidents we are having everyday mostly on our major high ways and also those that form highest number of vehicle owners are the private companies who always make sure they insure their motor cars in case, if any of their vehicle is involved in any accident the insurance company will indemnify the company, on the other hand, the other 20% says that life assurance constitute its major source of income, because it deals mostly with salesmen of other companies who are always on the road trying to make sales in their territories and also deals with old people who want their children to enjoy good education or have a house of their own if the policy holder dies.

Question four shows that most of the respondents agree that they provide on the job training to their salesmen and the respondents are represented by 65%, this is a clear indication that most of the insurance companies prefer on the job training to their salesmen, 15% of the respondents says they organise workshop for their salesmen, on the other hand, 10% agree that they provide seminars for their salesmen because this will bring the salesmen more closer so that they can exchange ideas and express their views on certain issues, while another 10% says they provide in-service to their salesmen whereby they send their salesmen to institutions of higher learning to go for further studies.

Reference to question five shows that 70% of the respondents says that they provide transportation to their salesmen so as to help them reach their salesmen quota, while 30% says that they don't provide transportation to their salesmen.

The researcher is of the opinion that the insurance companies provide transportation to their salesmen because they make extensive use of their salesmen so as to have more

customers, whereas, those that don't provide transportation to their salesmen is because they don't rely much on personal selling.

In question six, 60% of the respondent agree that they provide motor cars to their salesmen because they make use of their salesmen. On the other hand, 20% of the respondent says they provide bus for their salesmen to meet their territories while another 20% of the respondents provide motor cycles to their salesmen because it is more cheaper compared to other means of transportation.

The researcher agrees that 60% provide motor cars to their salesmen because they cover a long distance and due to the fact that they have so many branches all over the country they have to make provision for the motor cars so as to enable the salesmen to cover their territory within a short time.

In question seven, 40% of the respondents say they know the insurance company from one to three years, thus this forms the majority of the customers while 26.7% of other respondents know the insurance company from four to six years. On the other hand the remaining 26.6% know the company from six to ten years. The researcher is of the view that most of the respondents know the company from one to three years.

Question eight of the researcher's questionnaire sees that 56.6% of the respondents agree that they know the policies of the insurance company through advertisement and the advertisement includes such medium as radio, television and newspapers. And 16.7% of another respondents know the policies of the insurance company through brokers that serve the same purpose as the salesmen, 10% of another respondents know the policies through friends, while 16.7% of another respondents says they know the policies through all the other means discussed above.

Reference to question nine of the questionnaire, 90% of the respondents agree that insurance companies are essential whereas 10% of another respondents says that insurance is not essential to any business organisation. In reaction to question ten, 43.34% of the

respondents agree that if compared, the services of their insurance company with that of other insurance companies, they say that the services of their insurance company is very effective. On the other hand 50% of the respondents agree that the services of their insurance company is effective while 6.66% of the respondents say the services is not effective.

The researcher is of the view that 50% of the respondents sees the services of their insurance company has been effective because whenever a risk occurs it will not take much time before the insurance company indemnifies them, and the insurance company sees that those people that are having life assurance policy, when they die the money is given to their next of kin.

In question eleven, 50% of the respondents agree that in insuring the property of their company an appointed committee is given the responsibility of approving which insurance company they should insure their property with, while 33.33% of another respondents says they give the responsibility to their chief executive. On the other hand 16.67% agree that the departmental head is given the responsibility of approving.

From the above argument, the researcher supports the view that an appointed committee is given the responsibility of approving which insurance company should the company insure its property with.

In reaction to question twelve, 65% of the respondents says that they use personal selling to reach their customers because it is more flexible, while 10% of the respondents agree that they use magazines to reach their customers because of its life span. 15% of another respondents says that they use newspaper to reach their customers because of its readership and 10% of another respondents agree that they use television because the customers are able to see and hear the advertiser's message.

The researcher is of the view that the insurance company prefers to use personal selling because of its flexibility. It is the only promotional tool whereby a customer can raise question and be answered at the same time, and by adopting this method a customer can be

well informed of the benefits he will derive by having an insurance policy, and also personal selling is cheaper in terms of expenses if compared with other promotional tools.

From the personal interview conducted by the researcher on some of the customers, it shows that some of them were complaining that the insurance company should try to re-educate their salesmen because some of them sometimes don't know their jobs. The customers also say that the salesmen should try to show what will be derived by insuring the property and the procedures which one will follow whenever a risk he insured against happens and how long it takes the insurance company to indemnify the client, but instead the salesmen will only be telling some stories of the other people that the insurance company is doing business with.

Other customers are of the view that the Insurance Companies should continue to be using salesmen so as to sell their services to the general public and companies, because the salesmen are experienced, they know how to handle their clients or customers and they appear presentable.

#### **4.3 PROBLEMS IDENTIFIED**

Although, personal selling is said to be used in most insurance companies, but more particularly with Kapital Insurance Company Limited as was revealed in the questionnaire distributed and personal interview conducted, but it was discovered by the researcher during the research work that some of the insurance companies make little use of personal selling because they embark on other promotional activities such as newspapers, television and magazine advertisement but there are some that make extensive use of personal selling in reaching their customers.

The following problems were identified during the course of this research:-

Sometimes, whenever the salesmen go out to meet their customers, they fail to explain to the customers fully the procedures they will follow whenever a risk they insure against occurs so as to be indemnified by the insurance company.

The customers the researcher interviewed says that some of the salesmen fail to get along with people when they meet their customers.

Some people are of the view that the insurance company are out to make profit and not to satisfy their customers needs.

#### **4.4 EVALUATION OF PERSONAL SELLING ON KAPITAL**

##### **INSURANCE SERVICES:**

The idea of personal selling adopted as a strategy by kapital insurance to market it's services is influenced by a number of reasons. First among such is the unwitting attitude of the insuring public towards insurance. Most people are sceptical about insurance as a means of risk reduction. Therefore this attitude of the public requires a lot of effort on the part of the insurance company to change.

Secondly, there is generally stiff competition within the insurance industry, this is caused by the fact that while there are many insurance companies there are few people who are willing to insure, hence there is need for kapital insurance company. This manifests itself in the area of high sales volume more and more clients have been made to patronize kapital insurance through the dedicated efforts of it's sales department.

It is gathered from the company that through the company's personal sales effort, many of the company's clients have been educated on a number of issues regarding insurance. Any of the varied services which are hitherto, unknown to the customers are explained thoroughly to both old and new policy holders. This has gone a long way to create awareness among the insurance public and it has the tendency of boosting the company's business.

It is also on record that company's corporate image has been boosted through the company's personal selling effort. The interpersonal interaction between the sales agent and the customer has created the enabling environment in which the customer feels secured.

Despite the desirability for personal selling it is certainly not without its attendant price. Kapital Insurance invested a lot of resources by way of training the sales agents . This has added to the overall cost of the company.

However, since the ends justifies the means, the gains from personal selling to kapital Insurance outweighs the expenses, therefore this method of marketing the services of Kapital Insurance has been successful.

# CHAPTER FIVE

## 5.0 SUMMARY CONCLUSIONS AND RECOMMENDATIONS

### 5.1 SUMMARY

As earlier stated in this research work, the aim is to critically examine the impact of personal selling on the marketing of insurance services.

Data collected from all respondents through questionnaires and personal interview revealed that personal selling has a great impact on marketing of insurance services.

It is noticed that most of the insurance companies use personal selling to reach their customers because it is the only way they can come face to face with the customers and explain what they want to sell.

In the course of this project work, it is discovered that the insurance companies provide training to their salesmen to enhance their effectiveness.

At the same time, it was discovered that majority of the salesmen in the companies are provided with transportation so as to enable them to meet their sales quarters and they provide mainly motor cars and buses.

It is also noticed that personal selling contribute to the marketing of insurance policies because the customers are able to communicate fully with the salesmen and their doubts are cleared on certain issues concerning the insurance company.

From the data collected it revealed that most of the customers know the type of policies the insurance companies offer to the public and in it some of them are holding life assurance policy, others are accident, fidelity and fire policies.

And in insuring a company's property, there is someone who is given the responsibility of approving, and in some organisations the responsibility of approving is given to the chief executive. While in others a committee is given the responsibility.

At the same time, some of the personnel who are with the marketing department have been with the company for a long time although there is variations in the number of years each of

them have stayed with the company.

Some of the insurance companies that answered the questionnaires says that they have been in insurance business for a long time, infact some of them were in business for the past fifteen years.

## **5.2 CONCLUSION**

A well conceived personal selling practice in an organisation like the insurance company cannot be overemphasized. Personal selling is a cone which an organization relies on for her survival.

Through personal selling the insurance company is able to know its prospects for their products whereas advertising and other promotional tools frequently are unable to know which are potential and non-potential company buyer despite the fact that the insurance company use advertising to create awareness in the minds of the public about the services they render.

There is less waste of effort in personal selling and the expenditure is less compared to advertising even though the cost per contact by a salesman is many times larger than that of advertising, but the contact made by advertising may be with people who are not prospects.

The efficiency of personal selling is to ensure that the needs of customers are satisfied that is through the production of insurance services.

Some people don't want to take insurance policy more especially life assurance policy, due to their religious beliefs, but if these people know the advantages they will derive by having life assurance policy they will tell the customers the channel to use when they want to be indemnified.

## **5.3 RECOMMENDATIONS**

The researcher would like to submit the following recommendations to the insurance companies and if they are implemented will increase the performance of the organization:-

The researcher would like to comment that personal selling in insurance companies in

Nigeria is fairly practised because at times when the insurance companies advertise their services to the public, they don't follow the personal selling approach, although there are some that do so, yet more improvement is required if the organization really want to achieve its objectives.

The organization will achieve its aim if the following recommendations would be considered:

- (a) The researcher is of the opinion that well qualified salesmen should be employed to carry out all personal selling activities of the organization. This is because if qualified salesmen are not employed, the efficiency of the organization would be doubted in relation to their salesmen as a result low profit will be recorded. But if professionals are employed, there is no doubt the relationship between the public and the organization would be enhanced, there will be no waste and profit will be recorded.
- (b) Secondly, the researcher recommends that the existing staff on the job should be motivated by sending them on courses so as to broaden their knowledge to be responsible for the organization and the society in general.
- (c) The job is a lonely and isolated one and frequently the salesmen feels rejected because they cannot make a sale on most of their calls, and like everyone else, he has personal and family problems. Because the job takes them away from home and is in other ways demanding, they may have more than the usual difficulties in handling them. Most people in any case operate below their true capacity unless there is some special gain to be earned in terms of money, personal satisfaction or social recognition.
- (d) The researcher recommends that the management should create a general congenial climate within the company, with good working conditions, and opportunities for advancement.
- (e) The insurance companies should ensure that clients or customers should be motivated by indemnifying them promptly.

The company should not waste time to inspect and find out what is the cause of the accident by the inspection department of the insurance company. If the inspection team is satisfied, the insured party should be indemnified by the insurance company.

It is important to mention here that the policy holders or customers should make it a point of duty to inform the insurance company if a risk they insured against happens and the insurance company should be informed fully of how it happened. This action will alleviate suffering of the insured.

Finally, the insurance companies should try to adopt techniques of managing their salesmen. These techniques are enumerated below;-

**(a) DEVISING SELLING EQUIPMENT:**

Samples, models and illustration of material to facilitate selling. The sales manager must devise and supply his sales force with effective items of this sort, even though in the case of insurance companies, they don't sell tangible products, they only sell intangible products which are services.

**(b) DETERMINING SALES TERRITORIES**

Except for store selling, sales manager must plan sales territories for their salesmen in such a way that they are not too small and restrict the salesmen, and are not too large so that the salesmen are unable to exploit their full potentiality and also do not require excessive travel time.

**(c) DETERMINING SALESMEN'S COMPENSATION**

A sales manager has a wide choice among systems of salesmen's compensation, salary, commission with or without drawing account bonuses and other forms of incentive compensation, pension plans and other fringe benefits. Whatever the type selected, he must then work out a level of compensation that will attract the type of men he wants without needlessly over paying them.

**(d) SUPERVISING SALESMEN**

Except for the store sales clerks, most salesmen are not in the field and not immediately under the eye of the sales manager. Hence he must devise systems of reports and undertake field trips to visit his salesmen to be able to check on what they are doing and how well they are doing it or he can visit them in the field and see how they are doing.

**(e) MORAL MAINTENANCE**

Because of the nature of their work salesmen are occasionally more likely to loose their grip than any other class of employees. Accordingly sales managers must work incessantly at maintaining the morale of the sales force by frequent personal contacts with their men by constant correspondence, by organizing contests, sales meetings and conventions.

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## APPENDIX A

### CUSTOMER'S QUESTIONNAIRE

Dear Sir/Madam,

I am an MBA student of Ahmadu Bello University, Zaria. I am carrying out a research on the Impact of Personal Selling on the marketing of Insurance Services with reference to Kapital Insurance Company, Kano.

The purpose of the study is to enable me meet the requirements for the award of Master of Business Administration (MBA) degree.

I will therefore, appreciate your contribution in answering the following questions. All your answers will be given adequate and confidential treatment.

Please Sir/Madam, tick answers or you are requested to make brief comments where necessary.

- Q.1 How long have you known the insurance company?  
a. under one year ( )    b. 1-3 yrs    c. 4-6 yrs ( )    d. over 10 yrs ( )  
e. 7 - 9 years ( )
- Q.2 How do you come to know the type of insurance policies the insurance company is providing?  
a. Friends ( )    b. Advertisement ( )    c. Broker ( )  
d. All of the above ( )
- Q.3 What type of insurance policy are you holding?  
a. Fire ( )    b. Life Assurance ( )    c. Accident ( )  
d. Fidelity guarantee ( )    e. All of the above ( )
- Q.4 Do you think an insurance company is essential to any business organisation?  
a. yes ( )    b. No ( )
- Q.5 If Yes, state why it is essential.  
.....  
.....
- Q.6 In insuring your company's property who is given the responsibility of approving?  
a. appointed committee ( )    b. Chief Executive ( )    c. Department head ( )
- Q.7 How will you compare the services of your insurance company with that of other insurance companies?  
a. very effective ( )    b. Not effective ( )    c. Effective ( )
- Q.8 Have you ever been involved in an accident whereby the insurance company indemnified you?  
a. Yes ( )    b. No ( )
- Q.9 If Yes, please specify how long it took the insurance company to indemnify you?  
.....  
.....

## APPENDIX B

### MANAGEMENT QUESTIONNAIRE

Dear Sir/Madam,

I am an MBA student of Ahmadu Bello University, Zaria. I am carrying out a research on the Impact of Personal Selling on the marketing of Insurance Services with reference to Kapital Insurance Company, Kano.

The purpose of the study is to enable me meet the requirements for the award of Master of Business Administration (MBA) degree.

I will therefore, appreciate your contribution in answering the following questions. All your answers will be given adequate and confidential treatment.

Please Sir/Madam, tick answers or you are requested to make brief comments where necessary.

- Q.1 How long have you been with insurance company as their staff?  
a. 2-3 yrs ( ) b. 4-6 yrs ( ) c. 7-9 yrs ( ) d. 9-12 yrs ( )
- Q.2 How long have you been in insurance business?  
a. 1-5 yrs ( ) b. 10-15 yrs ( ) c. 5-10 yrs ( ) d. 15-25 yrs ( )
- Q.3 What type of policy constitutes your major source of income?  
a. Motor veh. ins. b. Fidelity guarantee ( ) c. Life Ass. d. Marine ( )
- Q.4 What promotional activity do you adopt to reach your customers?  
a. Personal selling ( ) b. Magazine ( ) c. News advert ( ) d. TV ( )
- Q.5 How effective is the tool adopted?  
a. Most effective ( ) b. Very effective ( ) c. Not. eff. ( ) d. Eff. ( )
- Q.6 What type of training do you provide for your salesmen to enhance their effectiveness?  
a. Seminars ( ) b. on the job training ( ) c. Workshop ( ) d. In-service ( )
- Q.7 Do you provide transportation for your salesmen? Yes ( ) No ( )
- Q.8 If yes, what type? a. Bicycle ( ) b. Bus ( ) c. M/car ( ) d. M/cyclone ( )
- Q.9 If no what option do you provide to them? .....
- Q.10 In indemnifying your clients when a risk occur how long does it take to indemnify your clients?  
a. 2-3 months ( ) b. less than one month ( ) c. 4-6 months ( ) d. 9-12 months ( )  
e. Over one year ( )
- Q.11 Does personal selling contribute greatly to the marketing of your insurance policies?  
a. Yes ( ) b. No ( )
- Q.12 If yes to what extent? a. Less than 10% ( ) b. 10-20% ( )  
c. 20-30% ( ) d. 30-40% ( ) e. over 50%

## APPENDIX C

### MONEY IN TRANSIT INSURANCE

The Insured has applied to the Company by a proposal and declaration which is declared to be the basis of this contract and is deemed to be incorporated herein and has paid or agreed to pay the premium as consideration for the insurance hereinafter contained.

At any time during the Period of Insurance the Property Insured or any part thereof shall be lost destroyed or damaged by any accident or misfortune in the circumstances specified except as provided herein then subject to the terms, provisions, exceptions, conditions and endorsements of this Policy (hereinafter collectively referred to as the Terms of this Policy) the Company will indemnify the Insured in respect thereof to an amount not exceeding in respect of each or any of the several items specified in Schedule the sum or sums set opposite thereto respectively as the Limits of Liability under the said items.

#### EXCEPTIONS

The Policy does not cover loss, destruction or damage:

directly or indirectly occasioned by or through or in consequence of:-

- (i) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not)
- (ii) civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, conspiracy, military or usurped power
- (iii) martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.
- (iv) any act of any person acting on behalf of or in connection with any organisation with activities directed towards the overthrow by force of any de jure or de facto Government or to the influencing of it by terrorism or violence or loot, sack or pillage in connection with any of the aforementioned occurrences;

resulting from confiscation, requisition, destruction or damage by order of any de jure or de facto government or public authority;

directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, nor any consequential loss, and for the purposes of this exception combustion shall include any self-sustaining process of nuclear fission;

directly or indirectly caused by or contributed to by or arising from nuclear weapons material;

arising from fraud or dishonesty of any of the Insured's employees unless arising from robbery or theft during an actual transit;

arising in any way from shortages due to error or omission or from loss of value otherwise than by actual destruction or damage;

and unless specifically provided herein to the contrary;

unless the Property Insured is in the custody or control of the Insured or a duly authorised employee in his regular service;

occurring during transit by postal or forwarding services;

insured by any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had the insurance not existed;

arising outside the limits of the Geographical Area.

## CONDITIONS

### On general matters affecting the contract.

1. This Policy with its Schedule and Endorsements shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part thereof shall bear the same meaning wherever it may appear.
2. The due observance of the Terms of this Policy by the Insured insofar as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the said proposal and declaration shall be conditions precedent to any liability of the Company to make any payment under this Policy. If there shall be any mis-statement in or omission of a material fact from the information supplied by the Insured whether by the said proposal and declaration or otherwise, this Policy shall be null and void and any premium paid thereon shall be forfeited. No transfer in the interest in this Policy and no waiver of alteration to or change in the Terms of this Policy shall be valid unless made in writing and signed by the Attorney of the Company or by an authorised Official of the Company.
3. The Insured shall take all ordinary and reasonable precautions for the safety of the Property Insured, and shall as far as practicable make use of all locks, bolts, fastenings and other means of securing any safes, strongrooms and premises while such property is contained therein. If the Property Insured shall include Items pertaining to a business or profession, the Insured shall keep complete and accurate books of account. Furthermore the Insured shall not cause any change to be made in the procedure or precautions relating to the transporting of the Property Insured without first advising the Company and obtaining its consent.
4. Every notice or communication required to be given by the Insured:-
  - (a) shall be in writing, or if made verbally shall be confirmed immediately in writing;
  - (b) shall be given to the Office or Agency of the Company named in the Policy or in case of necessity to any Office of the Company or in accordance with any specific arrangements which may have been indicated to the Insured.

### On procedure in the event of loss, destruction or damage to the Property Insured.

5. In the event of any happening which may give rise to a claim under this Policy, the Insured:
  - (a) shall give immediate notice in writing to the Company;
  - (b) shall give immediate notice thereof to the Police or equivalent authority;
  - (c) shall take all practicable steps towards the discovery and punishment of any guilty person and to trace and recover any property lost or stolen;
  - (d) shall as soon as possible, and in any case within fourteen days of the event giving rise thereto, at his own expense deliver to the Company a claim with full particulars of the circumstances of the event, the property affected, the value thereof and the loss or damage thereto;
  - (e) shall furnish all such proof as may reasonably be required by the Company together with a statutory declaration if required in verification of the claim;
  - (f) shall at the expense of the Company, give the Company all such assistance as they may reasonably require with a view to the recovery of the property lost or stolen or to preserve and enforce any rights the Insured may have against the Police or any other authority or against anyone in respect of any theft or loss whether it has or has not been paid or made good by the Company.

If such a claim be in any respect fraudulent or any fraudulent devices be used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy all benefit thereunder and all moneys paid in respect thereof shall be forfeited.

### On assessment of the amount of the claim for settlement.

6. If at the time of any loss or damage to any property which, subject to Exception (i), is insured hereby there shall be any other insurance subject to the like limitation effected by or on behalf of the Insured covering any of the property which is the subject of a claim hereunder, the Company shall not be liable for more than its rateable proportion thereof.

### On adjustment of the premium.

7. The first premium and all renewal premiums that may be accepted are to be regulated in respect of the Risks Insured, unless otherwise specified in the Schedule, by the total value of the property in transit under each Item during each Period of Insurance. A proper record shall be kept of each transit under each Item and the Insured shall at all times allow the Company to inspect such record and shall, within one month from the expiry of each Period of Insurance, supply the Company with a correct account of all money or other property in transit insured by this Policy during the said period. If the total amount shall differ from the amount on which premium has been paid the difference in premium shall be met by a further proportionate payment to the Company or by a refund by the Company as the case may be, subject however to any Minimum Premium which may be stipulated in the Policy.

### On renewal and cancellation

8. The Company shall not be bound to send any notice of the renewal premium becoming due, nor to renew this Policy. The Company may at any time by giving seven days notice to the Insured in writing by registered or recorded deliver letter posted to the address of the Insured as last known to the Company cancel this Policy as from the date of expiry of such notice in which event the Company shall on demand return to the Insured a proportionate part of the premium corresponding to the unexpired term of the Policy.

### On arbitration procedure in the event of dispute.

9. All differences arising out of this Policy shall be referred to the arbitration of some person to be appointed by both parties, or, if they cannot agree upon a single Arbitrator, to the decision of two Arbitrators, one to be appointed in writing by each party and in case of disagreement between the Arbitrators, to the decision of an Umpire who shall have been appointed in writing by the Arbitrators before entering on the reference, and an award shall be a condition precedent to any liability of the Company or any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable.

## APPENDIX D

### PUBLIC LIABILITY

Insured described in the Schedule hereto has made to the Company a proposal and declaration which shall be the basis of this policy and incorporated herein,

and the Insured having paid or agreed to pay to the Company the first premium mentioned in the said Schedule,

subject to the terms, exceptions and conditions contained herein or endorsed or otherwise expressed hereon During the Period of time stated in the said Schedule the Company will indemnify the Insured against:

claims which, the Insured shall become legally liable to pay in respect of:-

Accidental bodily injury to any person (other than a person employed under a contract of service or apprenticeship with the Insured where the injury arises out of and in the course of such employment or a member of the family of the Insured)

Accidental damage to property (other than property actually owned by the Insured or held in trust by the Insured or in his custody or control or insofar as may be applicable to the particular risks insured that part of any property upon which the Insured or the employees of the Insured are or have been working or the foundations of any building or other structure in the vicinity of any work undertaken by the Insured)

and on or about the premises or contracts or other place or places described in the Schedule as the Situation of the Risk through the negligence of the Insured or persons in the services of the Insured or of sub-contractors to the Insured or their employees or by defect in the buildings ways works machinery or plant connect with or used in the business of the Insured.

It is further agreed that where this Policy shall be made to apply to the ownership or use by the Insured of any vehicle the Company will indemnify as though he were the Insured any person who is driving or otherwise controlling such vehicle on the Insured's order or with his permission provided that

the vehicle has not been let on hire by the Insured.

such person is not entitled to indemnity under any other policy

such person shall as though he were the Insured observe fulfil and be subject to the terms exceptions and conditions of this Policy in so far as they can apply.

The Company will pay in addition:-

- (i) all litigation expenses incurred with the consent of the Company
- (ii) all cost and expenses of litigation recovered by any claimant against the Insured.

In the event of the death of the Insured the Company will in respect of the liability incurred by the Insured indemnify the Insured's personal representatives in the terms of and subject to the limitations of this Policy provided that such personal representatives shall observe fulfil and be subject to the terms exceptions and conditions of the Policy so far as they can apply.

It is a condition of this Policy that the liability of the Company for compensation in respect of any accident or series of accidents arising in connection with or arising out of one event shall not exceed the amount specified in the Schedule as the Limit of Indemnity. Litigation expenses incurred with the consent of the Company will be paid in addition to the liability of the Company for compensation.

### EXCEPTIONS

This Policy does not cover any consequential loss on the part of the Insured nor any liability arising directly or indirectly through War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection or Military or Usurped Power.

Furthermore, unless otherwise specially provided for this Policy does not cover any liability arising directly or indirectly through:-

The ownership or possession of or use under the control of the Insured of animals, power-driven vehicles, aircraft or vessels, provided that this exception shall not apply to any occurrence beyond the limits of any carriageway or thoroughfare in connection with the bringing of the load to such vehicle for loading there on or the taking away of the load from such vehicle after unloading therefrom;

In relation to any other vehicle, death or bodily injury to any person in or upon or entering or getting on to or alighting from such vehicle with the consent of the Insured or of any servant of the Insured;

In relation to any vehicle, damage to any bridge, viaduct or weighbridge or to any road or anything beneath by vibration or by the weight of such vehicle and any load carried thereby;

Noists, cranes, lifts, elevators or steam boilers;

Fire (or panic following an alarm of fire); explosion flood;

The demolition of buildings;

The subsidence of any building or other structure;

Illnesses caused as a result of defective sanitary arrangements;

Poisoning, illness or injury through the consumption of food or beverages;

Defective workmanship or products;

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# CONDITIONS

1. This Policy with its Provisions, Exceptions, Conditions, Schedule and Endorsements shall be read as one contract and any word or expression to which a specific meaning has been attached in any part thereof shall bear such meaning wherever it may appear.
2. The employees premises and contracts of the Insured shall remain of the description and number set out in the Proposal unless and until notice of any addition or alteration has been lodged with the Company and such additional premium paid as the Company may require. Where however the premium for this Policy shall have been calculated on estimates furnished by the Insured as stated herein, the Insured shall within one month from the expiry of each Period of Insurance furnish to the Company such particulars and information as the Company may require. The premium for such period shall thereupon be adjusted and the difference paid by or allowed to the Insured as the case may be.
3. The Insured shall at all times by personal or other competent supervision take all reasonable precautions to prevent accidents or disease and shall make all reasonable endeavour to comply with all statutory obligations and regulations imposed by any Authority to employ only efficient personnel and to provide efficient ways, works, vehicles, machinery guards, and shall keep the same and all buildings in proper state of repair and if any defect shall arise shall cause such additional precautions to be taken as the circumstances require.
4. Every notice or communication to be given under this Policy shall be lodged in writing with the Company.
5. The Insured or his legal representatives shall give notice to the Company as indicated in the back of this Policy as soon as possible after the occurrence of any accident and/or loss and/or damage with full particulars thereof. Every letter claim writ summons or process shall be notified or forwarded to the Company immediately on receipt. Notice shall also be given in writing to the Company immediately the Insured or his legal personal representatives shall have knowledge of any impending prosecution or inquest in connection with any accident for which there may be liability under this Policy. So far as reasonably practicable no alteration or repair shall without the consent of the Company be made to any buildings, dwellings, works, machinery, fences or plant after any accidents which have occurred in connection therewith until the Company shall have had the opportunity of examining the same.
6. No admission offer promise payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company which shall be entitled if it so desires to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured for its own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.
7. If at the time of the occurrence of any accident there shall be any other Insurance or Insurances existing in respect of the same the Company shall not be liable to any nor contribute more than a rateable proportion of any sum or sums payable in respect of such accident for compensation litigation expenses or otherwise.
8. The Company may in the case of any accident as within defined pay to the Insured the maximum sum payable as compensation hereunder (but deducting therefrom in such case any sum or sums already paid as compensation in respect thereof) or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of any such accident except for the payment of costs and expenses (whether recovered from the Insured by any claimant or incurred with the written consent of the Company) incurred prior to the date of such payment of such maximum sum or such lesser sum as the case may be and for which the Company may be responsible thereunder.
9. The due observance and fulfilment of the terms provisions conditions and endorsements of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the Proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.
10. The Company shall not be bound to send any notice of the Renewal Premium becoming due, nor to renew this Policy. The Company shall be at liberty at any time by giving seven days notice in writing to the Insured by Registered Letter posted to the address of the Insured as last known to the Company to determine and cancel this Policy as from the date of the expiration of such notice in which event the Company shall on demand return to the Insured a proportionate part of the premium corresponding to the unexpired term of the Policy.
11. All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing to do by either of the parties, or in case the Arbitrators do not agree, of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings, and the making of an Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured or his personal representatives for any claim hereunder and such claim shall not within 12 calendar months from the date of such disclaimer have been referred to Arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

K4/83/033

## APPENDIX E

### WORKMEN'S COMPENSATION POLICY

The Insured carrying on the Business described in the Schedule and no other for the purpose of this insurance by a proposal and consideration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the Company for the insurance hereinafter contained and has paid or agreed to pay the Premium as consideration for such insurance.

At any time during the Period of Insurance any employee in the Insured's immediate service shall sustain personal injury by accident or disease arising out of and in the course of his employment by the Insured in the Business and if the Insured shall be liable to pay compensation for such injury either under:-

(1) the Law(s) set out in the Schedule or at Common Law.

On subject to the terms exceptions and conditions contained herein or endorsed hereon the Company will indemnify the Insured against all sums for which the Insured shall be so liable and will in addition be responsible for all costs and expenses incurred with the consent in defending any claim for such compensation.

#### PROVISION

In the event of any change in the Law(s) or the substitution of other legislation therefor this Policy shall remain in force but the liability of the Company shall be limited to such sum as the Company would have been liable to pay if the Law(s) had remained unaltered.

#### EXCEPTIONS

The Company shall not be liable under this Policy in respect of

(1) any injury by accident or disease directly attributable to war invasion act of foreign enemy hostilities (whether war be declared or not) civil war mutiny insurrection rebellion revolution or military or usurped power

(2) the Insured's liability to employees of contractors to the Insured

(3) any employee who is not a "workman" within the meaning of the Law(s)

(4) any liability of the Insured which attaches by virtue of an agreement but which would not have attached in the absence of such agreement

(5) any sum which the Insured would have been entitled to recover from any party but for an agreement between the Insured and such party.

Section W. 279 (a)

Notwithstanding anything contained herein to the contrary it is hereby understood and agreed that the Company shall indemnify the Insured in respect of liability in the terms of the Workmen's Compensation (Prescribed Diseases Order, 1966, issued under the Workmen's Compensation Ordinance, subject to the exclusion of any liability in respect of byssinosis, bagassosis, tabacosis and pneumoconiosis.

Provided always that the indemnity in respect of liability under the Workmen's Compensation Ordinance, shall not apply to any further diseases which may be brought within the provisions of the Ordinance by exercise of the powers conferred by virtue of Section 34 thereof.

1. This Policy and the Schedule shall be read together as one contract, and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning wherever it may appear
2. Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company
3. The Insured shall take reasonable precautions to prevent accidents and disease and shall comply with all statutory obligations
4. In the event of any occurrence which may give rise to a claim under this Policy the Insured shall as soon as possible give notice thereof to the Company with full particulars. Every Letter claim writ summons and process shall be notified or forwarded to the Company immediately on receipt. Notice shall also be given to the Company immediately the Insured shall have knowledge of any impending prosecution inquest or fatal inquiry in connection with any such occurrence as aforesaid.
5. No admission offer promise or payment shall be made by or on behalf of the Insured without the consent of the Company which shall be entitled if it so desires to take over and conduct in his name the defence or settlement of any claim or to prosecute in his name for its own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require
6. The first premium and all renewal premiums that may be accepted are to be regulated by the amount of wages and salaries and other earnings paid by the Insured to employees during each Period of Insurance. The name of every employee together with the amount of wages salary and other earnings shall be properly recorded and the Insured shall at all times allow the Company to inspect such records and shall supply the Company with a correct amount of all such wages salaries and other earnings paid during any Period of Insurance within one month from the expiry date of such Period of Insurance. If the amount so paid shall differ from the amount on which premium has been paid the difference in premium shall be met by a further proportionate payment to the Company or by a refund by the Company as the case may be.
7. The Company may cancel this Policy by sending seven days' notice by registered letter to the Insured at his last known address and in such event the premium shall be adjusted in accordance with Condition 6
8. All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of an Award shall be a condition precedent or any right of action against the Company. If the Company shall disclaim liability of the Insured for any claim hereunder and such claim shall of within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder
9. The due observance and fulfilment of the terms conditions and endorsements of this Policy so far as they relate to anything to be done or not to be done by the Insured and the truth of the statements and answers in the proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.