

ABSTRACT

This study analyzes the purchasing decision of comprehensive motor vehicle insurance in Tanzania focusing on Arusha urban as a case study. Level of income, level of insurance knowledge and amount of insurance premium are the major factors influencing purchasing decision of comprehensive motor vehicle's insurance in this study. The research design used in this study is a case study design because it gives emphasis on in-depth investigation of a phenomenon. Simple random sampling and purposive sampling techniques were used for the study. The study used both primary and secondary data, the method for data collection in primary data were questionnaires and interview. The study used descriptive and correlation analysis to analyze data, and the results were presented in frequency tables, charts and graphs. The findings of the study show that many respondents agreed the fact that low income was the main factor behind low percentage of purchasing decision on comprehensive motor vehicle's insurance. Also, most respondents had had moderate knowledge concerning comprehensive motor vehicle's insurance and motor insurance in general. Lastly, concerning the amount of insurance premium is that most respondents who are private motor vehicle's owner pay TZS 100,000-199,000 as premium amount per annum. In addition, the results of correlation analysis revealed that purchasing decision of motor vehicles insurance has a positive correlation with premium amount and level of income while purchasing decision of motor vehicles insurance has a negative correlation with level of insurance knowledge. From the findings, the study recommends that the government should emphasize more on covering motor vehicles with comprehensive insurance than third party motor vehicle's insurance policy in order to avoid losses from repairing their motor vehicles. Also, insurance companies should provide knowledge to private motor vehicle's owners on the benefits of comprehensive motor vehicle's insurance, this will also benefit the insurance companies as they will gain more profit as well.

