

**APPRAISAL OF LOCAL GOVERNMENT WORKERS PERCEPTION
TOWARDS TAKING LIFE INSURANCE POLICY IN NIGERIA.
(A STUDY OF KEFFI LOCAL GOVERNMENT AREA OF NASARAWA STATE)**

BY

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**BEING A RESEARCH TO THE POSTGRADUATE SCHOOL OF
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**DEPARTMENT OF BUISNESS ADMINISTRATION
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DECLARATION

I hereby declare that this project is a project of my research finding, and to the best of my knowledge, has never been published before. It has not been previously presented in an application for a degree. All work consulted have been acknowledged accordingly.

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CERTIFICATION

This research work has been carefully read and approved as having satisfied the condition for the award of masters in business Administration (MBA), Ahmadu Bello University, Zaria

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DEDICATION

This project is dedicated to Mr. Prosper Okpue, the Executive vice Chairman;
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ACKNOWLEDGEMENT

Praise be to the Almighty God, who has given me the ability, intellect and sound health to carry out this work.

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ABSTRACT

This study has been motivated by the public outcry against the poor performance of our country's administration of Life assurance policies. It has been viewed by many as a sector whose records have shown no positive result in whatever objective they were set to achieve. If this public perception about the county's administration of Life policies are true, then it is an unhealthy development for the country, in view of the fact that the public sector is expected to play the leading role in the rapid socio-economic welfare and political development of the Nigerian society and should that sector be ineffective for any reason, development pace will be affected.

The aim of the research was to find out whether Keffi Local Government workers of Nasarawa state have favorable attitude towards taking life insurance policy.

Two hundred questionnaires were distributed to workers of Keffi Local Government area of Nasarawa state upon which we made our findings.

The results of the investigation show that in response to positive statements about life insurance, an average respondent has either less adequate knowledge or undecided, this is a trace of not having adequate knowledge of the policy. It was also found that a very high percentage of respondents feel poor by the attitude of some life Agents towards those who had claims to be settled in the past. This means that life officials should endeavor to settle claims promptly without any delay as this will build a confidence in the life of other policyholders.

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CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Life is full of risks and uncertainties, we are social human being and we have certain responsibilities too to minimize these risks. Nigerians are emotional and rational in their buying decision. They believe in future rather than the present and desire to have a better secured future. In this direction, life insurance services have its own values in terms of serving as savings, investment and risk protection.

Life insurance is a contract between an insurance policy holder and an insurer, where the insurer promises to pay a designated beneficiary sum of money (the benefit) upon the maturity or death of the insured person. Depending on the contract, other events such as terminal illness or critical illness may also trigger payment. The policy holder typically pays a premium, either regularly or as lump sum. Other expenses (such as funeral expenses) are also sometimes in the benefits. The advantage for the policy owner is “peace of mind”, in knowing that the death of insured person will not result in financial hardship for dependants and lenders.

Life policies are legal contracts and the terms of the contract describe the limitations of an insured event. Life-based contracts tend to fall into two major categories:

Protection policies: designed to provide a benefit in the event of special events, typically a lump sum payment. A common form of this is term Assurance.

Investment policies: where the main objective is to facilitate the growth of capital by regular or single premiums. Common form is whole life Assurance.

This project is to appraise the perception of Keffi Local Government workers towards taking Life insurance policy. Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Sensation usually refers to the immediate relatively unprocessed result of stimulation of sensory receptors in the eyes, nose, ears, tongue or skin. Perception, on the other hand, better describes one's ultimate experience of the world and typically involves further processing of sensory input. In practice, sensation and perception are virtually impossible to separate because they are part of one continuous process.

Thus, perception in human beings describes the process whereby sensory stimulation is translated into organized experience. That experience, or percept, is the joint product of the stimulation and of the process itself. However, very little research has been conducted and published on either customer or the supply side of the Nigerian life insurance market. This study focuses on the customer side of the Nigerian life insurance market and their purchasing behavior. Keffi is a Local

Government Area in Nassarawa State of Nigeria. The state was created on 1st October, 1996 by the Abacha Government from Plateau state. Nassarawa state is in the north central geo-political zone of Nigeria; bounded in the north by Kaduna state, in west by Abuja federal capital territory, in south by Kogi and Benue and east by Taraba and Plateau state.

1.2 STATEMENT OF THE PROBLEM

Ideally, life insurance policies are supposed to be the first aspiration of every worker of Local Governments in Nigeria. Given the nature of the product and benefits attached, it is surprising that only few policy holders have managed to establish good relationship with their provider while low percent of customers would definitely recommend their insurers to others. Life insurance business had suffered setbacks with its insignificant contribution to the industry's premium. In developed economics that have viable insurance industries, life insurance business generally drives the insurance industry by contributing not only significantly to the industry but also to the Gross Domestic Product (GDP). Contrary to what obtains in Nigeria where life insurance business contributes just 26 percent of the industry's total premium all resulting to below 3percent of the nations total GDP. Despite Nigeria huge population of about 140 million which is capable of driving the biggest life insurance market in Africa, Nigeria has

continued to record minimal patronage in Africa's insurance market. For instance, South Africa, the largest life insurance market in Africa, has a population of 40million people and contributes 78.13 percent of the continent's premium. The South Africa life insurance contributes about 16 percent of the country's gross Domestic Product (GDP), while Nigeria's insurance contributes less than three percent of the country's GDP and only contributes about 2.3 percent of the continents total premium. The question is what perception, especially Keffi local Government workers have towards taking life insurance policy.

1.3 RESEARCH QUESTIONS

Following the trend of event in our life insurance business in Nigeria, some are complaining of poor administration, lack of awareness of the policy terms and condition by Nigerian workers, dishonesty on the part of life Agents and diversion of the fund meant to pay benefits to other areas of commitment by insurance companies etc. it is based on these reasons that researcher framed the following research questions.

1. Do Local Government workers have knowledge about life insurance contact?
2. Do local Government workers have interest in taking life insurance contract?
3. Do the perceptions of Keffi local Government workers towards life insurance have meaningful impact on the industry growth?

4. How are beneficiaries of Local Government workers who took life insurance policy compensated when claim arises?
5. How is life insurance premium calculated for employees of Local Government?
6. Are Local Government workers aware of the benefits of the life insurance contract?

1.4 OBJECTIVE OF THE STUDY

The main objective of the study is to appraise the perception of local government workers toward taking life insurance policy, a study of Keffi Local Government area of Nasarawa state. The study is therefore aimed at:-

- i. To find out whether local government workers have favorable or unfavorable attitude toward taking insurance contract
- ii. Also to investigate if local government workers are really knowledgeable of the nature of life insurance contract; terms and conditions
- iii. To know if low level of education affects workers attitude towards taking life insurance contract
- iv. Also to investigate whether the beneficiaries of workers who took life insurance in the past were adequately compensated at maturity or when claims arises
- v. To know if Local Government do encourages their workers to buy life insurance

- vi. To find out if Local Government or life insurance companies do organize workshop to educate workers on the benefits of taking life insurance contract

1.5. HYPOTHESIS OF THE STUDY

Ho: Perception of local Government worker towards life insurance has no impact on the industry growth

H1: Perception of local Government worker towards life insurance has impact on the industry growth

1.6 SIGNIFICANCE OF THE STUDY

This research is significant because there have been series of researches on the appraisal of workers perception towards life insurance at the federal Government, State, manufacturing companies and construction workers but not at the grass root i.e Local Government workers; in which this research focuses on.

With the liberalization of the Nigerian economy, functioning of the life insurance sector allowed private and foreign insurance companies to increase their cooperation with international insurance standard. The recapitalization of the industry has also led to increase in competition among the operators. They tried to lure customers by good service and flexible products. Thus, insurance marketing is

an aggregate function directed at providing service to satisfy customers' financial need and wants more effectively and efficiently than the competitors, keeping in view the original objective of insurance. To create and keep a customer means doing a lot of things for him so that he would like to continue the business.

Company cannot stay in business if it does not attract and hold enough customers, no matter how efficiently it operates.

Thus, satisfaction of customer needs is a prerequisite for existence and survival of an insurance company. Marketers contend that the whole business is the final result of understanding the customer's point of view. Increasing affluence in life style, income level, changing preferences, exposure to westernized culture and increasing expectations have contributed to a new generation of more demanding customers.

The rising customer's awareness and aspiration of quality service and availability of alternative service providers in the Nigeria market has made customer more demanding. Thus, an insurance company's ability to attract and retain new customers is a function of not only what it offers but also how it services its existing customers. Since insurance companies are not different from other industrial organizations with respect to selling their products, i.e., insurance policies, product differentiation can make an impact. Present study was therefore undertaken with an intention to identify and explore the factors which customers

seek before selecting life insurance product offered through various insurance companies.

This study represents the appraisal of Local Government workers toward taking life insurance policy in Nigeria. It is significant in itself because it will have to verify existing knowledge in the field of life insurance, and how applicable this knowledge can be to the Nigerian civil service.

The study will be useful for both Undergraduate and postgraduate in the field of Business Administration, Insurance, Public Administration, Life insurance companies, their employees and Agents and other interested readers who need to have an understanding of how life insurance business operates.

The result generated will also be of immense value to future researcher who will use the information and research findings in this project work as the basis for their research.

1.7 SCOPE OF THE STUDY

The research project intends to focus attention on the appraisal of Keffi local Government workers perception toward taking life insurance policy in Nigeria. No reference is made to the perception of workers in the state or federal civil service or private sector in Nigeria. Similarly, generalization will be drawn to the Keffi Local Government workers of Nasarawa state. This study is covering a period of

2010 to 2012. Some of these findings may or may not be applicable to what is obtained in other Local Government in Nigeria.

1.8 LIMITATIONS OF THE STUDY

Firstly, this study will be carried out mainly in Keffi; therefore, the result obtained may not be pertinent to the country as a whole. Of course, the study can be extended to cover other states. Secondly the study has been on local government workers, ignoring customers in the private sector. This cannot lead to generalization of the findings and result may not be implied conclusively to the whole customers. The statistical tools used in the cause of the research work may not also be 100% adequate. Furthermore the research is of a living nature whose life span goes beyond the deadline. Therefore there was the problem of doing in a short period a topic of everlasting nature. The effort was further constrained by the fact that the researcher had to combine it with the normal office work. Thus time is a great constraint.

1.9 DEFINITION OF KEY TERMS

In this project, the under mentioned key terms were used in relation to these meanings.

1. **Assurance:** Insurance has many definitions, but in the words of Isimoya (1999), assurance could be defined as a social scheme, which provides financial compensation for the effects of a misfortune, Any insurance that has to do with life is better known as assurance or better still life assurance.
2. **Assurer:** the party who agrees to pay money to another on the occurrence of a stated contingency.
3. **Assured:** The party entitled to receive money under a life assurance contract on the occurrence of a stated.
4. **Attitude:** A learned pre-deposition of respond to an object or concept favorably or unfavorably as exemplified by the tendency for liking or disliking an object or phenomenon. Mark David et al (1994) defined attitude as a relatively stable system of organized behavior displayed by a person towards an object. In other words, Attitude refers a system of belief, feeling and behavior tendency of an individual or group of individuals towards an object, people and event. The period of time from the inception to the termination of the insurance policy.

5. **Surrender Value:** The amount collected by the insured after a certain period of time.
6. **Life Office:** It refers to an insurance company or a department in an insurance company that deals with life assurance business only.
7. **Life Insured:** The original owner of the life insurance policy and usually the person who took the policy out.
8. **Perception:** The process by which one, interprets and organize sensation to a meaningful experience of the world.
9. **Sum Assured:** the amount of money payable to the life assured on the happening of the contingency assured against. It is the value, which the assured place on his/her life.

CHAPTER TWO

2.1 LITERATURE REVIEW

The possibility of sudden unexpected increases in one's liabilities or indebtedness to the people is endless, so too are chances that one's income or capital might be abruptly and significantly dismissed. Buying insurance is one way by which one can gain a little peace of mind. Mankind is exposed to many serious hazards such as personal losses from disability or premature death. While it is impossible for the individual to prevent or foretell their occurrence, it is possible and highly important that one provides against their financial effects. It is the function of insurance in its numerous forms to safeguard against such misfortunes by having the losses of the unfortunate few paid by the contributions of the many that are exposed to the same risk. If the hazard under consideration is that of premature death, the financial loss suffered is indemnified through Life Assurance policy. According to Isola (2003) from the community standpoint, life assurance may be defined as a social device for making losses through premature death or disability, which is carried through the transfer of risks of many individuals to one person or group of persons.

From the standpoint of the individual however, according to Isola (2003), life Assurance may be defined as consisting of a contract, whereby for a stipulated consideration called Premium, one party (the Insurer) agrees to pay to the other

(The Insured or the one's beneficiary) a fixed sum upon the happening of death, disability or some other specified events. Life assurance is also a financial means by which an individual provides for the future security of himself and those near or dear to him (Odele, 1996).

According to Isola (2003) the Life assurance effects its purpose by collecting comparatively small sums from a great many people, accumulating these and investing them so that the amount set forth in the contract will be payable at the time to the person designated.

According to Managing Director of First Bank Life Assurance Plc, Mr. Val Ojumah, insurance is based on trust but the abuse of trust by insurers resulted in the poor public perception which is adversely affecting the sector.

Ojumah said "When insurance started in this country, it was based on one keyword, 'trust' but that trust was abused. In the early days when insurance agents with motorcycles were going all over the place marketing insurance and people parted with a lot of money. But did the early companies pay claims as they promised? The answer is no.

"Not a few agents went away with the money they collected and what happened? Many of those insurance companies went down. Consequently, that created a

snowball and a big problem for the insurance industry. People will not forget in a hurry what happened in the past.”

Other challenges which the insurance sector is battling with, according to Ojumah, is that insurance is still alien to Nigerians coupled with the fact that practitioners have not been innovative enough in creating new products.

He said “In our traditional way of life, insurance is not a primary security. As a family member when something goes wrong with any individual family member, we do not look at insurance. As a traditional African family we contribute to help our member. So insurance is still alien to our way of life.”

On the lack of innovation in regards to new product development, Ojumah said “On the parts of practitioners today our products have not been particularly innovative. Our administrations of insurance companies have not been particularly interesting. Claims administration process is still a problem in this market. Yes they will pay eventually but as they said justice delayed is justice denied.”

Ojumah called for a change of attitude on the part of practitioners adding “If we need to grow this business there are things we need to do as operators and there are things we need to do as regulators.”

He said “Not many people are prepared to put their money into life insurance companies and wait for one, two, three, four, five years before they get the return. How many people in Nigeria will prefer to do that? That is why FBN Life is institutionalized and not individualized. According to Managing Director of FBN Life Assurance Plc, Mr. Val Ojumah insurance is based on trust but the abuse of trust by insurers resulted in the poor public perception which is adversely affecting the sector.

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2.2 LIFE ASSURANCE AND PRINCIPAL BENEFITS

According to Isimoya (2009), the financial benefit of life assurance contract lessens mental disturbance and alleviates worry of the individual. This is because through life assurance, a lot of our social responsibilities are well taken care of viz: Educating one's children: according to Isimoya (2009) the death of one's parent or loss of economic power could constitute a hindrance to the goal of providing sound education to a child. Life assurance can therefore be used specially to guarantee full education. Therefore, it is a social benefit.

Life assurance could be used to provide for the future family welfare and old age provisions. Life assurance creates a monetary estates immediately one becomes a contributor to the common fund and this monetary estate is however, out of all proportion to the initial contribution (Isimoya , 2009)

Thirdly, according to Isimoya, life assurance can also help to prevent the break up of a family unit, as a result of early death of the breadwinner. As adequate life assurance cover can provide the buffer against financial stress during this period of readjustment.

According to the Managing Director and Chief Executive, AIICO Insurance Plc, David Sobanjo, the life assurance department paid claims amounting to N6.56 billion in 2010 to individuals and corporate organizations, representing an increase of nine per cent over N6.03 billion paid in 2009. Besides, the claims profile in 2008 amounted to N5.3 billion as against N3.52 billion in 2007.

He also states that although the volume of business written by the market would continue to grow, however, the portfolio of claims will also rise with the coming into force of the Nigeria Oil and Gas Industry Content Development legislation, which mandates local underwriting firms to underwrite 70 per cent of oil and gas risks, as well as, the Nigeria Insurance Market and Restructuring Initiative (MDRI) project on compulsory insurances initiated by the National Insurance Commission (NAICOM). (The Guardian, 15th Dec, 2012 pg 2)

Nigeria Insurance Digest – a statistical journal of the Nigerian Insurers Association (NIA), the claims portfolio was paid by the 60 strong corporate members of the association. The report attests to the ability of life underwriting companies operating in the country to pay genuine claims promptly. Besides, the report said, the life insurance market has been restructured and was solvent to underwrite any category of life in the economy. (Anonymous, 2012)

The Commissioner for Insurance, Fola Daniel, who attested to this position in Lagos recently said that the outcome of the consolidation exercise in the industry meant that fringes companies in the market were eliminated, while those left became better capitalized and were now able to underwrite big-ticket risks. Their capacity to also settle genuine claims promptly became more enhanced.

He said, “Insurance is the most favored risk transfer mechanism, many diverse claims such as the victims of Dana air crash have all tested the resilience of the life assurance industry. Similarly, the reinsurance industry has come to the fore in the light of its crucial role in supporting catastrophe risks and in maintaining financial stability.

Also government has recognizes the importance of life assurance in the economy and is taking steps to redress its current poor performance. (Anonymous, 2012)

The Managing Director/CEO, Sovereign Trust Insurance Plc, Wale Onaolapo advised Nigerians to embrace the culture of taking life assurance, adding that insurance companies pay all genuine claims promptly.

He said, “Nigerians are yet to fully tap into the benefits of inculcating an insurance culture into their everyday life. Nigeria is blessed with so much natural and human

resources, which has translated to a lot of wealth creation in the form of businesses and commercial activities that we see around us in the country today, but the question is how many of these businesses have that continuity and longevity elements that insurance provides.” (Anonymous, 2012)

Similarly, the Managing Director and Chief Executive, Consolidated Hallmark Insurance Plc, Eddie Efekoha said, “we equally realized that this year like every other year, we have greater stake to our stakeholders particularly the policyholders. Just recently we were involved with Chevron life claim, we paid a claim of about N60 million to somebody. We are about settling a claim of about N180 million for another life claim that happened in Kano. (Anonymous, 2012)

2.3 FORMS OF LIFE ASSURANCE

In recent years there have been different adaptations of the idea of life insurance to suit different needs. Therefore there are divers life assurance policies. However all the policies or contract can be classified into four (4) major forms viz:

- (1) Term Assurance
- (2) Whole Life Assurance
- (3) Endowment Assurance
- (4) Annuity

(Dickson and Steele 2004)

These major forms are discussed below, but not all policies under them are discussed here.

The following are some common form of life insurance policies.

(i) Term assurance: As the name indicates, this kind of insurance is only valid for a certain amount of time. Different insurance companies have different time frames for these contracts that go from one year to forty or more. If the person insured dies within the time frame covered in the contract, the beneficiaries get paid the sum called the death benefit. This sum is fixed and doesn't change over time, but if the contract expires, the insured is no longer covered. One of the biggest disadvantages of this type is that premiums the insured has to pay increase over years, due to the fact that they're more likely to die the older they get. While some insurance companies raise the premiums every year, others do it on a 5 year or 10 year basis, depending on the contract. This is the oldest form of assurance and provides for payment of the sum assured in death provided death occurs within a specified term. Should the life assured survive to the end of the term, then the cover ceases and no money is payable. According to Dickson and Steele (2004), depending on the ages

of the assured this is a very cheap form of cover and suitable, for example in case of a young married man with medium to low income who wants to provide a reasonable sum for his wife in the event of his death. It can also be used for a variety of specific purposes such as business journeys. Modifications in the basic form of term assurance are found in (a) convertible term and (b) decreasing term.

(lifeinsurancebook.com)

(ii) Whole life assurance: The opposite to term life insurance is whole life, which is valid through the insured person's life no matter how many years pass until they pass away. While term insurance contracts can be canceled at any time, whole life contract can only be canceled due to the insured failing to pay the premiums. Many people list the lack of flexibility as one of the main downsides of this type of insurance. The other big downside is the fact that whole life insurance costs way much more than term insurance, because there is a cash value in the policy, unlike with the term insurance. This means that the insured has a sort of fund he can use to borrow money from or pay premiums in the latter years, at the cost of his death benefit getting diminished by the amount borrowed plus additional charges. The benefit is payable on the death of the assured whenever it occurs and premiums are payable throughout the

life of the assured or normally, until retirement of the assured at sixty or sixty-five. (lifeinsurancebook.com)

Downsides of whole life insurance

(a) More expensive than term insurance: Possibly the most common reason people go for term life insurance is that it's way less expensive. While in the long run whole life does seem to pay off due to the fact that the premiums are fixed no matter how many years have passed since signing the contract, premiums for whole life could cost you even ten times more compared to term insurance. Not many people have enough money on the side to go for the whole life, so they pick short term solutions like 5 or 10 year term insurance policies that keep them safe for a while for way less money.

(b) Takes a long time to pay off: If you pick whole life insurance, it only makes sense to get it if you're not too old. With the price of premiums taken into account, this type of insurance pays off only after a long period of time, roughly 20 years. It doesn't make much sense to start with the life insurance option if you're close to retirement, because it would pay off more to simply put some money on the side every month.

(c) No way of canceling it: once you've signed the contract, there is no way of canceling your whole life insurance, which can be pretty bad if you ever want to switch to a different insurance plan. The only way the contract gets broken is if you fail to pay the premiums, which you don't really want to do because you will lose all previously invested money plus lose your life insurance. With no way of telling what the years ahead will bring, this could be a great downside of the long term type of insurance.

(d) Death benefit remains the same: Another big downside of whole life is that once established, death benefits remain the same, even though your financial status and needs change over time. For example, if you signed the contract in your thirties as a parent of two minors, the rates were established to match your status then. Thirty years later, your financial needs have changed – your children have graduated, you've paid off the house mortgage, and there aren't many costs you need covered. Unfortunately, the death benefit is still the same, leaving you overprotected and paying more than you should.
(lifeinsurancebook.com)

(iii) Endowment assurance: According to Isimoya (2009), the endowment assurance contract provides that the sum assured be paid either at death or after a fixed number of years. According to Dickson and Steele (2004) this type of policy is expensive as the sum assured will be paid out for certain, but the longer the term and the earlier in life a person starts such a policy the better. According to Isimoya (2009) the following are variations in contracts in life assurance:

a. Family income benefits: This is combination of whole life or endowment and decreasing term. On the death of the life assured, it pays a capital sum and an income for the remainder of the policy term.

Dickson and Steele (2004)

b. Assurance for Children: This is for parents who wish to make specific arrangements for their children. According to Dickson and Steele (2004) under a child deferred assurance a policy is affected on the life of a parent with an option date normally coinciding with the child's eighteenth or twenty-first birthdays. Should the parent survive till the option date; the child has the option of continuing the policy in his own name from then on as either an endowment or whole life. A lump sum can also be taken at the option date rather than an election to continue cover (Dickson and Steele, 2004). Provision for school fee

can be made by effecting an endowment policy, on the life of the parent, payable in installments over the periods of schooling (Dickson and Steele; 2004)

c. Group life assurance: this is insurance on the life of a number of person. Insured as a group under one master policy (Greider and Beadles, 1972). Instead of individual policies, the member of the group receives certificates, which describes the essential details of their coverage. The largest amount of group life assurance is in force on employees group, but a great deal is also issued to corporate creditors such as banks and financial companies, to insure the lives of their debtors (Greider and Beadles, 1972).

Other contracts under endowment assurance are:

- House purchase Assurance policy
- Pure endowment e.t.c

(IV) Annuities: Annuity is a method by which a person can receive a yearly sum, an annuity, in return for the payment to an insurance company of a sum of money. The annuity may starts at once (an immediate annuity), or may starts at some date in the future (a deferred annuity). Also, it may provide an annuity for the life of the person, the annuitant or it may be

payable irrespective of death for a certain period. It may also be guaranteed in that it provides the annuity for a guaranteed period or until annuitant dies. The reversionary annuity provides for payment to the annuitant, say the wife, on the death of another named person, say the husband. The joint and survivor annuity is payable while two people, husband and wife are alive and on death of one will continue at the same or smaller rate on the life of the survivor (Dickson and Steele, 2004)

2.4 LIFE ASSURANCE AS A LEGAL CONTRACT

Life assurance is a contract between the assured and the assurer therefore it is the general principles of the law of contract besides its own special laws. The requirements for a life assurance contract to be legally binding are:

- (i) Offer and acceptance
- (ii) Consideration
- (iii) Legality of object
- (iv) Capacity to contract
- (v) Consensus ad idem (Funmi Adeyemi (2007))

The policy form completed by the proposer is the “offer” while the letter of acceptance issued by the assurer to the policy holder is the “consideration”. The “legality of object implies that the proposer must have insurable interest, while “consensus ad idem” means “incomplete agreement of mind”, i.e. the proposer has a duty to disclose all material facts to the assurer.

2.5 THEORETICAL FRAMEWORK

Various definitions of perception have been advanced; here are the few examples. “Perception is a mental and neutral state of readiness, organized through experience exciting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related”. (Smart wealth 2010).

“Perception is primary a way of being set” towards or against certain things (Kara 2005). Perception is relatively stable affective response to an object” (Rosenberg 2006). Another view states that perception is a “tendency or disposition to evaluate an object or the symbol of that object in a way” (Katz and Scotland 1989). Smart wealth’s definition implies that perception refers to a general state of readiness”, Murphy et al, (2008) however, restrict the state of readiness or “set” to reactions “towards or against” certain objects. Their phrase “towards or against” implies evaluative pro or con. The two remaining recent definition focus on the affective

tendency to favorably or unfavorably evaluate objects and entirely discard the notion that any overt behavior is implied. For the purpose of this, the recent definitions are highly relevant. There is need to evaluate the object which is life Assurance Business from the view of the public.

Several theories have evolved from the study of attitude, each of which makes meaningful contribution in obtaining life assurance products. Although various research have been studied in relation to these theories not only because they have some current validity but also due to the rapid development of present day thinking. For the purpose of this study, four of such theories will be considered.

- Functional theory
- Festinger Cognitive theory
- Need theory
- The optimizing decision making

2.5.1 THE FUNCTION THEORY OF ATTITUDE CHANGE

The basic proposition of a functional theory of attitude change is that people hold attitude that fit their needs and in order to change their attitude we must determine

what these needs are. The functional approach maintains that a stimulus can only be understood within the context of the recipients' needs and personality. The new piece of information or a television advertisement about how risk should be handled and the insurance coverage purchase must depend on the consumer's attitude to risk. Katz (1960) a person develops a positive attitude towards those objects that are useful in meeting their needs. If the idea of buying a life policy toward the needs of the assured, he develops a negative attitude towards it. Parker (1992) asserts that three types of functions are served by holding an opinion or attitude: object appraisal, social adjustment, and externalization.

The object appraisal function refers to an opinion's usefulness in orienting the individual to object in the environment. This is thus a cognitive function that aids in what the psychologist refers to as "reality testing". The social adjustment function refers to an opinion's function in facilitating, maintaining, and disrupting social relationships. When for example, the individual wishes to be acceptable into a group he tends to express acceptable opinion and withhold unacceptable ones. On the other hand, if the individual wishes to assert his independence from a particular group, he may express unacceptable opinion and withhold acceptable ones. Social adjustment is thus a function that aids in the mediation of self-other relationships.

Opinions serve the externalization function when they are formed in such a way as to defend the ego from anxiety generated by inner problem.

2.5.2 FESTINGER'S COGNITIVE DISSONANCE THEORY

The statement of the dissonance principle is simple: it holds that two elements of knowledge are in dissonant relationship if considering these two alone; the observation of one element would follow from the other. It further holds that dissonance being psychologically uncomfortable, will motivates the person to try to reduce dissonance and achieve consonance, and in addition to trying to reduce it, the person will actively avoid situations and information which would likely increase the dissonance. It can be seen that all decisions or choices result in dissonance to the extent that the alternatives not chosen contains positive features, which make it attractive also, and the alternative chosen features, which might have resulted in rejecting it. Hence, after making a choice people seek evidence to confirm their decision and so reduce dissonance. Another set of consequent of the theory of dissonance deals with exposure of information. Since dissonance occurs between cognitive elements, and since information may lead to change in these elements, the principle of the principle of dissonance should have a close bearing on the individual's commerce with information. Cognitive refers to thoughts, attitudes, beliefs and behaviors of which the person is cognitively aware. For

instance, “Life Assurance is a source of the good investment”. The basic assumption of the theory is that a state of dissonance motivates the person to reduce or eliminate the dissonance is so psychological unpleasant that the person subsequently seeks to avoid such situation. (Festinger (1957)

2.5.3 THE NEED THEORY

Maslow (1943) proposed the hierarchy of motives, ascending from basic biological needs present at birth, to more complex psychological motives that become important to consumers only after the more basic needs have been satisfied. So, if you want to motivate someone according to Maslow (1943), you need to understand where that person currently is on the hierarchy and focus on satisfying those needs at or above the level.

Maslow (1943) separated the five needs into higher and lower levels. Psychological and safety needs were describe lower-order and love, esteem and self-actualization as higher needs and as each need is sequentially satisfied the next need becomes dominant. The differentiation between the two was made on the premises that higher needs are satisfied externally. When the physiological needs are satisfied, the buyer proceeds to the second level of needs, which are safety needs. Consumer satisfy their safety needs by means of money wages, insurance, pension plans, union contracts purchase refrigerator and the like. This explains

why life assurance marketers should pay particular attention to the socio-economic status of their potential b clients, having in mind their achievement level and their standard of living which would help accurately predict and place proper needs scale. This theory bothers on the fact that not everybody could afford to purchase life policy at a particular level of development.

2.5.4 THE OPTIMIZING DECISION MAKING MODEL

The optimizing model is a decision making model that describes how individual should behave in order to maximize some outcomes. Harrison (1998) explained the model that outlines the six steps on individual must follow either explicitly or implicitly when making a decision. The first step shows that the existence of a problem or a disparity between some desired state and the actual condition ascertain the needs for decision. If an individual calculates his monthly expenses and finds that he is spending ₦ 50 more than he allocated in his budget he has ascertained the need for a decision. These form a disparity between the desired expenditure level and what he is actually spending. The second step highlights the criteria that will be important in making the decision. This then leads to the third step, which makes it necessary, therefore, to weigh the factors listed in order to prioritize their importance in the decision. All the criteria are relevant, but some are more relevant than the others. The fourth step requires the decision-makers to

list the entire viable alternatives that could possibly succeed in resolving the problem. Life assurance exists primarily to protect dependants or others in the event of the death of the policyholder. The benefits have varied over time to providing the financial security for retirement and uninterrupted children's education. Capital financing and investment. Although several other financial management techniques abound. For instance, many people invest in real estate and others in buying shares in organizations. These are competing alternatives to life assurance as financial risk management techniques. The first step helps the individual evaluate each alternative decision made. The strength and weakness of each alternative will become evident when they are compared and evaluated by appraising it against the weighted criteria. From the foregoing example, the competing alternatives to life assurance as a financial risk management have one major problem in common. They all involve possession of capital lump sum but contributions to the life assurance funds are taken spread overtime. If the policyholder dies before the duration of the policy a mere payment of the first year premium creates a contingent lump sum. With the comparative advantage of life policy over other investment channels one wonders whether the various schemes have been fully embraced by the public. This then brings the individual into the sixth step, the final step in the optimizing decision model, which is the selection of the best alternatives from among those enumerated and evaluated.

2.5.5 PREVIOUS STUDIES

This section examines the previous contributions of various authors on some of the independent variables of the study. In examining the life assurance products and attitude of consumers Oreduga (2009) found that most people do not approach a life assurance company to purchase life assurance policies but they are rather approached by an intermediary who actively encourages them to apply for coverage. He explained that the marketing of life assurance policies involves among other activities the identification of consumer needs to satisfy the needs and planning to satisfy the needs at a point.

According to Huebner (1994), it was the general practice years ago to refuse to insure women on the same term as those offered to men. Improved morality and the fact that many women are gainfully employed have changed this caption, which they said was based largely on the risk related to childbirths and weak insurable interest. They further pointed out that insurance today is issued broadly to women, in amount commensurate with the insurance needs presented on the same ground as are applicable to men. Female shows a lower morality than males of the same age (Gershenson 1991). Despite this fact, underwriting departments must watch carefully for evidence of speculation on the lives of women (wollet 1996). He further stressed that an essential precautions in the underwriting of

married women is to ascertain that the husband carries a commensurate amount of insurance on his own life.

However, Wollet (1996) supports the above opinion of Huebner (1994) by stating that in previous years, insurance on women, both married and single has grown appreciably during the last decade and many of the several limitations originally suggested for the underwriting of females risk have long been lifted. The selection of lives at older ages required careful scrutiny and underwriting requirements are more numerous. This view is reflected in the study carried out by Wollet (1996), which showed that companies grant life assurance to individuals from birth through 75, occasionally insurance is accepted by some companies at higher age than 75, provided that proper need for the insurance can be shown and underwriting standard can be met. Sex, as in the case of life assurance policies, is of considerable significance. Huebner (1994) studies that females show definitely higher disability rates in most studies. This is true even for policies, which exclude coverage of pregnancy, miscarriage and similar problems. Underwriters feel that there are greater moral hazards in connection with women since they are not normally the breadwinners. Companies are reluctant to issue such coverage to working women because their employment is frequently temporary and

intermittent. Where issued, such coverage provides shorter and lower income benefits than would be issued to men.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

The focus of this section is research methodology, and this concerns the source and means of gathering information and the appropriate ways of organizing and analyzing this information. It is the Specialization of methods and procedures for acquiring the information needed to structure or solve problems. A good research design will ensure that the information obtained is pertinent to the problem and it has objective and economical procedures

3.2 RESEARCH DESIGN

Survey technique will be employed in this study. This is the study of a sub-group within a larger population set, for the purpose of driving conclusion about the largest set.

3.3 DESCRIPTION OF RESEARCH METHOD TO BE USED

The research method to be employed for this study is descriptive research method. The researcher would evaluate the perception of local government workers to life

insurance with particular reference to Keffi local government area of Nasarawa State.

3.3 POPULATION OF STUDY

“A population is a collection of all conceivable elements, subject or observation relating to a particular phenomenon of interest to the researcher”.

In accordance with the above definition, the population of study is the local government workers in keffi local government of Nasarawa state.

Keffi local government being the target of this research work has a workforce of 1,565 career servants which are spread all over the six departments. The numbers of staff in each department are as follows;

No	Department	N0 of Questionnaire lodged	Response rate (%)
1.	Personnel Management	185	11.8%
2.	Finance & Supply	144	9.2%
3	Primary health care	625	40%
4	Works, Housing, land & Survey	226	14.4%

5	Social services development	219	14%
6	Agriculture & natural resources	166	10.6%
TOTAL		1,565	100%

Source: Director of Personnel Management (DPM) office Room 35 Keffi Local Government annex 1.

3.4 SAMPLING METHOD AND SAMPLING SIZE

Due to the large number of the population under study and the fact that

Such constrain like time frame, work, financial implication, transport etc. this

will make the researcher to select a sample size. “A sample is precisely part of the

population” The sampling for the purpose of this research project is with the

intention to draw an inference about the population. Acknowledging the fact

that there are many sampling methods, the sampling of the public for this study

will be done in non-random basis i.e non-probability sampling, the reason

for using this method is that the probability sampling is not feasible.

During the study, questionnaires will be administered for gathering relevant

information needed.

The sampling size formula by Yamane (1967:886) will be adopted in getting the sample size. $n = \frac{N}{1 + N(e)^2}$ where n=sample size, N=population size, e=the level of precision which is 5%. In this research study, the total population size is **1,565** but questionnaire were distributed only in annex 1 of the local government which comprises of only three departments; personnel management, Finance & Supply and social services.

Therefore $N = (185 + 144 + 219) = 548$

Sample size is (n) = $\frac{548}{1 + 548(0.05)^2}$

n = $\frac{548}{1 + 548(0.0025)}$

n = 231

3.5 DATA COLLECTION

The methods of data collection to be used in this research are personal interview and the use of questionnaires.

Personal Interview:

Unstructured questionnaire was used to conduct interviews for the questions not included in the questionnaire and which should be asked and answered. The

interviews will be conducted according to their departments within the organization.

Tool for data analysis

For this work, the primary data is represented and analyzed using both descriptive statistics (frequencies distribution and percentage) and inferential statistics which is (seeking to determine the extent of the impact of life insurance policy and industry growth between the variables)

3.5.1 HYPOTHESIS OF THE STUDY

H₀: Perception of local Government worker towards life insurance has no impact on the industry growth

H₁: Perception of local Government worker towards life insurance has impact on the industry growth

3.5.2 Limitation of the methodology

The limitations to the generalization of the results of this research become a challenge for further research. However, it does provide a representative analysis of the implementation of Life insurance and the perception of the Keffi Local government area of Nasarawa state with regards to the impact it has made on the industry growth, which fulfils the aims and objectives of this research.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

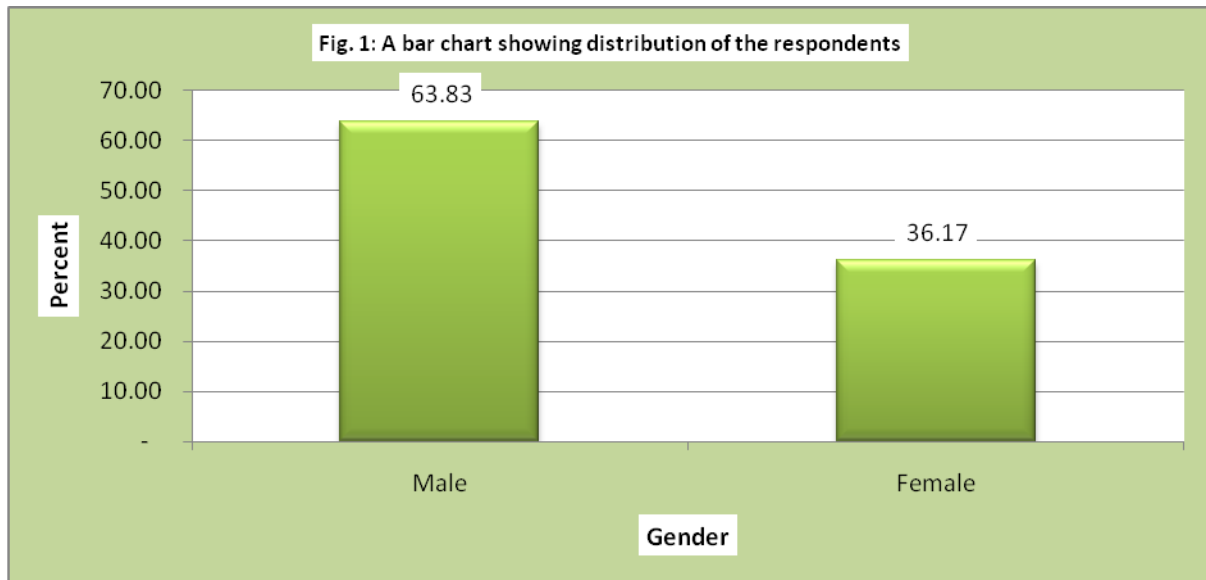
This section is designed to reflect the analysis of the data collected through the use of questionnaires. Two hundred and ten (210) questionnaires were administered to the staff of Annex 1, comprising of personnel management, Finance & supply and the Social services departments of Keffi local government area of Nasarawa state but only one hundred and eighty eight (188) were recovered. The above represents 90% of the distributed questionnaires.

RESPONDENTS BACKGROUND CHARACTERISTICS ANALYSIS

Table 4.1: Distribution of respondents by Gender

Gender	Frequency	Percent	Cumulative Percentage
Male	120	63.83	63.83
Female	68	36.17	100
Total	188	100	

Source: Field survey report, 2013



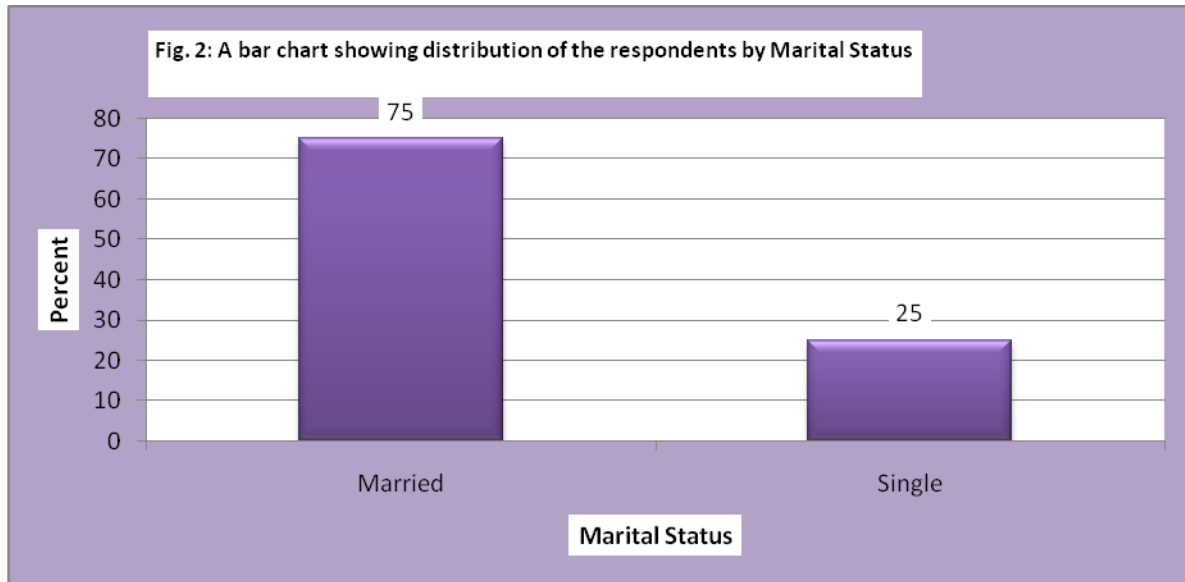
Source: Field Survey Report, 2013.

The bar chart above depicts the gender distribution of the respondents. In order to not to be gender bias, both male and female respondents were interviewed in the course of the research and the distribution reveals that 63.8 percent of the respondents are male while 36.1 percent are female. This implies that this research is gender sensitive.

Table 4.2: Distribution of respondents by Marital Status

Marital Status	Frequency	Percent	Cumulative Percent
Single	47	25	25
Married	141	75	100
Total	188	100	

Source: Fieldwork Survey Report, 2013.



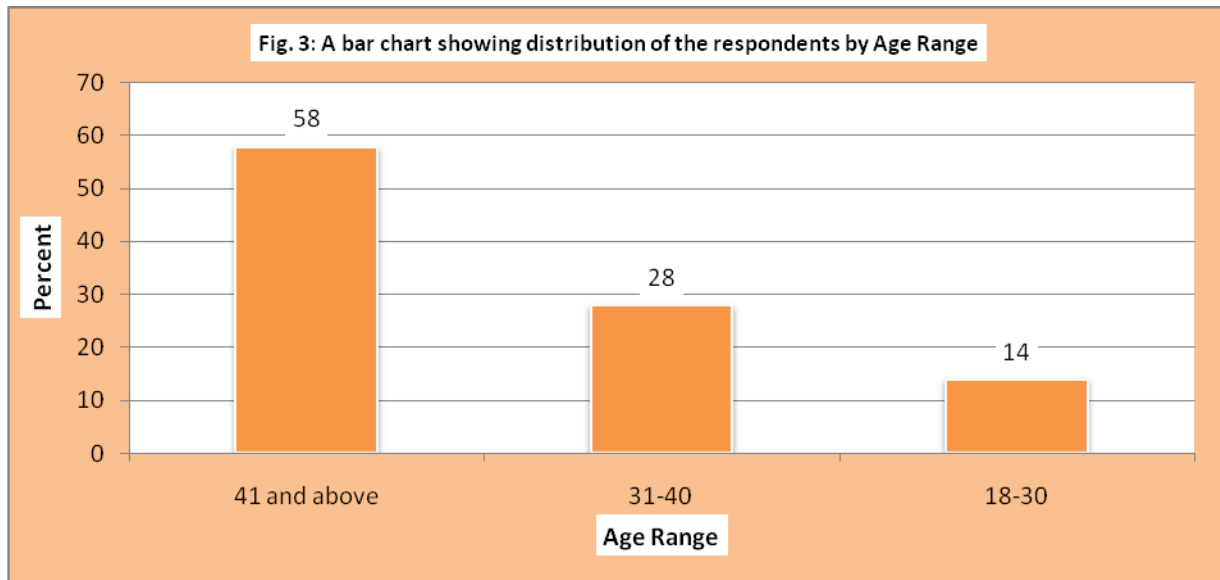
Source: Field Survey Report, 2013.

The respondents as shown in the bar chart above shows that out of the total of 188 respondents surveyed, 75 percent of them are married while 25 percent are singles which is an indication that the dominant respondents are married men and women.

Table 4.3: Distribution of respondents by Age

Age Range	Frequency	Percent	Cumulative Percent
18-30	26	14	14
31-40	53	28	42
41 and above	109	58	100
Total	188	100	

Source: Field Survey Report, 2013.



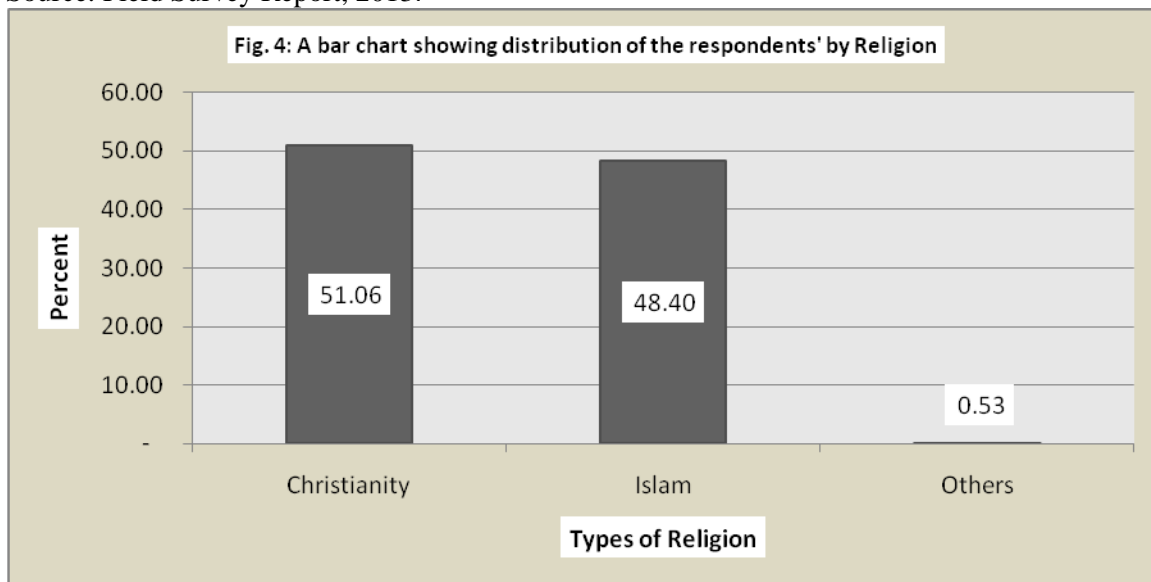
Source: Fieldwork Survey Report, 2013.

The age distribution of the respondents as contained in the bar chart above indicates that there were no Minor respondents as no respondents' age is less than 18 years. In fact, a majority of respondents are adult within the age bracket of 41 years or more who are capable of forming independent decision base on the situation they are confronted with. The second largest group is of ages between 31-40 years with percent score of 28 percent while 14 percent of other respondents fall within the age bracket of 18-30 years.

Table 4.4: Distribution of respondents' by Religion

Type of Religion	Frequency	Percent	Cumulative Percent
Christianity	96	51.06	51.06
Islam	91	48.40	99.46
Others	1	0.53	100
Total	188	100	

Source: Field Survey Report, 2013.



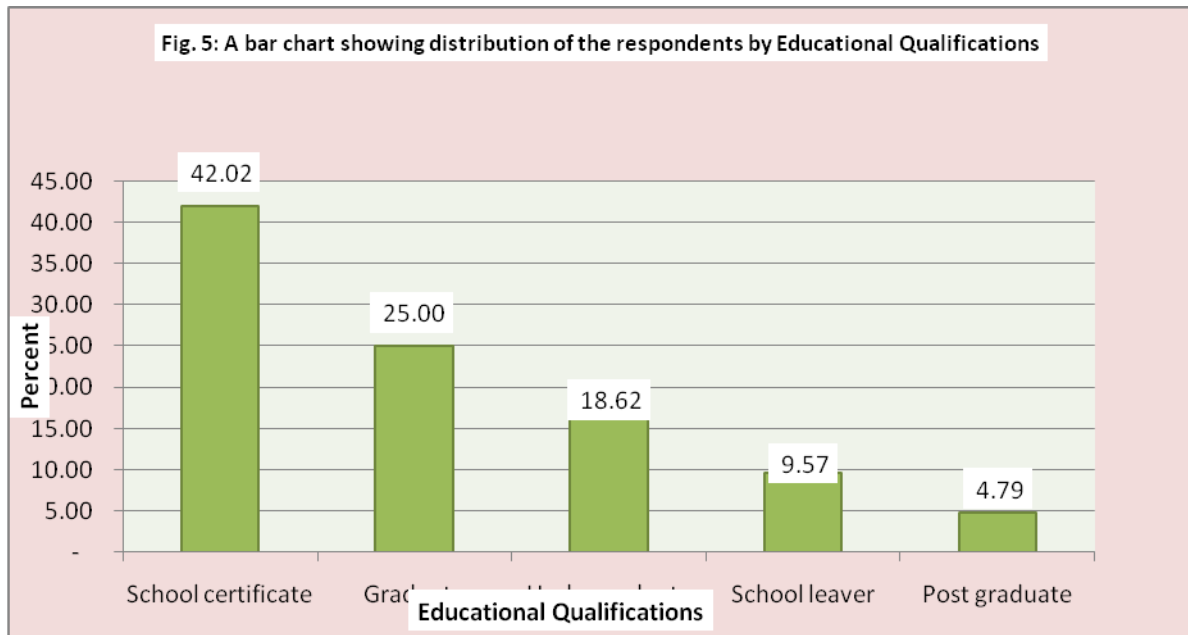
Source: Fieldwork Survey Report, 2013.

Figure 4 above presents the religion of the respondents. Both Christians and Muslims constituted the highest percent of the respondents. Out of the total of 188 respondent sampled, 96 of them representing 51 percent are Christians while 91 respondents which is just equivalent to 48.4 percent of the respondents are Muslims. Other respondents on the other hand constituted an insignificant percentage of 0.53 percent.

Table 4.5: Distribution of respondents by Educational Qualifications

Educational Qualifications	Frequency	Percentage (%)	Cumulative Percent
School leaver	18	9.57	9.57
School certificate	79	42.02	51.59
Undergraduate	35	18.62	70.21
Graduate	47	25.00	95.21
Post graduate	9	4.79	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

Going by the result of distribution of the level of education of respondents as shown in the figure 5, the respondents are literate respondents that are likely to know something about the subject matter being discussed in this research since most of the respondents are School Certificate holders and at the same time these group of persons accounted for 42 percent of the total respondents. Graduates and undergraduates respondents each have 25 percent and 18.6 percent of the respondents respectively. School Leavers and Post

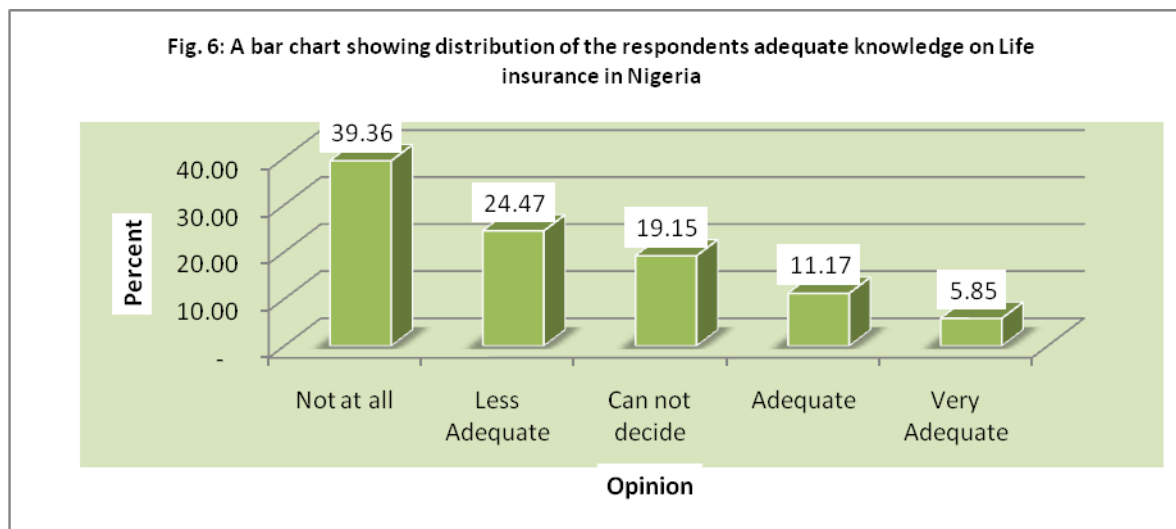
graduate respondents each has the lowest numbers of respondents as it has 9.57 percent and 4.7 percent respectively

RESPONDENTS' RESPONSES ANALYSIS

Table 4.6: Response on knowledge of Life insurance policies

Opinion	Frequency	Percent	Cumulative Percent
Very Adequate	11	5.85	5.85
Adequate	21	11.17	17.02
Can not decide	36	19.15	36.17
Less Adequate	46	24.47	60.64
Not at all	74	39.36	100
Total	188	100	

Source: Field Survey Report, 2013.



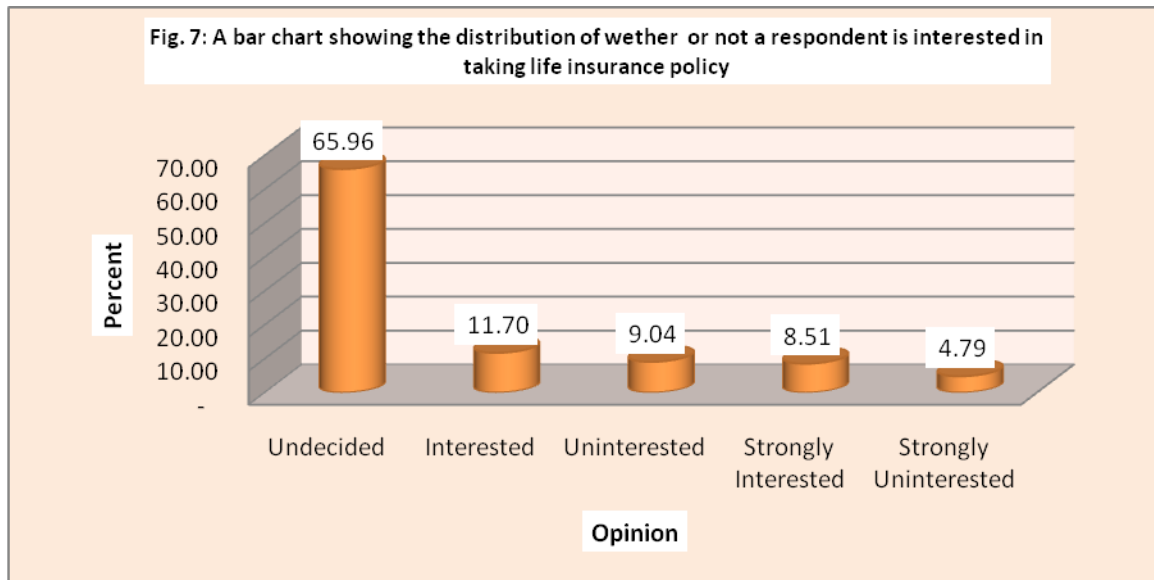
Source: Fieldwork Survey Report, 2013.

In order to test the understanding or knowledge of the respondents about in Life Assurance in Nigeria, respondents were asked if they adequately know about Life Assurance and distribution of their responses is as presented in figure 6 above. Although when seen from individual indicator, those who know nothing at all concerning Life Assurance seem to be more than other respondents in the figure as it has 39.3 percent of the total respondents. However, a combination of those who have less adequate knowledge (24.4 percent), adequate (11.17 percent) and very adequate knowledge (5.85 percent) is 41.4 percent which is higher than those who know nothing about LI. It is equally good to note that only a minute percentage of 5.8% have adequate knowledge of LI in Nigeria while 19.15 percent of the respondent could not decide on the subject matter.

Table 4.7: Response on interest in taking Life insurance policy

Opinion	Frequency	Percent	Cumulative Percent
Strongly Interested	16	8.51	8.51
Interested	22	11.70	20.21
Undecided	124	65.96	86.17
Uninterested	17	9.04	95.21
Strongly Uninterested	9	4.79	100
Total	188	100	

Source: Field Survey Report, 2013.



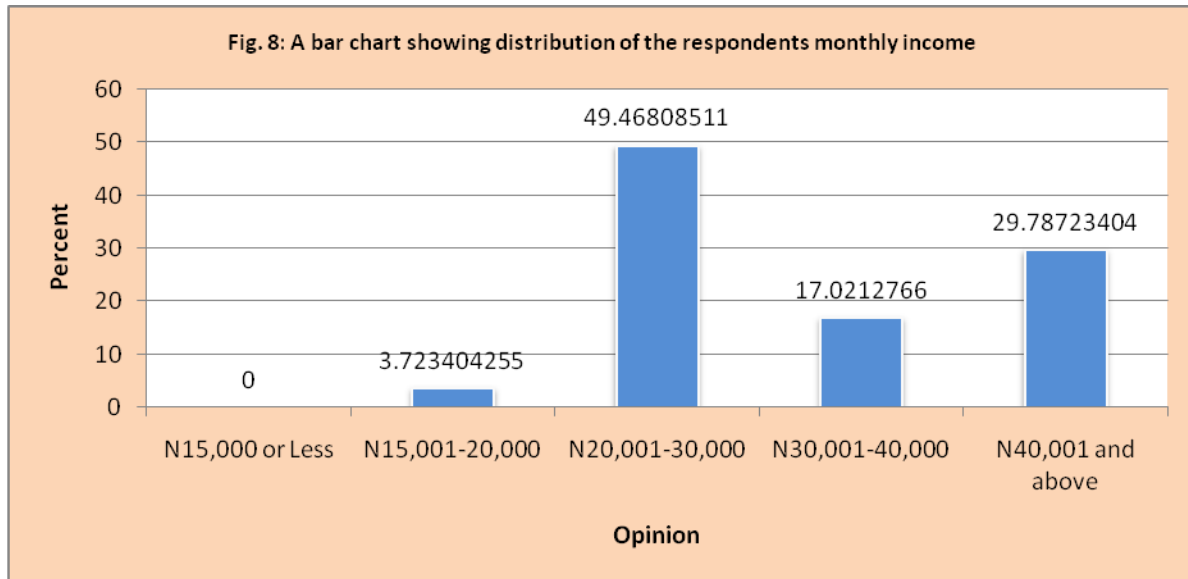
Source: Fieldwork Survey Report, 2013.

There is need for the authority concern to vigorously embark on public enlightenment and sensitization of the public about the benefit or otherwise of taken life insurance/Assurance policy. This is because, out of 188 respondents sampled in this research, 65.9 percent of them remained undecided either to take insurance policy or not. Those who show strong indication of willingness to take Life policy are just 8.5 percent while 11.7 percent others are just interested in taking. In the same vein, 4.7% and 9.0 percent strongly opposed taking Life insurance respectively.

Table 4.8: Monthly income of Respondents

Opinion	Frequency	Percent	Cumulative Percent
N15,000 or Less	No response	0	0
N15,001-20,000	7	3.72	3.72
N20,001-30,000	93	49.47	53.19
N30,001-40,000	32	17.02	70.21
N40,001 and above	56	29.79	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

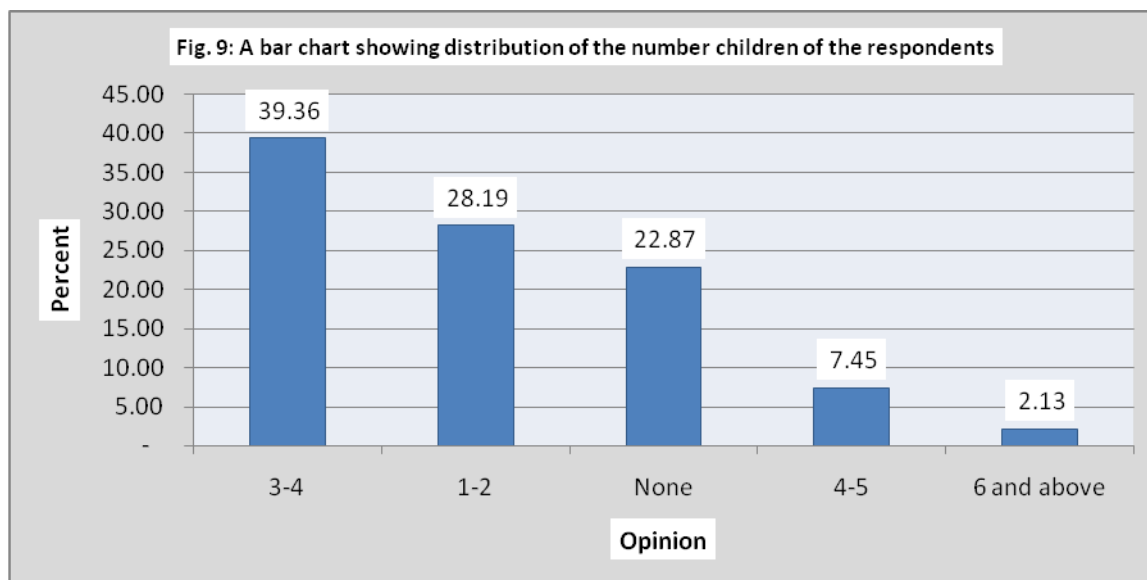
From figure 8 above, the distribution of monthly income of respondents shows that most of the respondents are average income earners as this group of respondents accounted for almost 50 percent of the respondents earning just between Twenty to

Thirty Thousand Naira (N 20,000-N 30,000) monthly. This result is not surprising considering the fact that a greater percentage of the respondents in the sample are School Leavers certificate holders. Similarly, approximately, 30 percent of the total respondents earn over thirty thousand naira monthly while those who earn above thirty thousand naira to forty thousand naira are constituted just 27 percent of the aggregate respondents

Table 4.9: Number of Children of Respondents

Opinion	Frequency	Percent	Cumulative Percent
None	43	22.87	22.87
1-2	53	28.19	51.06
3-4	74	39.36	90.42
4-5	14	7.45	97.87
6 and above	4	2.13	100
Total	188	100	

Source: Field Survey Report, 2013.



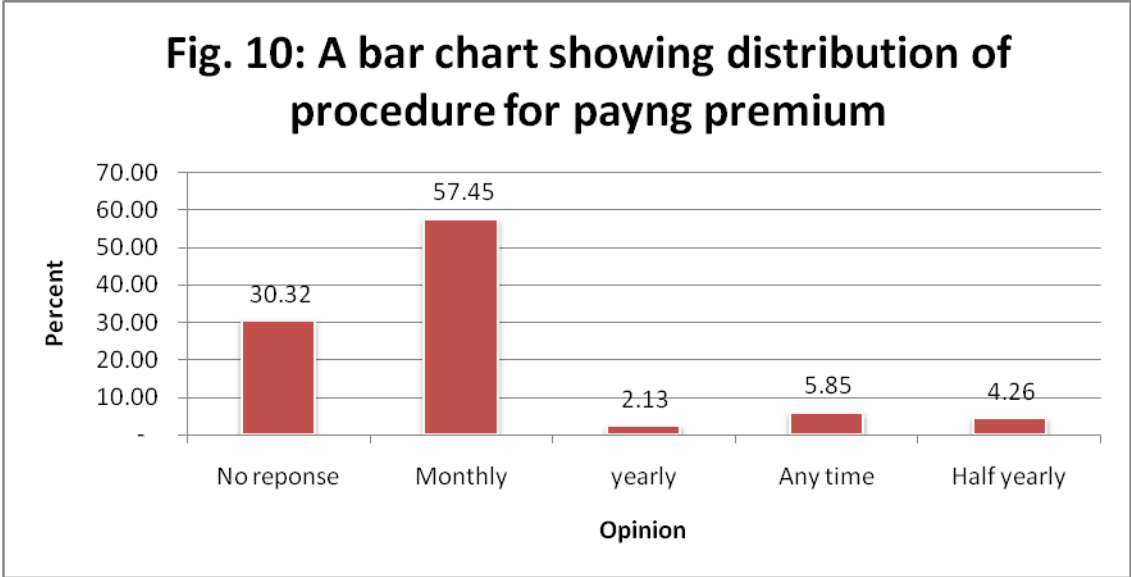
Source: Fieldwork Survey Report, 2013.

Most respondents in the sample have 3-4 children (39.3 percent) followed by 28 percent that have 1-2 children while 22.8 percent of the respondents do not have children at all. However, 7.4 percent and 2.1 percent of them respectively have between 4-5 and 6 children or more.

Table 4.10: Methods of Premium payment by Respondents

Opinion	Frequency	Percent	Cumulative Percent
Monthly	57	30.32	30.32
No response	108	57.45	87.77
Half yearly	4	2.13	89.9
yearly	11	5.85	95.75
Any time	8	4.26	100
Total	188	100	

Source: Field Survey Report, 2013.



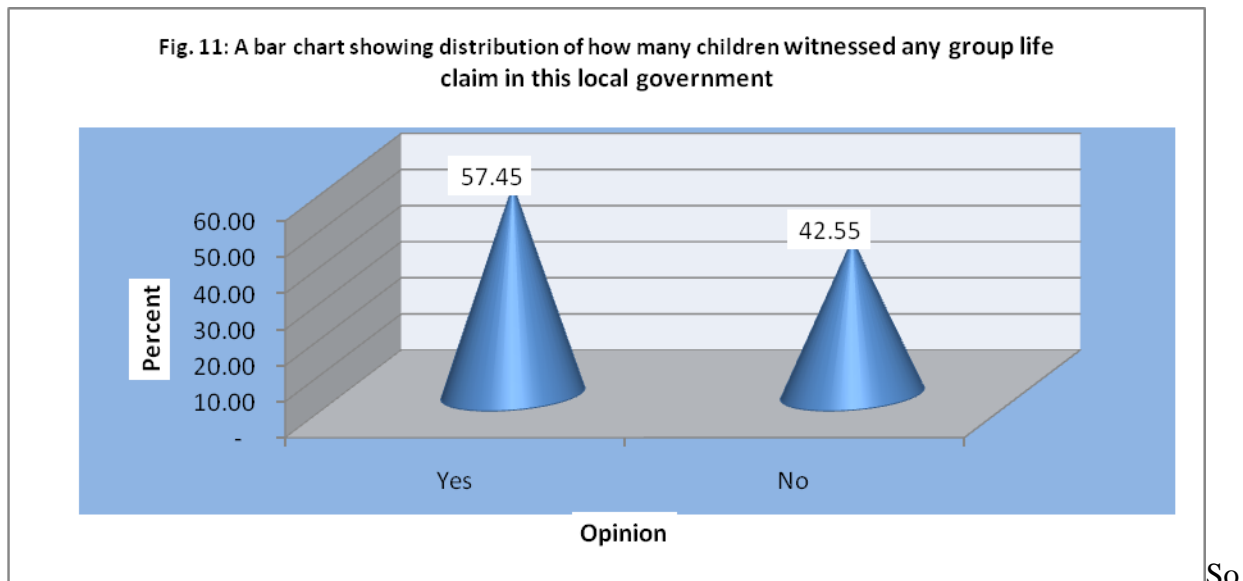
Source: Fieldwork Survey Report, 2013.

From table 4.10 and the figure below it, we have a scenario that is nearly in agreement with preceding question on whether or not respondents have interest in taking Life and 67 percent of them remained undecided. To support their position again, 57.4 percent of respondents did not respond the question on the mode of payment of premium. Of course, their position in this case is understandable since they did not show interest in taking LI premium in the first place. At any rate, 30.3 percent of the respondent pay their LI premium monthly, 5 percent pay yearly and 2.1 percent of them pay biannually.

Table 4.11: Respondents on witnessed of Life insurance claims in the Local Government

Opinion	Frequency	Percent	Cumulative Percent
Yes	108	57.45	57.45
No	80	42.55	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

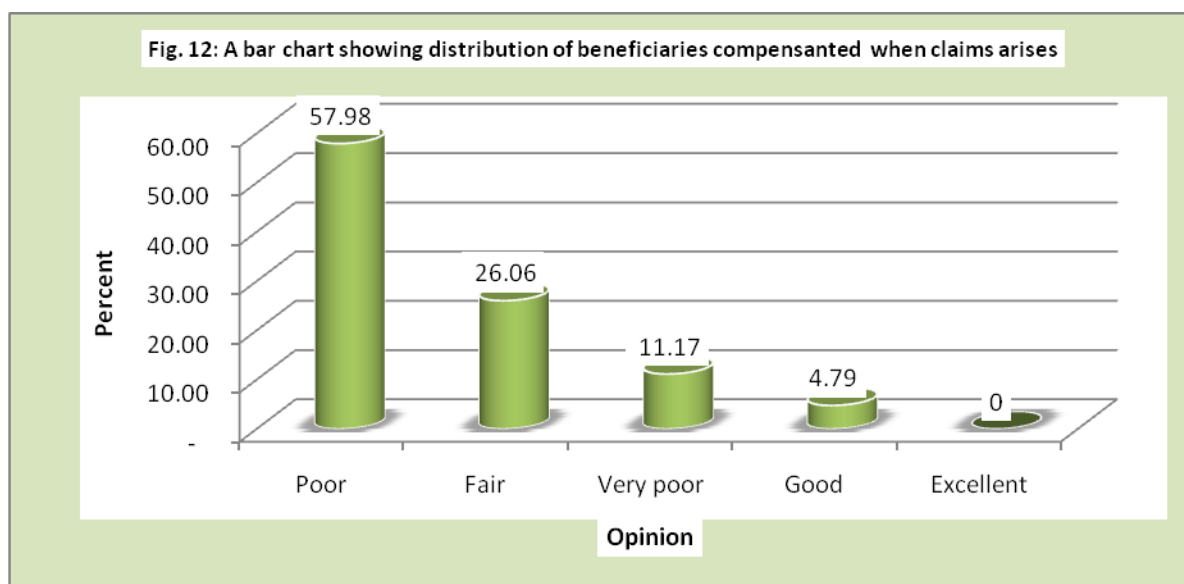
From the result of our survey as shown in figure 11 above, more than half of the sampled respondents (188) representing 57.4 percent ever witness Group Life Claim in their locality. 42.5 percent on the other hand have never or are yet to witness GLC in their local government of abode. The researcher would not be

wrong if however, he deduced that a majority of the respondents sampled witness Group Life Claim in their LGA.

Table 4.12: Respondents on how beneficiaries were compensated when claims arises

Opinion	Frequency	Percent	Cumulative Percent
Excellent	No response	0	0
Good	9	4.79	4.79
Fair	49	26.06	30.85
Poor	109	57.98	88.83
Very poor	21	11.17	100
Total	188		

Source: Field Survey Report, 2013.



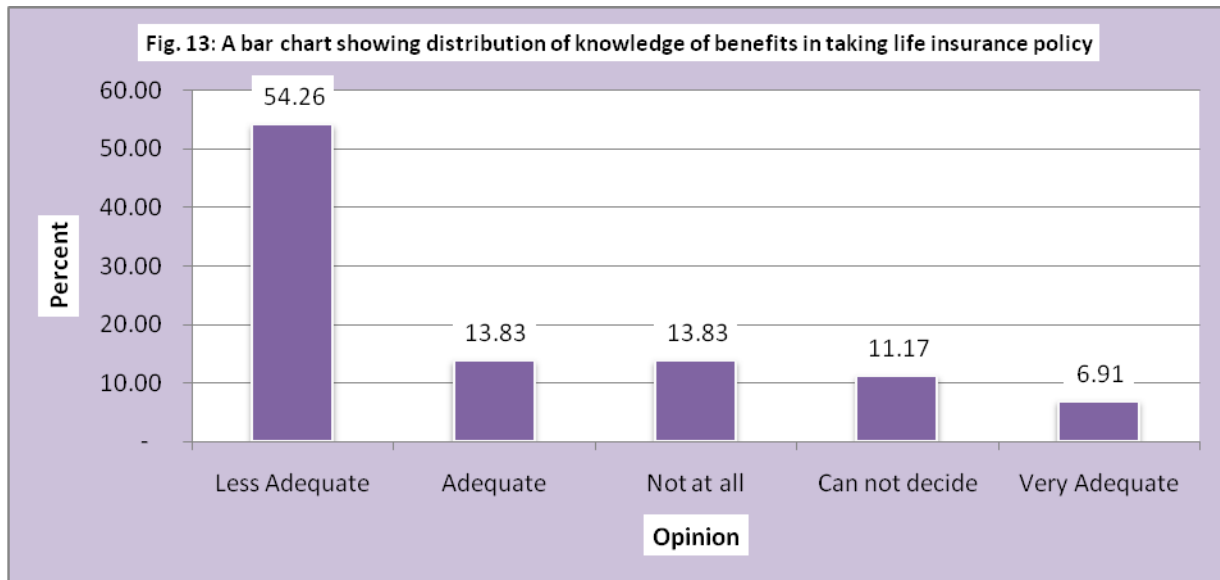
Source: Fieldwork Survey Report, 2013.

Judging from the assessment of the respondents about how claims are paid to beneficiaries as presented in figure 12 above, the researcher is left with no option the toeing the line of the respondent which described the mode of insurance claim as poor.57.9 percent of the respondents agree that indeed, the mode of claims payment to the beneficiary is poor, 11 percent scored insurance claim payment as very poor. Surprisingly enough, no respondent scored the manner in which claims are paid the beneficiary as excellent while 26 percent and, 4.7 percent respectively were of the view that it is fair and good.

Table 4.13: knowledge of the benefits in taking life insurance policy by Respondents

Opinion	Frequency	Percent	Cumulative Percent
Very Adequate	13	6.91	6.91
Adequate	26	13.83	20.74
Can not decide	21	11.17	31.91
Less Adequate	102	54.26	86.17
Not at all	26	13.83	100
Total	188	100	

Source: Field Survey Report, 2013.



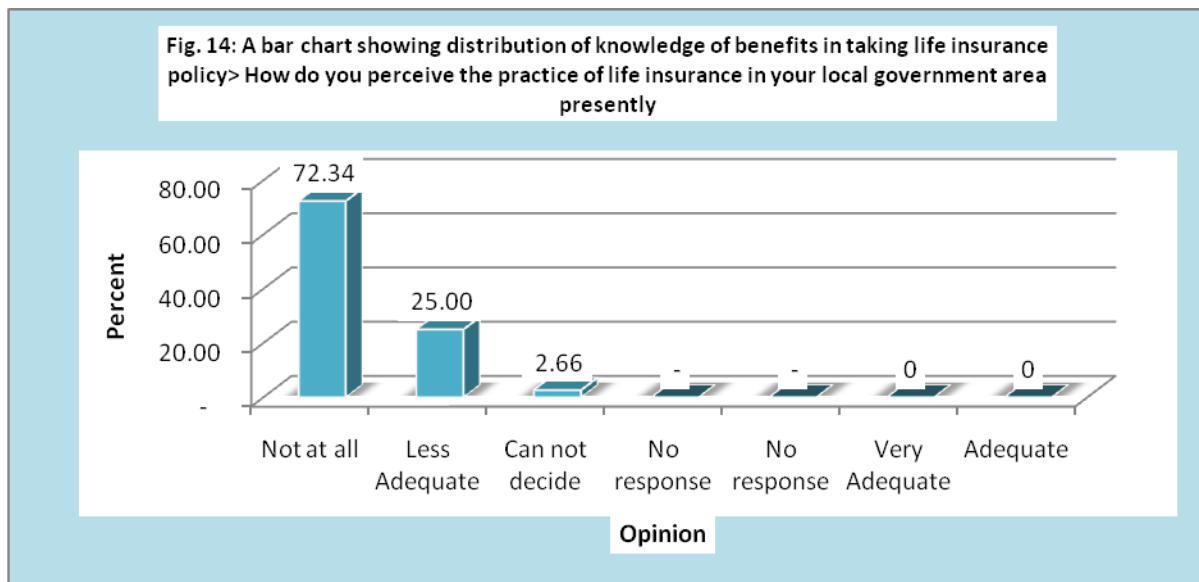
Source: Fieldwork survey report, 2013.

The benefit of Life insurance is not known to more than half of the respondent as shown in figure 13 above owing to the fact that 54 percent of the respondents have less adequate knowledge about the benefit of Life insurance policy. Be that as it may, 13.8 percent each have adequate knowledge of benefit of Life insurance policy and not knowing it at all. Still on the benefit of Life Insurance, 11 percent of the sampled respondents fail to decide on the matter and 6.9 percent of respondent claimed to be adequately knowledgeable about the benefit of LIP.

Table 4.14: Present practice of life insurance in the Local Government by respondents

Opinion	Frequency	Percent	Cumulative Percent
Very Adequate	No response	0	0
Adequate	No response	0	0
Can not decide	5	2.66	2.66
Less Adequate	47	25.00	27.66
Not at all	136	72.34	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

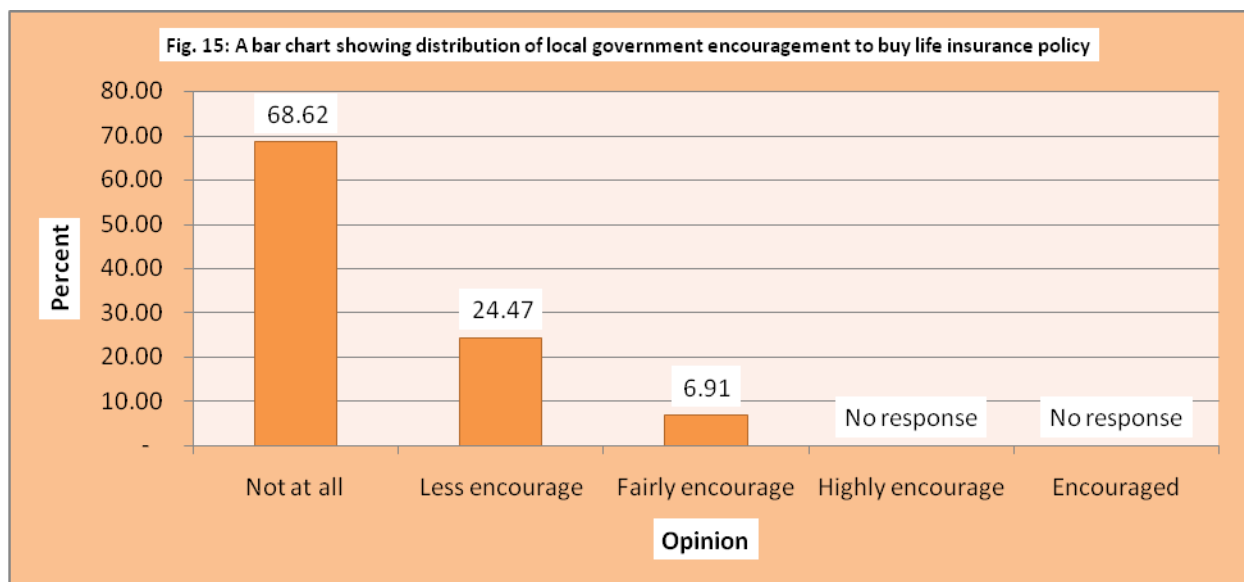
In attempt to know the perception of respondent with regards to practice of Life insurance in their respective locality. Out of the 188 sampled, 136 representing 72 percent responded not at all , 47 representing 25 percent responded less adequate

and 5 representing 2.66 percent responded cannot decided while some did not response to very adequate and adequately option. This means that majority of the responded have no adequate knowledge on the practices life insurance in their locality.

Table 4.15: Respondents on Local Government authority’s encouragement to buy life insurance policy

Opinion	Frequency	Percent	Cumulative Percent
Highly encourage	No response	0	0
Encouraged	No response	0	0
Fairly encourage	13	6.91	6.91
Less encourage	46	24.47	31.38
Not at all	129	68.62	100
Total	188	100	

Source: Field Survey Report, 2013.



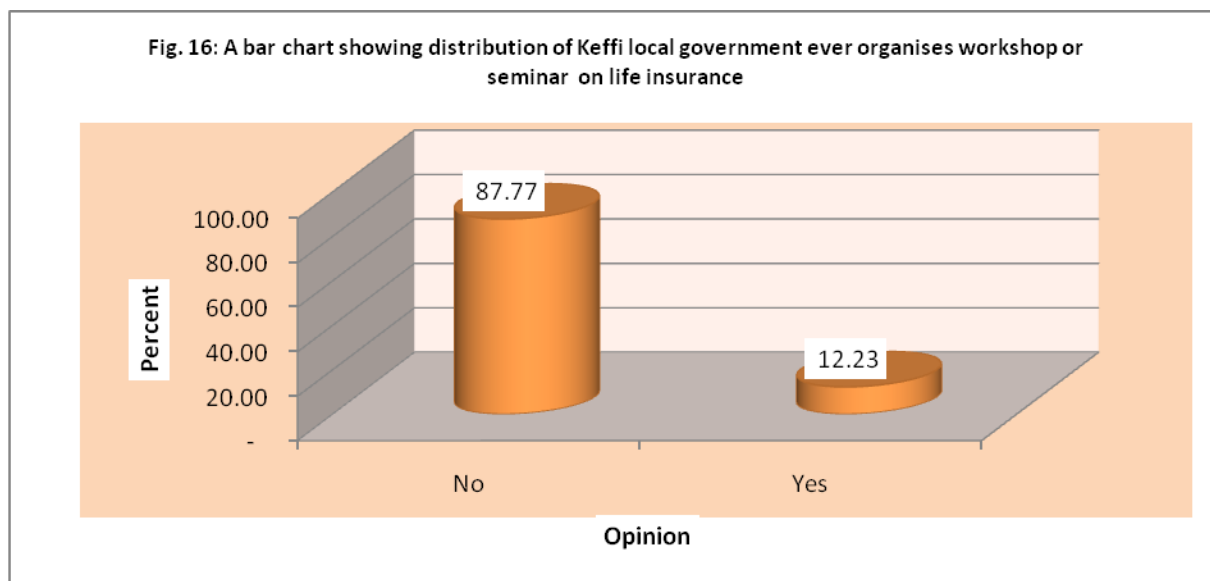
Source: Fieldwork Survey Report, 2013.

Out of the 188 sampled, 129 representing 58.62 percent responded not at all , 46 representing 24.47 percent responded less encourage and 13 representing 6.91 percent responded cannot decided while some did not response to very encourage and encourage option. This means that majority of the responded have no be encourage on life insurance in their locality.

Table 4.16: Respondents on Local Government organizes workshop or seminar for workers on life insurance

Opinion	Frequency	Percent	Cumulative Percent
Yes	23	12.23	12.23
No	165	87.77	100
Total	188	100	

Source: Field Survey Report, 2013.



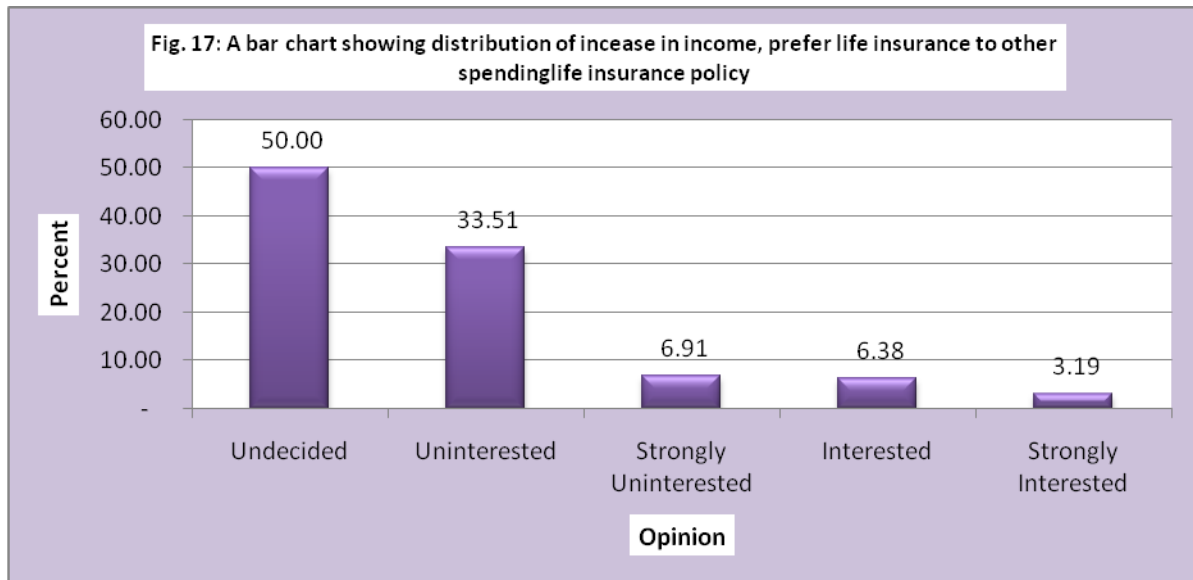
Source: Fieldwork Survey Report, 2013.

The finding of the researcher as presented in figure 16 shows that Keffi Local Government Area has never organized seminar on LI for the workers. This is because out of 188 respondents sampled, 87.7 percent representing 165 were of the confirmed that the LG never organized Seminar/Workshop for them. Even though, 12% of them affirmed that the LG organized workshop on LI for them, but this percentage is negligible compare to those who said that the LG never organized seminar for them.

Table 4.17: Respondents on prefer life insurance to other spending

Opinion	Frequency	Percent	Cumulative Percent
Strongly Interested	6	3.19	3.19
Interested	12	6.38	9.57
Undecided	94	50.00	59.57
Uninterested	63	33.51	93.08
Strongly Uninterested	13	6.91	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

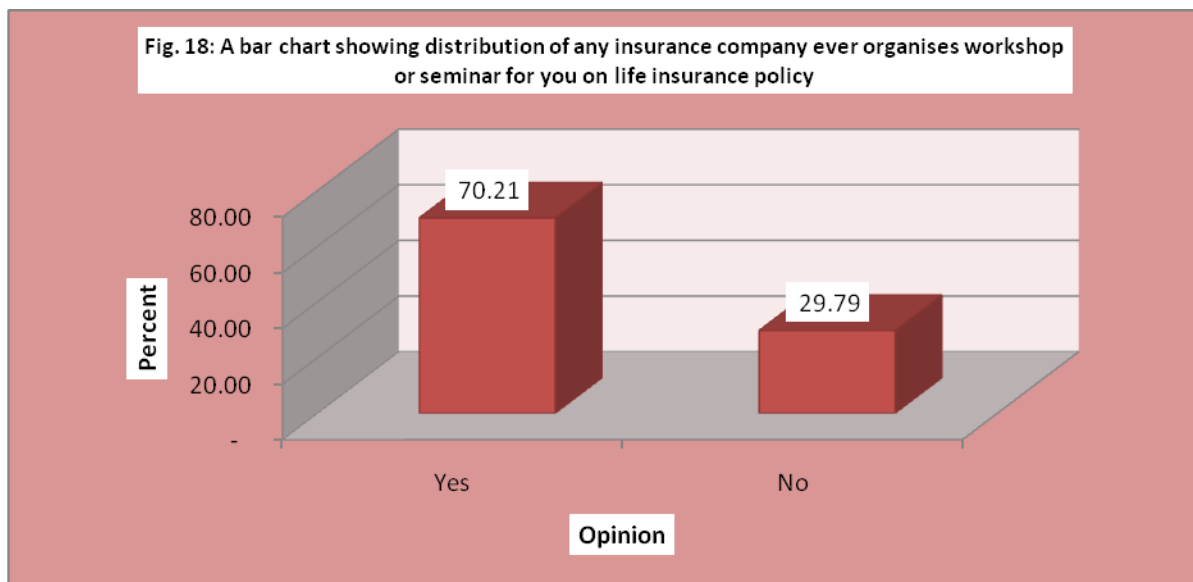
In a bid to know if the surveyed respondents would opt for LIP with increased income as against other spending, half of the respondents (50 percent) “sat on the fence”, 33.5 percent did not indicate interest while 6.9 of them were strongly uninterested in buying LIP with increased income. 6.3 percent and 3.1 respectively, on the other hand, are willing and strongly willing to go for Life Assurance Policy when their income increase instead of going for another spending.

Based on this out come, the researcher can conclude that low income is not necessarily responsible for unwillingness of people to purchase Life Assurance Policy since they did not consider LIP as a priority in their spending.

Table 4.18: Respondents on insurance Company organizes workshop or seminar for workers on life insurance

Opinion	Frequency	Percent	Cumulative Percent
Yes	132	70.21	70.21
No	56	29.79	100
Total	188	100	

Source: Field Survey Report, 2013.



Source: Fieldwork Survey Report, 2013.

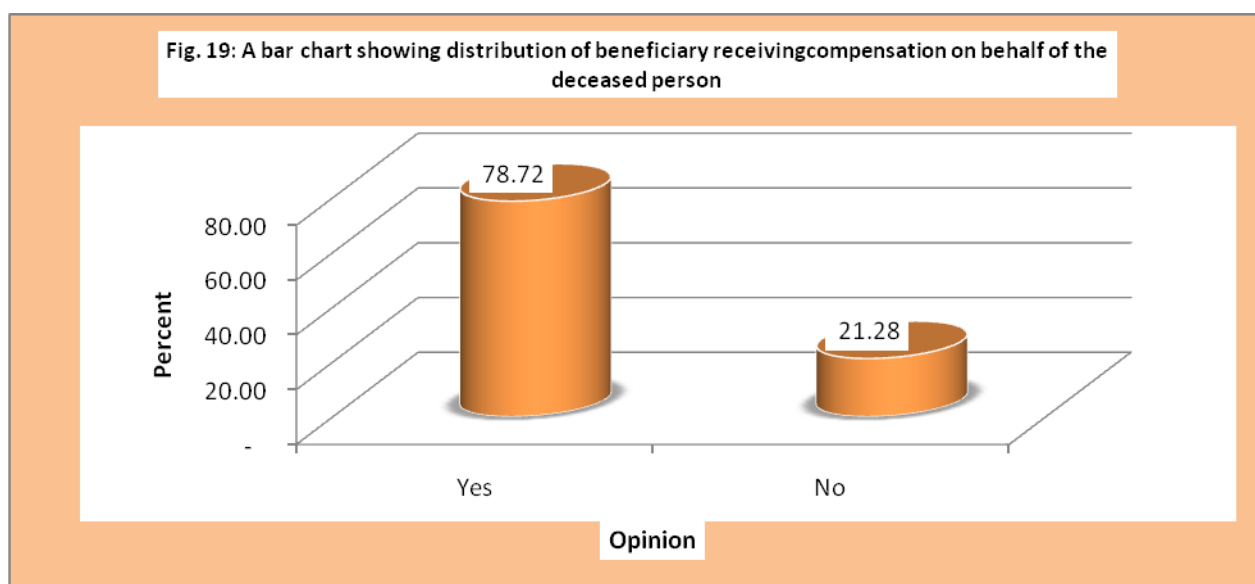
Public enlightenment on the benefits of LIP might not be as low as we perceived after all. The reason for the researcher’s assertion is that more than 70 percent of the respondents did confirm that they had attended seminar on LI at one point or the other. This indicates that the rate of public awareness of LIP is not low

amongst the populace. However, 27.7 percent of the sampled population claimed to have never attended seminar organized by Insurance Companies in their locality.

Table 4.19: Respondents on seeing a beneficiary receiving compensation on behalf of the deceased person

Opinion	Frequency	Percent	Cumulative Percent
Yes	148	78.72	78.72
No	40	21.28	100
Total	188	100	

Source: Field Survey Report, 2013.



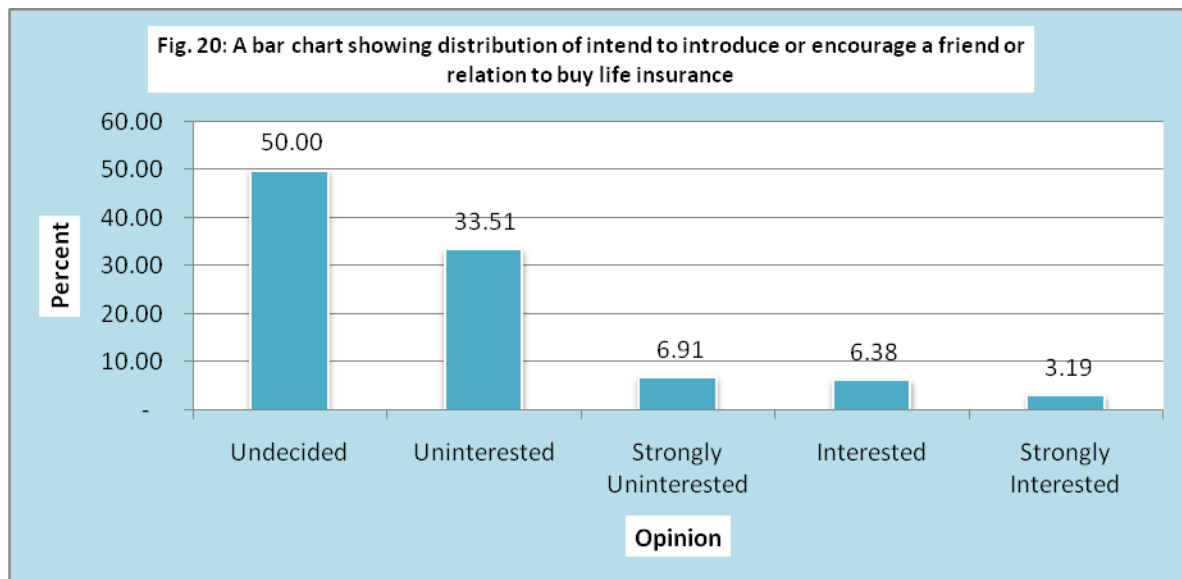
Source: Fieldwork Survey Report, 2013.

We can confirm base on the result of distribution on figure 19 above that quite a number of respondents witnessed compensation being received by decease relative on behalf of the deceased. 78.7 percent of the respondents witness this, while 21

percent did not heard or seen compensation being received by a deceased's relative.

Table 4.20: introducing or encouraging a friend or relation to buy life insurance by Respondents

Opinion	Frequency	Percent	Cumulative Percent
Strongly Interested	6	3.19	3.19
Interested	12	6.38	9.57
Undecided	94	50.00	59.57
Uninterested	63	33.51	93.08
Strongly Uninterested	13	6.91	100
Total	188	100	



Source: Fieldwork survey report, 2013.

Figure 20 above shows the distribution of respondents intending to introduce or encourage a friend or relation to buy life Assurance. From the distribution, more

than 90 percent of the respondents are either undecided or uninterested to encourage a friend or relative to buy insurance Policy on Life. Similarly, less than 10 percent on the aggregate are willing and strongly interested in introducing a friend and relative to purchase Life Assurance Policy. We therefore suggest that, vigorous public enlightenment should be carried out by the authority concern on the benefit of insurance to the people.

Findings

From the data received from Respondents on the field work, the following findings were deduced

- That the highest percentage of workers in keffi Local Government area of Nasarawa State were School Cert. This highly affected their knowledge of Life Insurance and buying habit.
- The result also reveals that workers of the Local government had never been privileged to attend any workshop or seminar on Life insurance in the past. This made them to have inadequate knowledge on numerous benefit attached.

- It was also found out that Life Agents do delay payment of benefits at surrender time and when death claims occurs. This attitude discourages the workers on buying Life policy.

Discussion of the Results

The result will be discussed based on what was gathered from the respondents. It is obvious from the analysis in section B that in response to positive statements about life insurance, an average respondent has either less adequate knowledge or undecided. where the respondent is less adequate it shows that the workers of Keffi local government did not have enough knowledge of life policy, those that bought it only did so by the conviction of the life agents or by following foot steps of other colleagues. Where the respondent is Undecided the perception cannot be determined easily. Generally it has been observed from this study according to workers response that their perception about life policy can be better.

Also for response in respect of negative statements an average response is either not interested or undecided but this is a trace of not having adequate knowledge of the policy. Finally, a very high percentage of respondent feel poor by the attitude of some life insurance agents toward those who had claims to be settled in the past. This means that life officials should always endeavor to settle claims promptly without any delay as this will build confidence in the life of the policy holders

4.4 Testing of Hypothesis

H_0 :

Perception of local Government worker towards life insurance has no impact on the industry growth

H_1 :

Perception of local Government worker towards life insurance has impact on the industry growth.

Chi-square Data

How do you perceived the practice of life insurance in your local government area presently?			
Opinion	Observed N	Expected N	Residual
Can not decide	3	33.33	(30.33)
Less Adequate	25	33.33	(8.33)
Not at all	72	33.33	38.67
Total	100		

Source: Own computation, using SPSS version 19.0

Chi-square Result

Test Statistics: X^2

Chi-Square(a)	74.54
df	2.00
Asymp. Sig.	0.00
Exact Sig.	0.00
Point Probability	0.00

Source: Own computation, using SPSS version 19.0

1. This is tested from responses from table above using the model below:
2. $X^2 = \sum ((O_i - E_i))/E_i$
3. Row Total/Column Total*Grand Total
4. Therefore,

$$X^2 = 74.54$$

Test Statistics: $X^2_c = 34.7$, $df=1*2=2$; df =Degree of freedom, $X^2_t = 2.733$;

Where

X^2_c = Chi-square calculated

X^2_t = Chi-square tabulated at 95 percent significant level

Decision:

X^2 -test

Table value = 2.733; calculated value = 74.54 since 2.733 is less than 74.54, Therefore, H_0 is rejected. This means that there is significant impact between practice of life insurance policy and industry growth in Nigeria

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

At this point, it is very important to give a brief summary of the issues on the study on perception of the keffi local government workers toward life insurance.

In Chapter one; we discussed briefly the background of the study and the different types of life policies that are obtainable with their benefits attached. Several objectives of the study were also discussed and the significance of the study both to Life insurance companies and students both at undergraduate and post graduate level

Chapter two was on literature review; there were discussions on the works of previous writers on the subject of perception of customers toward buying Life insurance. Emphasis were also made on the different forms of life assurance; term, Whole life, Endowment and Annuity. There was a discussion on the importance of life assurance as a legal contract and finally the theoretical framework on the study

Chapter three was about research methodology; there were discussion on the research design, the pollution of the study, sample method and sample size and finally data collection.

Chapter four was on presentation and data analysis; here data were presented both in table and chart form, and were then analyzed for easy understanding to the reader. The result of the finding was also presented and the hypotheses tested using Chi-Square

Chapter Five was on Summary, Conclusion and Recommendation; here there was summary of all the work done, conclusion was drawn from findings and adequate recommendations were made especially for insurance companies.

5.2 CONCLUSION

Having examined the entire process of keffi local government workers towards life insurance, I discovered that People initially were buying life Insurance for tax exemption but time has changed now, advertising has made the people understand the need of Life Insurance in their lives and people are taking initiatives to buy it. Urge of people to have life Insurance and strong marketing can really make the industry reach the sky.

Life insurance companies must set all the strategies and mission after proper vision and is achieving the largest by working in co-operative and co-ordinate manner and giving the people full services and facilities and making easy. So I would like to conclude by saying that Life insurance is a wonderful policy for all mankind.

5.3 RECOMMENDATIONS

The followings are the recommendations and the suggestions not only for the workers of keffi local government of Nasarawa state but also for Nigerians as a whole. Life insurance companies should also endeavor to follow the recommendations also if they want to complete well in the insurance Industry.

1. Creating positive image:

Insurance companies should try their level best to create positive and favorable image in the minds of people by making prompt claim settlement.

2. Training and development to agents:

Company must provide training to their Agents and financial staff so that they can satisfy customer effectively.

1 Concern towards customers:

Serious concern must be given to the customers as in today's scenario it regarded as "Customer is a king". In formal words we can say that customers needed to be treated well especially when claims arises as this builds loyalty towards the company.

2 Co-operation with Agents and branch Managers:

Insurance Companies must work harmoniously and endorse recommendations from their branch managers and Agents.

3 Efficient Management:

The management appointed Life manager and Agent must be one capable to manage and control the whole team and improve the goodwill and image of the company.

4 Sales promotion and marketing:

The marketing department must be so aggressive that it can have a close watch on the Competitors 'activities. Not only this but also it must take care of the need and wants of the customers.

5 Incentive schemes and permanency in job:

There must be good incentive schemes to be designed as these can acts as good motivators for the agents. The scheme of permanent job placement must be introduce for those agents who has shown extra ordinary performance

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APPENDIX

QUESTIONNAIRE

Dear respondent,

I am a final year student of Masters in Business Administration (MBA) in department of Business Administration, in Ahmadu Bello University, Zaria.

I am conducting a study on the *“The Appraisal of Local Government Workers Perception towards taking Life insurance Policy in Nigeria” study of keffi Local Government Area of Nasarawa state* as part of the requirement for the award of MBA degree.

I will be grateful if you kindly complete the attached questionnaire and I promise that all the information supplied will be used strictly for academic purposes.

Thank you

Yours Faithfully

Ayedogbon P.A.

(10). How do you pays your premium.

(A). Monthly (B). Quarterly (C). Half yearly (D). Yearly (E). Any time

(11). Have you ever witnessed any group life claim in this local government?

(A) YES (B). NO

(12). How are the beneficiaries compensated when the claims arises

(A). Excellent (B) Good (C) Fair (D) Poor (E) Very Poor

(13). Do you have knowledge of the benefits in taking life insurance policy.

(A). Very Adequate (B). Adequate (C). Can not decide (D). Less Adequate (E). Not at

all

(14). How do you perceive the practice of life insurance in your local government area presently

(A). Very Adequate (B). Adequate (C). Can not decide (D). Less Adequate (E). Not at

all

(15). Do local government authority encourages you to buy life insurance policy

(A). Highly encourage (B) Encourage (C) Fairly encourage (D). Less encourage (E) Not at all

(16). Has Keffi local government ever organizes workshop or seminar for you on life

Insurance?

(A).YES (B) NO

(17). with increase in your income, will you strongly prefer life insurance to other spending?

A).Strongly interested (B).Interested (C).Undecided. (D).Uninterested (E).Strongly Uninterested

(18). Has any Insurance company ever organize workshop or seminar for you on life insurance

(A). YES (B) NO

(19). Have you ever heard or seen a beneficiary receiving compensation on behalf of the deceased person

(A). YES (B) No

(20). Do you intend to introduce or encourage a friend or relation to buy life insurance?

(A).Strongly interested (B).Interested (C).Undecided. (D).Uninterested (E).Strongly Uninterested