FACTORS AFFECTING THE PERFORMANCE OF TANZANIA LIFE INSURANCE COMPANIES: A CASE STUDY AT SANLAM ARUSHA CITY BRANCH, TANZANIA

JAMES DEVET

A Research Submitted in Partial Fulfilment of the Requirements for Award of the Degree of Master of Business Administration of Institute of Accountancy Arusha

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DECLARATION BY AUTHOR

I, **JAMES DEVET,** declare this dissertation is my own original work and that it has not been presented and will not be presented to any other university for similar or any other degree awards.

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CERTIFICATION BY SUPERVISOR

I (undersigned) certify that I have read and hereby recommend for acceptance by the Institute of Accountancy Arusha the dissertation entitled "**FACTORS AFFECTING THE PERFORMANCE OF TANZANIA LIFE INSURANCE COMPANIES: A CASE STUDY AT SANLAM ARUSHA CITY BRANCH, TANZANIA "**in fulfilment of the requirements for the degree of masters of Business Administration offered by the Institute of Accountancy Arusha..

Supervisor: Dr. Leticia Rwabishugi

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Date____________________

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DEDICATION

I dedicate this work to my beloved parent. The two are the most important people in my life due to their moral and financial support.

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First of all, I would like to thank Almighty God for his endless blessings and protection from the beginning of my studies up to now. I know this research is the result of various contribution and efforts of many individuals. While it is not possible to mention all of them, first and foremost I would like to submit my sincere thanks to my supervisor, for her expert guidance throughout the process leading to the completion dissertation. Her valuable advice and constant encouragement inspire me and makes the process very enjoyable and worthwhile. My special thanks should also go to my classmates, MBA students 2021/2022 for their team work, care and encouragement for the entire period of our study.

ABSTRACT

The general purpose of the study is to examine the factors affecting the performance of Tanzania life insurance companies: with a case study of Sanlam Arusha city branch, Tanzania. The primary population of study selected for this research is limited to Sanlam Insurance Company of Tanzania. The case study research design has been selected for this study, Sample size was 98 which has been selected through Stratified sampling and Data has been collected through questioner. The examination information has been broken down using Microsoft excel and Statistical Package for Social Sciences (SPSS) program and presented using tables and figures to give a clear picture of the research findings at a glance. Based on the analysis one of the main reasons for low development of life insurance is lack of awareness among the public. Several respondents agree that the emerging of other insurance companies that offered life insurance and the growing competitiveness of these companies didn't contribute to this near to the ground performance. However, Lack of human resource and agent/broker development and giving low focus for life insurance when compared to non-life insurance is also another causes, Poor sales techniques of life insurance. Another aspect mentioned as a factor that contributes to low development of life insurance is marketing strategies. Based on the findings the study made the following recommendations; In view of the fact that income aspects affect the buying behaviour of the society & that of most people are not aware of the concept of life insurance, Sanlam has to take several tasks in creating awareness about life insurance among the public by giving information in the different benefits of insurance and the insurance products available in the market on a regular basis, not just when selling insurance. Given that of the poor filing system observed above, in order to increase its market share Sanlam should take corrective actions like improving its filing system and make a follow-up in order to compete with other insurance companies, maintain its existing customers and attract new business. The company has to give enough attention to life insurance in line with non-life insurance. The company has to have well-articulated marketing strategy and has to use aggressive marketing strategy like advertisements on different Broad casting Medias, social medias and distributing fliers that explains the benefits of life insurance and different products the company offer especially on offices which have large number of employees with a capacity to buy life insurance to reach more potential clients. This can help the company to increase the premium earned from the sector.

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LIST OF ABBREVIATIONS

BCI Business Cycle Index

CCI Consumer Confidence Index

CI Coincident Index

CPV Costs Perceived Value.

EBSI Export Business Situation Index

EPI Export Price Index

IAIS International Association of Insurance Supervisors

PR Pro Rata

TIRA Tanzania Insurance Regulatory Authority

TRA Tanzania Revenue Authority

TZS Tanzania Shillings

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The past decade has seen a dramatic rise in the number of insolvent insurers. The perceived causes of these insolvencies vary. Some of the insolvencies were precipitated by rapidly rising or declining interest rates, mispricing of insurance policies, natural catastrophes, and changes in legal interpretations of liability and the filing of false claims, poor credit policies among others. The churning of polices by unscrupulous sales agents, insolvencies among the re-insurers backing the policies issued, non-compliance with insurance regulation, and malfeasance on the part of officers and directors of insurance companies affected as well (Baldoni, 2008).

The Insurance Industry is one of very important industry in a country for promoting economic prosperity and development. The insurance industry focuses on addressing various risks and other providing insurance benefits to its customers in a country. Majmudar and Diwan, (2005) insurance company have been improving service delivery in order to facilitate prosperity of the services in a country. The customers in insurance companies desire better services and promptly services. In order for insurance company to provide services more efficiency and promptly depends upon performance of insurance company in a country. The prosperity of insurance organization/institution depends upon proper and effective performance as it articulates development and prosperity of an institution toward service delivery in a country. The performance is worthy pointer of prosperity in insurance industry. The main objective of different insurance companies is promoting better performance by reducing risks in business operations (Burca & Batrinca, 2014). The presentation of an association is strong-minded by different factors and the factor varies between industries in the economy (Sinaj 2014). The organization particularly insurance companies have been facing with numerous risks which undermine performance of insurance companies. However, performance and factors influencing performance in insurance organization are considered very important concern of many researchers in developing countries (Sinaj 2014). The development of free trade and globalization has created with competitiveness in service delivery and insurance industry has passed a long way of transformations in the world (Sanchez, 2006). The competitiveness in insurance industry have created with innovativeness' in insurance coverage packages in order to attract more customers and improve act of coverage firms in many countries. In case of Tanzania during 1967 the government nationalised insurance company and set monopoly by establishment National Insurance Corporation. The transformation of global system and adoption of liberalised economic policy resulted in 1990's liberalization of insurance and other financial sector. The open of coverage business has brought number of coverage companies providing services in Tanzania. The transformation in service delivery has made customer worry themselves with the insurer's financial strength and ability to meet on going obligations to policyholders. For insurance companies to meet is obligation in policyholders they require to perform better. Performances of insurance company in a country are considered very important but many insurance companies have been facing challenge of realising it and sometime failed to meet their obligations to their customers (Babbel & Klock, 1994)

As a result of globalization, deregulation and terrorist attacks, the insurance industry has gone through a tremendous transformation over the past decade (Sanchez, 2006). There are many factors to examine when looking at insurance companies. More than anything, both consumers and investors should concern themselves with the insurer's financial strength and ability to meet ongoing obligations to policyholders. Poor fundamentals not only indicate a poor investment opportunity, but also hinder growth. Nothing is worse than insurance customers discovering that their insurance company might not have the financial stability to pay out if it is faced with a large proportion of claims (Babbel & Klock, 2010). Insurance companies sell protection to policyholders against many types of risks: property damage or loss, health and casualty, financial losses, etc. In return for this risk protection, insurance companies receive a premium from the policyholder that is used to cover expenses and the expected risk. For longer-term risk protections, part of the premiums is invested to get higher yields. Although the protection buyer mitigates the individual risk to the large and better diversified portfolio of the insurer, the risk is not completely reduced because the insurer may default his obligations. Insurers need to have sufficient equity or buffer capital to meet their obligations in adverse conditions when their losses on the diversified portfolio exceed the expected losses. Potter (2009) contends that this may affect the ability of the insurer to meet its obligations to policyholders and debtholders While insurance companies hold billions of shillings belonging to the general public, including buyers of their products, retirement benefit schemes and fund's managers, information on these companies is scanty. Financial performance is a measure of an organization's earnings, profits, appreciations in value as evidenced by the rise in the entity's share price. In insurance, performance is normally expressed in net premiums earned, profitability from underwriting activities, annual turnover, returns on investment and return on equity. These measures can be classified as profit performance measures and investment performance measures. Profit performance includes the profits measured in monetary terms. Simply, it is the difference between the revenues and expenses. These two factors, revenue and expenditure are in turn influenced by firm-specific characteristics, industry features and macroeconomic variables. Investment performance can take two different forms. One the return on assets employed in the business other than cash, and two, the return on the investment operations of the surplus of cash at various levels earned on operations (Chen and Wong, 2004; and Asimakopoulos, Samitas, and Papadogonas, 2009). At the micro level, profit is the essential pre-requisite for the survival, growth and competitiveness of insurance firms and the cheapest source of funds. Without profits insurers cannot attract outside capital to meet their set objectives in this ever changing and competitive globalized environment. Profit does not only improve upon insurers' solvency state but it also plays an essential role in persuading policyholders and shareholders to supply funds to insurance firms. Thus, one of the objectives of management of insurance companies is to attain profit as an underlying requirement for conducting any insurance business (Chen and Wong, 2004; and Harrington and Wilson, 2000). General insurer's profitability is influenced by both internal and external factors. Whereas internal factors focus on an insurer's specific characteristics, the external factors concern both industry features and macroeconomic variables. The firm-specific factors include; leverage which is measured by the ratio of total debt to equity (debt/equity ratio). This ratio shows the degree to which a business is utilizing borrowed money. It reflects insurance companies' ability to manage their economic exposure to unexpected losses. This ratio represents the potential impact on capital and surplus of deficiencies in reserves due to financial claims (Adams & Buckle, 2000). Equity capital which is the capital raised from owners in the company, is the residual claimant or interest of the most junior class of investors in assets, after all liabilities are paid; if liability exceeds assets, negative equity exists. In an accounting context, shareholders' equity (or stockholders' equity, shareholders' funds, shareholders' capital) represents the remaining interest in the assets of a company, spread among individual shareholders of common or preferred stock; a negative shareholders' equity is often referred to as a positive shareholders' deficit. More capital influx will enable the firm to expand and open new branches, which in turn may lead to growth and possibly would be accompanied by economies of scale and hence improved financial performance (Lee, 2008; Hansen, 1999).

History of Life Insurance

History Life assurance is by no means a modern invention. Some 2000 years ago in ancient Rome; a form of life assurance was practiced by burial societies. The societies paid the cost of a members' funeral expenses out of monthly contributions and helped survivors monetarily. It is believed that these were year to year arrangements, and there was certainly no scientific evidence on which to base calculations of how much payments should be. Similar organizations sprang up in the middle ages in Britain as Trade guilds tried to provide the funeral costs of members. Again, there is no scientific evidence to show how premiums were calculated. The earliest recorded life policy in England was affected on 15th June, 1583 when the office of Insurance within the Royal Exchange issued a policy. The policy was a twelve-month term assurance. The first life Assurance company to be established in England was the Life Assurance and Annuity association. The company went bankrupt due to the premiums set too low.

There were a number of mutual life assurance schemes set up in the early 1700s. None provided their members with a fixed sum on death and they were short lived. The first life Assurance society founded on mathematical (Actuarial) principles was the Equitable Society which started business in 1762 as a mutual society under a deed of settlement. From the outset, it started by issuing whole life policies based on the principle of charging a level premium throughout life, calculated from the mortality tables and graduated according to age of entry. By the twentieth century, there were a large number of life offices doing business in the UK in ways which are now familiar. During this century, a variety of different policies emerged. We now have health insurance, group policies, waiver of premium benefits and critical illness covers. Many life policies are now used for investment as well as protection purposes. In the 1960s and 1970s, unit-linked life assurance policies were developed and now a high proportion of new life whole life and Endowment business is unit linked. Throughout the twentieth century, sums assured increased to substantial amounts and this led to the practice of reassurance. Another development has been the formation of life office subsidiaries by financial institutions which were not originally insurance companies. Many of the banks and building societies now have their own life assurance subsidiaries.

Africa's insurance industry is valued at about $68 billion in terms of GWP and is the eighth largest in the world although this is not equally distributed across the continent. Markets are inconsistent in terms of size, mix, growth, and degree of consolidation, with 91 percent of premiums concentrated in just ten countries. South Africa, the largest and most established insurance market, accounts for 70 percent of total premiums. Outside of South Africa, we see six primary insurance regions in Africa. In the Southern Africa region, 54 percent of premiums are for life insurance. Nonlife insurance, however, plays a larger role in anglophone West Africa, North Africa, East Africa, and even more so in francophone Africa.

The Tanzanian Insurance Industry

Between 1967 and 1996. Tanzania's insurance sector was state-owned and run. The industry was liberalized in 1998 with 6 privately held firms. As of May 2022, the number of Tanzanian insurers had grown from 6 to 27 insurance companies, 99 insurance brokers, and more than 500 insurance agents.

Tanzania's Insurance Act of 1996 established a working framework for seven different categories of insurers. In addition, firms were required to meet share capital and solvency margin requirements and must also hold a certain percentage of their assets in specified investments notes, Gumbo (2007) In Tanzania, the insurance business is defined under the Insurance Act 2009 as a business of assuming the obligation of an insurer in any class of insurance whether defined in the act or not. The insurance players are insurance companies, assurance companies, reinsurance companies, insurance brokers, insurance agents, the insuring public and the government through the regulator; Tanzania Insurance Regulatory authority (TIRA). The market was liberalized in 1998 allowing private investors and companies to be registered and to operate in the market. This saw entrepreneurs from other countries with more developed insurance markets in Africa such as South Africa, Kenya and others moving into the market. Previously, only the national insurance Corporation (NIC) a government firm was operational as a monopoly. The main objective for liberalization was among others transforming the insurance industry into a competitive agent for national savings mobilization. This was to be achieved through increasing insurance penetration to hitherto un-served markets. Twenty-three years after liberalization, Tanzania's insurance industry total premiums reached TZS 691.9 billion in 2018, increasing by 8.6% from TZs 637.1 billion in 2017 (TIRA 2018). However, Tanzania remains one of the poorest insured markets with a low insurance penetration than its east African neighbours.

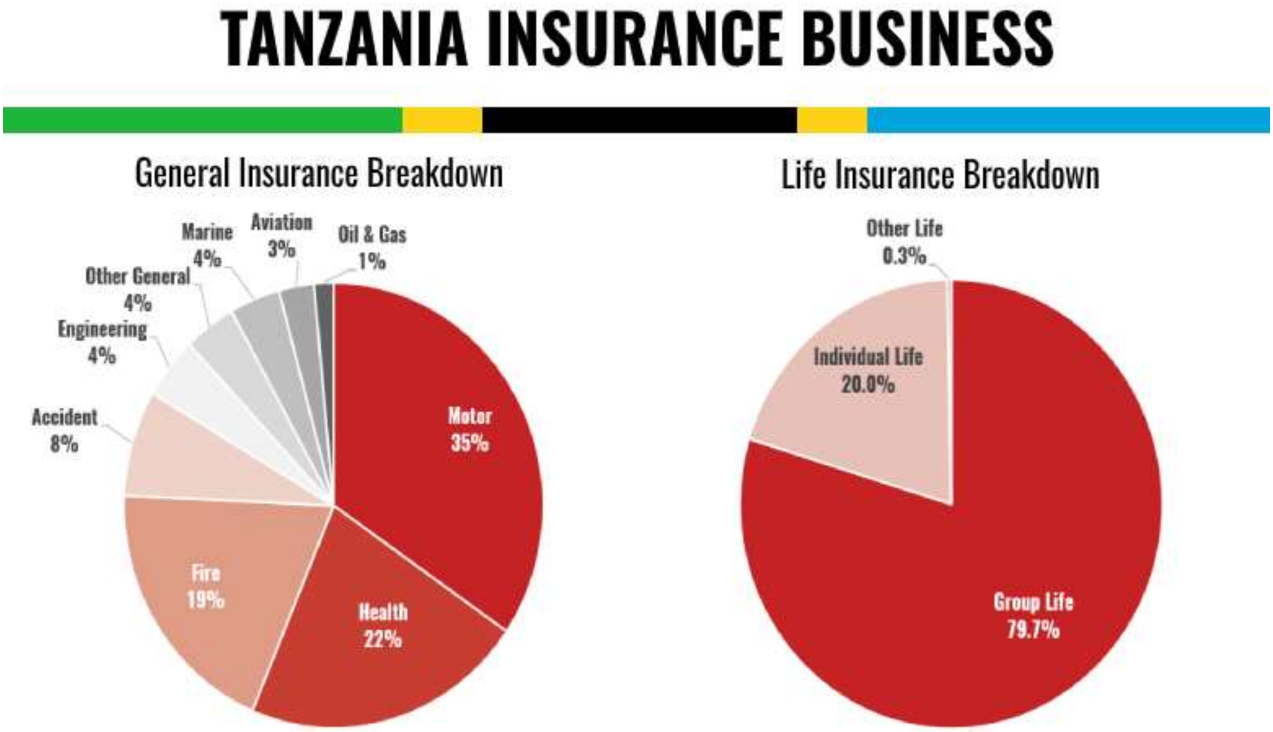

Fig 1.1 Tanzania Insurance Business

Tanzania Life Insurance Business Life insurance gross premiums written by Tanzanian insurers amounted to TZS 104.3 billion, compared to TZS 80.8 billion in 2017, representing an increase of 29%. In 2018, Tanzania's life insurance portfolio consisted of group life (79.7%), individual life (20.0%), and other life (0.3%). On a class-by-class basis, the highest growth rate in Tanzania's life business was experienced by group life with 38.6%, followed by other life (12.5%) and individual life (1.3%). Life insurers' assets rose by 7.7% in 2017–2018, from TZS 222.8 billion to TZS 240 billion, while their liabilities increased by 9.5% during the same period, from TZS 171.1 billion to TZS 187.3 billion.

1.2 Statement of the Problem

It has been noted that without the insurance sector, the economy and the wealth creation associated with it can be adversely affected (International Accounting Standards Board, 2019). The insurance industry forms an integral part of the country 's financial sector and its benefits cannot be over-emphasized. If this crucial sector was to collapse, the consequence on the economy would be devastating, knocking off billions of shillings from the Gross Domestic Product (GDP) index. However, it is necessary that insurance companies operate with profitability, so that the whole system can get the required development, taking into consideration the structure of the financial system in our country and the challenges faced by the insurance companies during the process of the development and consolidation of the financial nonbank system. Measuring the financial performance of the insurance market and the factors affecting its performance is a very interesting topic, theoretically and practically to financial researches and to insurers.

There have been a number of valuable studies on the insurance industry all of which present evidence on a number of factors affecting performance of the general insurance industry and characteristics on the sector. Ngaruko (2014) on factors influencing performance of life insurance services in Tanzania noted that Net Premium Written has been explained by new policies written, the industry market share, the costs of advertisement and marketing, the total number of registered insurance companies, the number of life insurance companies and the early claims settlement. Kabui (2010) argued that marketing and communication strategies in the general insurance industry are vital in informing the consumers about the benefits of insurance. In most of these studies, the focus was more on the general insurance business and the insurance industry as a whole. Etemesi (2016) analysed the effects of process operations on service delivery in selected insurance firms. However, there are limited studies about the factors affecting the growth of life insurance business in Tanzania. Therefore, this study intends to fill that gap by examining the factors affecting the performance of insurance companies in Tanzania using the selected insurance company in Arusha.

1.3 Objectives of the Study

1. 3.1 The General Objective

The general objective of this study is to examine factors affecting the performance of Tanzania life insurance companies: A case study at Sanlam Arusha city branch, Tanzania.

1.3.2 Specific Objectives

The specific objectives therefore are:

(i) To find out whether company size affects performance of life insurance companies in Tanzania.

(ii) To determine whether marketing strategies in place affect performance of life insurance companies in Tanzania.

(iii) To investigate whether level of income of customers affects performance of life insurance companies in Tanzania.

1.3.3 Research Questions

(i) Does the size of the company affect performance of life insurance companies in Tanzania?

(ii) Does marketing strategies in place affect performance of life insurance companies in Tanzania?

(iii) Does the income level of customer affect performance of life insurance companies in Tanzania?

1.4 Significance of the Study

Life insurance companies will find this study useful in its suggestions about those factors that have contributed to the industry failing to live up to the life insurance clients" expectations and led to the low life insurance penetration. It will be of great reference to the life insurance industry in drawing policies and programs aimed at restoring the customers" confidence, trust and loyalty with a reflective effect in increased sales and life insurance penetration. The findings of this study are also expected to put life insurance in proper perspective in the minds of the public by providing a much-needed exposure. It will help policy holders and potential policy holders to know exactly what to expect in their dealings with life insurance companies in particular and the insurance industry in general. The study will also be of importance to the Government of Tanzania, through the Commissioner of Insurance in coming up with appropriate legislation that will ensure there is congruence between policy holders, potential policy holders and the insurance companies. The findings of this study are expected to not only help in filling the void that exists in Tanzania as regards research and publications on life insurance, but also to stimulate discussion in the academic field and provide a fertile ground up on which further research could be based.

1.5 Scope of the Study

The study has cover Sanlam life insurance company registered and recognised by the Commissioner of Insurance operating at Arusha. The main areas of focus has been on the professional training of sales staff, sales promotion of life insurance products, affordability of life insurance products and how government regulatory policies affects the growth of the life insurance business in Tanzania. The study also has focus on the effect of both the internal and external environment and the structure of the life insurance industry.

The study has attempt to suggest the way forward and recommendations on what would be seen as structures that would increase growth, stability, and profitability of the life insurance business in Tanzania.

1.6 Limitations of the Study

Resource constraint is a major limitation in this study. Due to this factor data has been collected from respondents based in Arusha only. Arusha being a metropolitan city is considered a good representation of the whole country. Also, research assistants have been used to collect data. The respondents may not have been willing to reveal everything since the information required for the research was confidential. This has been overcome by seeking approval of the company's management and assuring them of confidentiality in handling of the data that they provide.

CHAPTER TWO

INTRODUCTION

2.0 LITERATURE REVIEW

This chapter dwells on theoretical literature review and it focuses on issues such as conceptual definitions, empirical review and Research questions.

2.1 Theoretical Literature Review

2.1.1 Definition of Key Concept

(i) **Insurance**

Insurance today has become an integral part of everyone's life. It is a written contract of insurance that provides protection against future losses. Life insurance usually helps people to get life insurance. The insured gets a certain compensation from the insurer. Non-life insurance provides financial support to people or companies and helps them deal with losses. The basic human properties have to be contrary to the idea of taking the risk (Olivieri and Pitacco, 2015). Act, 2009 define insurance as a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one part to another, in exchange for payment. Calandro (2006) defined as an agreement where for a stipulated payment called premium, one party (the insurer) agrees to compensate the other, (the policyholder) a defined amount of money (the claim payment or benefit) upon the occurrence of a specific loss. Insurance terms are defined according to the Tanzania Insurance Act.

Insurance Business Means the business of assuming the obligation of an insurer in any class of insurance which is not declared to be exempts from the provisions of the insurance Act and includes assurance and reinsurance and reassurance. Calandro (2006) defines insurance business as a business of risk assumption. In summary, insurance can be defined as an agreement where for a stipulated payment called premium, one party (the insurer) agrees to compensate the other, (the policyholder) a defined amount of money (the claim payment or benefit) upon the occurrence of a specific loss. Insurance terms are defined according to the Tanzania Insurance Act.

2.1.2 Theorise Guiding the Study

This study has been guided by the theory of insurance demand and Prospect Theory

(i) The Theory of Insurance Demand

The theory of insurance demand is often regarded as the purest example of economic behaviour under uncertainty. Many models look at markets for trading risk, but typically such risks are designed for trades. Insurance, on the other hand, deals with a personal risk. In treating such a risk, the consumer can try to modify the risk itself through methods such as prevention. Alternatively, the consumer could try to pool risks with a large group of other consumers, but organizing such a group would pose some problems of its own (Schlesinger, 2012). The device offered by the insurer is one in which, for a fixed premium, the insurer promises an indemnity for incurred losses. In some ways, insurance is simply a financial asset. However, whereas most financial assets are readily tradable and have a risk that relates to the marketplace, insurance is a contract contingent on an individual's own personal wealth changes. This personal nature of insurance is what distinguishes it from other financial assets. It also exacerbates problems of informational asymmetry, such as moral hazard and adverse selection (Schlesinger, 2012).

(ii) Customer Perceived Value Theory

The slow growth in life insurance can be explained by the customer perceived value theory. Customer perceived value is the difference between the prospective customer's evaluation of all benefits and all the costs of an offering and the perceived alternatives. CPV = what customer gets (benefits) – what he gives (costs). Total customer benefit is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering because of the products, services, personnel, and image involved. Total customer cost is the perceived bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychological costs (Kotler and Armstrong, 2010). The authors explain that creating loyal customers is at the heart of every business because the only value that an organization will ever create is the value that comes from present and future customers. They propose an adoption of the modern customer-oriented organization chart as opposed to the tradition organization chart. Kotler and Armstrong (2010) explained that the traditional organization chart is a pyramid with the president at the top, management at the middle, frontline people and customers at the bottom while the modern customer oriented organization chart is inverted placing customers at the top, followed by frontline people who meet customers then middle managers who support the front line people and at the base is the top management whose job is to hire and support middle managers Life insurance companies have largely operated the traditional organization chart. This means that customer perceived value has remained very low hence affecting the growth of life insurance in African countries, Kaguma (2011). Creating loyal customers is at the heart of every business. Businesses succeed by getting, keeping and growing customers. Customers are more educated and informed than ever and they need to feel they are getting value for their investment, (Kotler and Armstrong, 2010). In the context of this study, this theory is relevant since it helps in understanding why people choose the Life insurance business and why they are willing to pay a price for being insured. Thus, through this theory, the researcher was able to assess the factors which affect the performance of life insurance business in an insurance company.

(iii) Prospect Theory

Prospect Theory assumes that loss-aversion may decrease insurance demand if individuals' reference points are 'the wealth level when they do not engage in insurance contracts.' Under such reference points, individuals may regard insurance as a risky investment because they may lose premiums if a pre-specified bad event does not occur. Hence, those who are more sensitive to potential losses in premiums are unwilling to buy insurance. In the context of insurance decisions, loss aversion means individuals weigh losses more heavily than gains, and they are willing to take on additional risk to avoid feeling a loss. Loss aversion decreases the demand for insurance because individuals may regard insurance as a risky investment that can cause losses, rather than solely as a protection measure. Individuals view insurance as an investment and evaluate the expected gains or losses associated with purchasing a policy, or in the context of this study, choosing the non-motor insurance products (Hwang, 2015).Therefore the crucial factor for applying prospect theory to insurance problems and basically to this study is to look on the choice as the reference point. Researcher want to understand himself that how marketing strategies my trigger this particular effect.

(iv) Theory of Performance

The study originated from the philosophy of act which was develops and relates six foundational concepts to form a framework that can be used to explain performance as well as performance improvements (Motowidlo (1993). To achieve is to create appreciated outcomes. A player can be a single or a group of people engaging in a collaborative effort. Developing performance is a journey, and level of performance describes location in the journey. Current level of performance depends holistically on six components which are context, level of knowledge, levels of skills, level of identity, personal factors, and fixed factors. Three axioms are proposed for effective performance improvements. These involve a performer's mindset, immersion in an enriching environment, and engagement in reflective practice. Presentation is a dual dimensional idea. On the greatest simple level, Borman and Motowidlo (1993) distinguish between task and contextual performance. Task performance refers to an individual's proficiency with which he or she performs activities which contribute to the organization's 'technical core'. This contribution can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff personnel). Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance includes not only behaviors such as helping coworkers or being a reliable member of the organization, but also making suggestions about how to improve work procedures (Borman & Motowidlo, 1997). Three basic assumptions are associated with the differentiation between task and contextual performance (Borman & Motowidlo, 1997; Motowidlo & Schmit, 1999): (1) Activities relevant for task performance vary between jobs whereas contextual performance activities are relatively similar across jobs; (2) task performance is related to ability, whereas contextual performance is related to personality and motivation; (3) task performance is more prescribed and constitutes in-role behavior, whereas contextual performance is more discretionary and extra-role. 9 The theory of performance is relevant for this study because it entails the performance and factors which contributes performance. The capacity and management of workers in an organization are considered as important factors influence organization performance. Thus, the performance of insurance companies in any country depend upon human capacities, management capacity and environment factors.

2.2 Empirical Studies

In this section, we explore some of the pioneering empirical exercises on determinants of life insurance. Most of these studies had focused on our specific objectives.

2.2.1 The Effects of the Size of the Company to the Performance of Insurance Companies

A study by Ahmed et al. (2011) investigates the impact of firm level characteristics on performance of the life insurance sector of Pakistan over the period of seven years. For this purpose, size, profitability, age, risk, growth and tangibility are selected as explanatory variables while Return on Asset is taken as dependent variable. The results of Ordinary Least Square (OLS) regression analysis revealed that leverage, size and risk are most important determinant of performance of life insurance sector whereas Return on Asset has statistically more of insignificant relationship with, tangibility of assets. However, Hafiz Malik (2011) found that there exists a positive and significant relationship between tangibility of assets and profitability of insurance companies and argued that the highest the level of fixed assets formation, the older and larger the insurance company is. In contrast to this, Yuqi Li (2007) in United Kingdom (UK) found no significant relationship between tangibility of assets and profitability of insurance companies.

Velnampy (2013) discovered that there was no correlation between corporate governance and firms' performance measures. The sample of 28 manufacturing companies using the data representing the period of 2007 to 2011 revealed that the determinants of corporate governance were not correlated to the performance measures of 18 the organization. Based on these literatures it is crystal clear that the studies on the effects of firm size on profitability have generated varied results ranging from those supporting a positive relationship among the variables used in the study to those opposing it. There is no common agreement on how the firm size is related to firm profitability. Hence, the results are inconclusive and require more empirical work. In this way, the current study has been instigated to investigate the effects of firm size on profitability of the listed manufacturing firms in Sri Lanka.

Jonsson (2007) has studied the relation between profitability and size of the firms operating in Iceland. Results of the analysis showed that bigger firms have higher profitability as compared to smaller firms. Size-profit relationship for the firms functioning in the financial services sector was tested by Amaton and Burson (2007). They tested both linear and cubic form of the relationship. Even though a negative influence of firm size on profitability was revealed with the linear 17 specification in firm size, evidence of a cubic relationship was detected between return on assets and firm size.

Olawale (2017) Investigates the effect of firm size on the performance of firms in Nigeria. The focus is on firm size as the modern-day phenomenon of economies of scale means this is a crucial factor in firm performance. We use a panel data set of 12 non-financial firms operating in Nigeria in the period 2005-2013. The panel data are analysed using a pooled regression model, fixed effects model and random effects model to identify the relationship between firm size and the performance of firms listed on the Nigeria Stock Exchange (NSE). Return on equity is used as a proxy for performance, which serves as the dependent variable. Total assets and total sales are the proxies for firm size, and the control variables are leverage and working capital. The results of the study reveal that firm size in terms of total assets has a negative effect on performance, while in terms of total sales, firm size has a positive effect on the performance of Nigerian non-financial companies. Meanwhile, for the control variables, a positive relationship with leverage and working capital was found. The study thus suggests that firms' focus should be on increasing their size by boosting turnover and opening up new markets for existing and new products.

Kipesha (2013) examine the impact of firm size and age on performance of Microfinance institutions in Tanzania. The study uses panel data of five years and 30 Microfinance institutions operating in the country. The findings of the study show the presence of the positive impact of firm size measured by total asset and number of borrowers on the performance of Microfinance institutions in the country. On the other hand, the study found out that firm size measured by the number of staffs was negatively related to the efficiency sustainability and profitability of Microfinance institutions reviewed. The findings of the study also show that the age of the firms which indicates firm experience have a positive impact on the profitability of Microfinance institutions reviewed.

Mgeni(2016) attempts to determine the relation between Structural Firm characteristics and business performance of agribusiness SMEs in Dar es salaam, Tanzania. The aim is to determine how firm size, age and ownership correlates with business performance in agribusiness SMEs and predict its performance variations. The study is based on field data collected by mailed questionnaires from 60 agribusiness SMEs in Dar es Salaam, Tanzania and analysed quantitatively by Pearson product moment correlation and multiple regression by SPSS. The findings suggest that, in Tanzania's context, age has a significant moderate positive correlation with business performance of SMEs while firm size and ownership have insignificant and weak negative correlation with business performance. Furthermore; age, firm size and ownership when regressed simultaneously by multiple regressions are found to be, significant moderate predictors of business performance variations.

2.2.2 The Effect of Marketing Strategies in Performance of Life Insurance Companies

Munene (2022) establish the influence of marketing strategies on performance of insurance companies in Kenya. The study was anchored on Service Marketing Theory and comprised 51 insurance companies in Kenya. Primary data were collected using semi-structured questionnaires. The pertinent data were analysed using descriptive statistics and regression analyses. The results of the study showed that marketing strategies significantly influence organizational performance. The study results were consistent with theoretical argument from service marketing theory which focuses on the premise that marketing especially in-service industry is achieved through careful understanding of customer characteristics and providing services that are acceptable to customers. The study findings also support service marketing theory which suggests that, since the service industry has unique and specific characteristic, there are challenges associated with marketing. This requires special marketing strategies to be designed and applied in dealing with it.

Yovaraj and Abate (2013) inspected the possessions of company detailed aspects (age of company, size of company, volume of capital, leverage ratio, liquidity ratio, growth and tangibility of assets) on profitability proxies by Return on Assets in Ethiopia. The sample of the study included nine of the listed insurance companies over nine years (2003-2011). From the regression results; growth, leverage, volume of capital, size, and liquidity were identified as most important determinants of profitability. Hence, growth, size, and volume of capital are positively related. In contrast, liquidity ratio and leverage ratio are negatively but significantly related with profitability.

The age of companies and tangibility of assets are not significantly related with profitability Ethiopia, Daniel and Tilahun (2012) inspected the influence of company range features (size, leverage, tangibility, Loss ratio (risk), growth in written premium, liquidity and age) on performance of insurance companies in Ethiopia. Return on total assets (ROA) a key indicator of insurance company's performance was used as dependent variable while age of company, size of the company, growth in writing premium, liquidity, leverage and loss ratio were independent variables. The sample includes 9 insurance companies over the period 2005-2010. The results of regression analysis revealed that insurers‟ size, tangibility and leverage are statistically significant and positively related with return on total asset; however, loss ratio (risk) is statistically significant and negatively related with ROA Adams & Buckle (2013) conducted a study on assessing the elements of business monetary act in the Bermuda coverage trade. The study employed regression analysis to investigate the determinant of corporate financial performance where variables such as liquidity capacity, leverage and firms' size. The study employed error correction model so that it controls the issues that impact determinant of corporate monetary act. The results showed that liquidity capacity and firm's size are significant factors for determining corporate financial performance while leverage was found to be not significant determinant factor for corporate financial performance. The study recommended that an effort to integrate liquidity capacity and firm's size in corporate strategies has to be taken in order to facilitate corporate financial performance of an organization.

Aakhtar (2012) intentional the affiliation among monetary influence and pecuniary act of fuel and energy segment in Pakistan. Using the sample of 20 listed firms from fuel and energy sector were elected for the year 2000-2005. monetary act was taken as needy changeable and deliberate by ten key indicators: return on assets, return on equity, dividend cover ratio, and dividend ratio to equity, net profit margin, earning per share before tax, earning per share after tax, sales as % of total assets, earning per share before tax growth sales growth. Taking financial leverage as independent variables and measured by debt equity ratio and gearing ratio. Results indicate that financial leverage has positive relationship with financial performance. The companies that engage with fuel and energy sector enhance their performance and growth of economy if the optimal capital structure will improve

Magunga (2010) Determine the effects of different marketing strategies on the performance of insurance companies in Kenya. In order to operationalize the phenomena, understudy the following variables were utilized to guide this research, i.e. sales promotion, market intelligence and product development and innovation. The data was collected from the marketing managers of all the insurance companies to gain wide representative of the sector. The study registered a positive relationship exist between product innovation as a marketing strategy and firms' performance at 0.41. This entails that for any insurance company to diversify effectively and increase its market share investment in product innovation is critical.

Prinka (2019) investigate effects of Marketing Strategies on Organizational Performance; A Study at Nigeria Bottling Company Kaduna which include Production strategy, pricing strategy, promotion strategy and place strategy, that eventually influences Marketing strategies on performance. The study suggests that the impact is mediated by marketing strategy implementation success.

Odhiambo (2015) on his study of the effects of marketing strategies on the performance of retail stores in footwear sector in Nairobi city county. The study established that the retail stores in footwear sector have adopted several marketing strategies in order to improve their performance. The strategies used were product strategy, pricing strategy, physical evidence strategy. Product strategy enabled the retail stores to offer broad product line, stock products for different customer clusters, ensures that quality and reliability of the product offerings gain importance, utilize product design and technology in product development and that utilize early adopters for new product ideas and feedback. Pricing strategy was realistic and accurate, use of premium pricing on its products and price promotions and discounts. The use of marketing strategies resulted in increased sales, number of footwears sold, enhance purchase of products and increase market penetration of retail outlet.

Yalo (2019) This study focused on the effects of marketing mix strategies on the performance of SMEs in Kogi State. To achieve the study's objectives, a survey research design was adopted. A purposive sampling was used, and 300 respondents were selected. Findings show that promotion strategy relates negatively and significantly with sales and profitability performance of SMEs in Kogi State. Findings further show that distribution strategy significantly and positively relates with sales performance; while pricing strategy significantly and positively relates with the profitability performance of enterprises in Kogi State. The study concluded that marketing mix strategies have significant effects on sales and profitability performance of SMEs in Kogi State.

Sutharsini, B. (2012) examines the impact of marketing strategies on organization performance of Insurance industry in Sri Lanka. In order to do that 13 insurance companies head office were selected as sample and 13 questionnaires were distributed among insurance companies to gathering responds about the marketing strategies and organization performance data collected as secondary data. Marketing strategies measured under the marketing mix 7Ps.By using questionnaire survey approach and five-point-likert scale method used to gather the information from the respondents. Organization Performances was measured Sales Growth. The results revealed that high positive and significant relationship between overall marketing strategies and overall Organization Performances of the selected insurance companies. In addition to that every 7Ps Marketing mixes strategies also have a high positive relationship with the sales growth.

2.2.3 Effect of Customers Income on the Performance of Life Insurance Companies in Tanzania.

Shawar (2019) investigated the indicators of financial performance of insurance companies of Pakistan. Gross written premium (GWP), Claim (CLM), Reinsurance (Rei), Management expenditure (MGE), Interest rate (IR), Size (SIZ), Leverage (LEV), Real GDP (RGDP) were taken as factors (independent variables), whereas Sales Profitability (SAP), Investment Income (INP), and Underwriting profit (UWP) were taken as proxy of financial performance. Data of five 5 insurance companies are chosen covering the period of 2013-2017. Data was analysed using panel regression. Findings showed that the gross written premium has the significant impact on all three measure of profitability. The further size of the company has a negative impact on sales and investment profit. In addition, the claims, reinsurance, GDP, interest rate and management expenses have an insignificant relationship with all three profitability measures.

Amrot (2014) on his study of major determinants of life insurance demand in Ethiopia, the study indicates that explanatory variables such as GDP per capita, inflation, real interest rate, level of education and life expectance are statistically significant at 10 percent significance level. GDP per capita, real interest rate, level of education and life expectance are positively related with life insurance demand whereas inflation is negatively related with life insurance demand. Dependence ratio does not have a statistically significant relationship with life insurance.

Abate and Yuvaraj (2013) on his study Effects of specific factors on profitability of insurance companies found that Variables such as Economic growth, leverage, volume of capital, size, and liquidity were identified as most important determinant factors of profitability.

Amina (2013) looked into factors influencing performance of the insurance industry in Tanzania: The Case of Zanzibar Insurance Corporation. The study revealed that performance of ZIC were affected by insured by delaying to pay premium on time, to report fake claim and lack of know how about insurance service. In addition, accessibility and awareness to the insurance services provided by ZIC was not so difficult, therefore most intermediaries and insured were able to obtain and utilize the services. The result also found that operations of insurance company were influenced by Assessors and Investigator due to delaying in producing report on time.

Gustina and Abdullah (2012) they studied Variables that significantly influence the demand for life insurance, the study reveals that, there are two factors that negatively influence the demand for family takaful i.e. Customer Price Index and Saving. Meanwhile, age, saving and religion are the three factors which give negative influence on life insurance.

Kozak (2011) examined determinants of penetration and profitability of non-life insurance companies in Poland during integration with the European financial system for the period of 2002–2009. The results indicated that the reduction in the share of motor insurance in the portfolio, with simultaneous increase of other types of insurance has a positive impact on penetration, profitability and cost-efficiency of insurance companies. However, offering too broad spectrum of classes of insurance negatively impacts its penetration, profitability and cost efficiency. Companies improve profitability and cost efficiency with an increase of their gross premiums and decrease of total operating expenses. Additionally, increases of the GDP growth and the market share of foreign owned companies positively impact penetration, profitability of non-life insurance companies during the integration period.

Taking into account the expansion of the service sector during the early nineties and growth of insurance services in particular, Browne et al. (2000), tried to explain the differences in property liability insurance consumption across countries. They considered individual's income and wealth, degree of risk aversion, loss probability and price of insurance as variables affecting property-liability insurance demand, similar to those used for life insurance demand analysis. The analysis was focused on the OECD countries and concluded that in general, insurance purchase is influenced by various economic and demographic conditions. Another study based on nine OECD countries examined the short run and long run relationship exhibited between economic growth and growth in the insurance industry.

2.3 Conceptual Framework

Minde (2008) defines conceptual framework as narrative outline presentation of variables to be studied and hypothetical relationships between and among variables. It shows variables which have influence on dependent variables. Conceptual frame work is important in any research because it helps to streamline the focus of research, confine literature review, analysis or discussion to only hypothesized variables and their indicators.

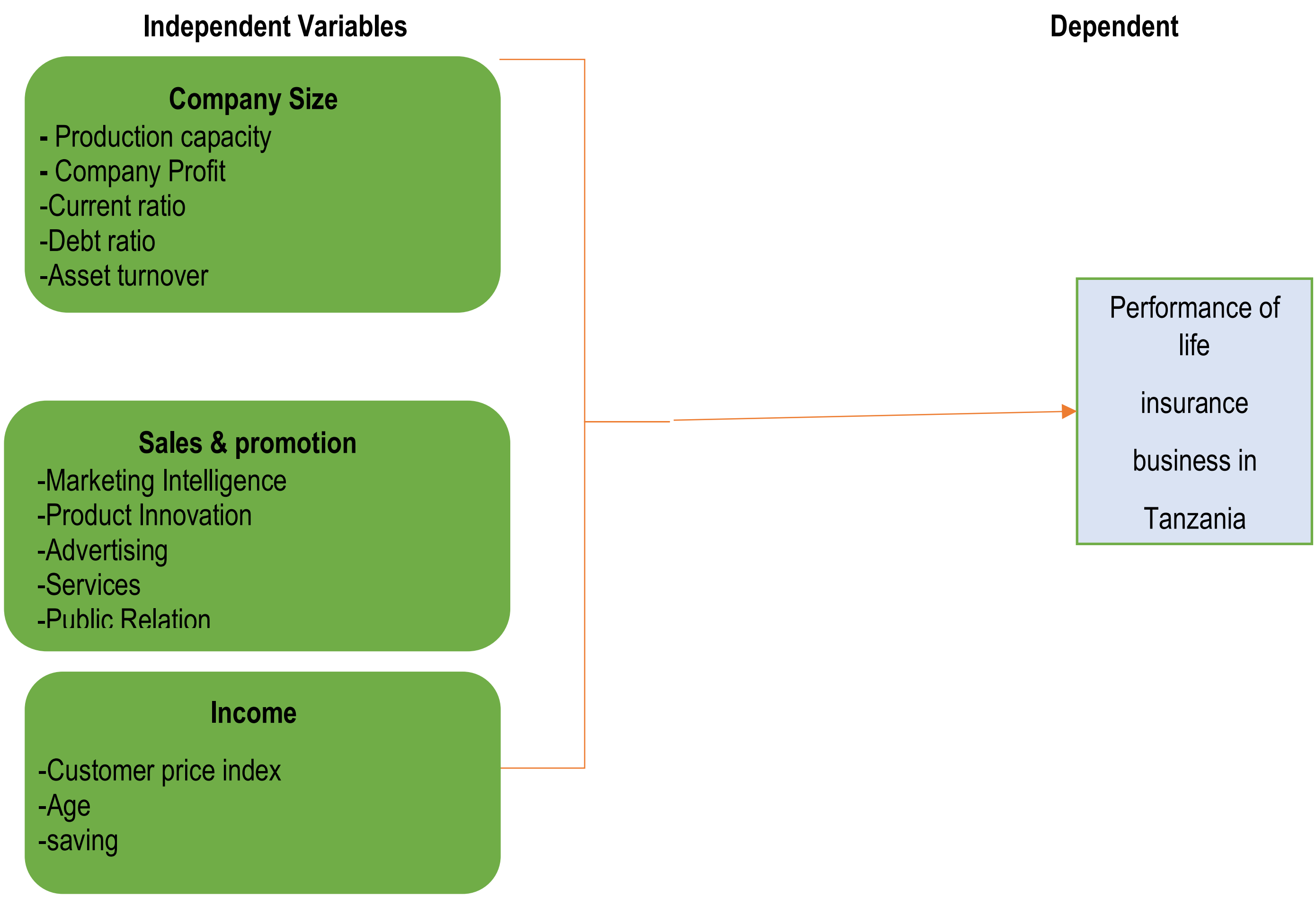

Fig 2.3 Conceptual Frame Work

2.4 Research Gap

It is necessary that insurance companies operate with profitability, so that the whole system can get the required development, taking into consideration the structure of the financial system in our country and the challenges faced by the insurance companies during the process of the development and consolidation of the financial nonbank system. Measuring the financial performance of the insurance market and the factors affecting its performance is a very interesting topic, theoretically and practically to financial researches and to insurers.

There have been a number of valuable studies on the insurance industry all of which present evidence on a number of factors affecting performance of the general insurance industry and characteristics on the sector. Muchire (2013) on assessing the service quality in the Kenya's Insurance Industry noted that the customer is a lot more informed and thus the delivery of the service to the customer must be done professionally. Kabui (2010) argued that marketing and communication strategies in the general insurance industry are vital in informing the consumers about the benefits of insurance. In most of these studies, the focus was more on the general insurance business and the insurance industry as a whole. Etemesi (2016) analysed the effects of process operations on service delivery in selected insurance firms. However, little has been written particularly about the factors affecting the growth of life insurance business in Tanzania. According to RITA 2020 report Life insurance sector has been contributing 0.2 % to the GDP while the insurance sector in general has been contributing 2.2% to the GDP of this country due to low intake of life insurance products which is affected by the various factors as has been explored under this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology that have been used in the study. It describes the research design, the population, sampling design and sample. It also presents the data collection methods and the procedures that have been used to collect the data. Instruments validity and reliability and the data analysis methods are also covered.

3.1 Research Design

Case study design research plan is valid to this study as it is concerned with finding out who, what, where, when or how much (Cooper & Schindler, 2008). It also tries to measure the types of activities, how often, when, where and by whom.

The case study approach allows in-depth, multi-faceted explorations of complex issues in their real-life settings. The value of the case study approach is well recognised in the fields of business, law and policy, but somewhat less so in health services research. Based on our experiences of conducting several health-related case studies, we reflect on the different types of case study design, the specific research questions this approach can help answer, the data sources that tend to be used, and the particular advantages and disadvantages of employing this methodological approach. The paper concludes with key pointers to aid those designing and appraising proposals for conducting case study research, and a checklist to help readers assess the quality of case study report (Britt, 2006). This study adopted the case study method which is defined as a method of collecting data from people about who they are, how they think-motivations and beliefs and what they do- behaviour (Malhotra & Birks, 2007). A case study in form of standardized questions in a questionnaire has been used to collect data. This study has been guided by the independent (Factors of Influence) and dependent variable (Insurance Company Performance). This cannot be a survey method because survey is done with many respondents more than 100 who are sampled from big population.

3.2 Research Approach

According to Creswell, (2014) there are three research approaches which are Qualitative approaches, quantitative approach and mixed approach. The study have apply a Mixed approach since the study aimed at making an understanding on a certain course of social phenomenon .Mixed approach relies on data obtained by researchers from first hand via Questioner, interview and focus group then be coded so as to perform analysis, but for this case the study have focus only in Questioner.

3.3 Population and Sampling Design

3.3.1 Target Population

The primary population of study selected for this research have been limited to Sanlam General Insurance Company based on its top ranking in terms of premiums and profits in life Insurance. Out of a total population of 130 employees of Sanlam and agents, only 98 has been used and This composed of senior level, operational, and line managers as they were the ones well informed of the company performance in general. The population is ideal as they are equally engaged in the process of strategy formulation and implementation to ensure success. The study assumes that the selected respondents would complete the questionnaire objectively and accurately based on the research objectives.

3.4 Sampling Frame

The sampling frame of the study has consisted of the official list of Sanlam life Insurance and has been acquired from the organization's human resource department.

3.5 Sampling Technique

Stratified random sampling has been used to generate the sample size. In stratified random sampling, the population is divided into two or more strata, when the population is heterogeneous with regard to the characteristics or variables under study (Black, 2011). In this case, the strata are the Sanlam Department. The purpose of stratified sampling is to reduce sampling errors which occur when the sample generated is not representative of the population being studied (Black, 2011). Simple random sampling has been used to select the desired number of respondents from each stratum Which ones? You did not show them. The main advantage of stratified random sampling is that the technique overrules the possibility of underrepresentation, over-representation of exclusion of any essential group from the sample. Stratified sampling also provides estimates with high precision (Hanneman & Kposowa, 2012).

3.6 Sample Size

To derive the sample size for the study, Yamane's (1967) formula was used:

$$n = \frac{N}{[1 + Ne^2]}$$

Sample size is the set of elements where data is collected from (Cooper & Schindler, 2008). A decent specimen size ought to give data that is nitty gritty and thorough. A sample size is a limited part of a factual populace whose properties are to be examined to pick up data about the whole populace under review (Jankowicz, 2002). Jackson, Thorpe and Smith, (2008) argue that researchers rarely survey the entire population for two reasons: high cost and dynamism of the population.

$$n = \frac{130}{1+130(0.05)^2} = 98$$

Therefore, the sample size for the following study is 98 individuals which include staff and agent of Sanlam Arusha.

3.7 Data Collection Methods

3.7.1 Questionnaire

Bowling (2005) states that one of the main primary data collection instruments in social, health and research is the survey questionnaire. Modes of data collection by questionnaire differ in several ways, including the method of contacting respondents, the medium of delivering the questionnaire to respondents, and the administration of the questions. These are likely to have different effects on the quality of the data collected (Bowling, 2005). A questionnaire is a document designed with the purpose of seeking specific information from the respondents (Sansoni, 2011). Cooper & Schindler (2008) explain that a questionnaire is an instrument delivered by to the participant via personal or non-personal means that is completed by the participant.

The data collection method has been based on a structured approach due to the target population and their nature of work. A formal letter of introduction was used to introduce the researcher as well as highlight the set time frames to complete the questionnaire have been attached to the questionnaires. In addition, the introductory letter also included the purpose of the questionnaire, benefits that were flown from it, information sought, how the information would be used, confidentiality/anonymity and contact details for queries and complaints (Sansoni, 2011).

The questionnaires contained closed ended questions. Cooper and Schindler (2008) explain that questions may be structured in questionnaires therefore presenting participants with a fixed set of choices; often called closed questions. On the other hand, questions can also be unstructured therefore not limiting the responses but still providing a frame of reference for participants' answers; often called open ended questions.

3.8 Sampling Techniques

The researcher has used non probability sampling techniques, that by using non probability sampling researcher has been able to identify targeted population that included purposive and convenient (Kothari, 2020) define purposive sampling as the sampling technique which is more appropriate when population happens to be small and known characteristics of it is to be studied intensively. Convenience sampling is a type of non-probability that involves the sample being drawn from that part of the population that is close to hand.

3.9 Research Procedures

The research procedures section describes how the researcher has gather the relevant data for this study. The research procedure provides a detailed description of the steps taken in the conduct of research. The researcher has carried out a pilot test before the questionnaire employed in the final and actual data collection process. The importance of piloting is to detect ambiguity, evaluate the type of answers given to determine whether they help the researcher to achieve the laid down objectives (Robson 2007). Saunders et al. (2009) noted that pilot test helps the researcher in identifying questions that can make the respondents uncomfortable and uneasy. Such questions can then be removed, paraphrased of replaced in the final survey instrument design.

Again, the pilot test is important in identifying ethical issues that may arise during the actual data collection process. As such pilot studies are critical instruments for ensuring the validity and reliability of the research process and findings (Saunders et al., 2009). Pilot studies allow the researcher to study the research setting and seek advice on how the data collection instrument can be improved upon (Robson, 2007). The researcher administered a pre-test sample to the respondents in the pilot test. According to Mugenda and Mugenda (2003) a pre-test sample should be between 1% and 10% depending on the sample size. The findings from the pilot test was used to refine the questionnaire for final administration. If you are using questionnaires only

3.10 Data Analysis Methods

To ensure ease in analysis, the questionnaires was coded accordingly to each variable of the study and entered into the SPSS program. The quantitative tool employed was descriptive statistics, which included measures of central tendencies. These tools of analysis have been used to determine views of commonality and deviations from commonality. Correlation have been another useful statistic tool that described the degree of relationship between the variables used. The output after analysis have been prepared using frequency tables, graphic presentations and inferential statistics outputs.

3.11 Data Validity and Reliability

3.11.1 Data Validity

This is the degree to which a measure accurately represents what it is supposed to". Validity is concerned with how well the concept is defined by the measurement (Hair, 2007). Further, to ensure validity, triangulation methods has been used to ensure coverage of contents among research instruments against research objectives where questionnaire, interview and documentary review data collection methods have been used to capture sufficient data.

3.11.2 Data Reliability

Reliability is the extent in which a variable or set of variables is consistent in what it is intended to measure (Hair, 2007). In order to ensure reliability of this study a pilot test was conducted prior to the actual research. A pre-test of all instruments was conducted with some of the respondents so as to ascertain the suitability of the instruments in obtaining information required.

3.12 Ethical Consideration

In conducting the study, the researcher has observed all research ethics under consideration. The articles used in reviewing the literatures are acknowledged using proper citation. However, all the data and information used in this study has been considered as public information where anyone can have an access to it, therefore there is no genuine moral contemplation. The researcher has used the data and all information as provided and no manipulation of information or data have been made.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter consists of the presentation, analysis and the interpretation of data gathered through primary data, i.e., self-administered questionnaire distributed to management bodies, Agents and Brokers of Sanlam insurance. Under this section, demographic characteristics of respondents, the frequency and mean score of respondents and in general data's which were collected from the management bodies, Agents and Brokers of Sanlam insurance were presented and analysed.

In this study 98 questionnaires were distributed to the respondents and only 94 questionnaires were returned. That means the response rate was 95.9%. The remaining 4.1% of the respondents failed to return the questionnaires.

4.1 Respondents' Characteristics

4.1.1 Gender of Respondent

Table 4.1 Gender of Respondent

Item	Alternatives	Frequency	Percent
Gender	Male	63	67.02
	Female	31	32.98
	Total	**94**	**100**

Source own survey, 2022

The researcher sought to determine the gender divide of the respondents and Table 4.1 shows that 63% were male, while 31% were female. This indicates that majority of the employees at Sanlam were male, this could be explained by the nature of the work related in the organization.

4.1.2 Age of Respondent

Table 4.2 Age of Respondent

Item	Alternatives	Frequency	Percent
Age	18 to 30 years	28	29.79
	31 to 45 years	47	50
	46 to 60 years	19	20.21
	Total	94	100

Source own survey, 2022

The researcher sought to determine the age bracket of the respondents and table 4.2 indicates that 50% were aged between 31-45 years, 29.8% were aged between 18-30 years, and 20.2% were below the aged of between 46-60 nor were they above the age of 60 years. These results show that majority of the employees at Sanlam were aged between 31-45 years, and this could be explained by the national demographic age bracket that has a lot of young adults.

4.1.3 Education of Respondent

Table 4.3 Education of Respondent

Item	Alternatives	Frequency	Percent
Education Level	Certificate	5	5.3
	Diploma	51	54.3
	First Degree	36	38.3
	Second Degree and Above	2	2.1
	Total	**94**	**100**

Source own survey, 2022

With regard to educational level of respondents table 4.3 above shows that, 5.3% of the respondents were Certificate holders, Diploma holders represented 54.3% which take the largest share and First-degree holders represented 38.3% and finally Second degree and above holders represented 2.1% of the respondents.

4.2 Firm Size and Performance of Life Insurance Companies

The respondents were asked to rate statements that best represented their views about firm size and performance of life insurance companies using the scale: 1=Strongly Disagree, 2. Disagree 3. Not Sure, 4. Agree, 5. Strongly Agree. The results in Table 4.4 have a standard deviation of <1.5 which means that the responses were almost similar, and the mean of >2.5 indicates that the population closely related to the statements provided.

Table 4.4 shows that the organization has generally not reported high loss ratios since 63.7% of the respondents disagreed, while 29% agreed, and 7.3% were not sure, the results had a mean of 2.58 and a standard deviation of 1.243. The organization does not rely on investment income to act as a cushion for its underwriting results since 47.3% of the respondents disagreed, while 40% agreed, and 12.7% were not sure, the results had a mean of 2.82 and a standard deviation of 1.321. Firm size is an important determinant of an insurance company's performance since 63.6% of the respondents agreed, while 31%disagreed, and 5.5% were not sure, the results had a mean of 3.40 and a standard deviation of 1.164.

Table 4.4 Rating of Firm Size and Performance of Life Insurance Companies

	SD %	D %	NS %	A %	SA %	Mean	Std Dev
Our organization has generally reported high loss ratios	16.4	47.3	7.3	20.0	9.1	2.58	1.243
Our organization relies on investment income to act as a cushion for our underwriting results	20.0	27.3	12.7	30.9	9.1	2.82	1.321
Firm size is an important determinant of an insurance company's performance	5.5	25.5	5.5	50.9	12.7	3.40	1.164
The control of managers pursuing self-interested goals may alter profit maximization as the firm's objective function	3.6	5.5	5.5	45.5	40.0	4.13	1.001
Large firms enjoy economics of scale and their average cost of production is low ensuring efficient operational activities	0.0	10.9	9.1	63.6	16.4	3.85	.826
Large firms face less difficulty in getting access to credit facilities from financial institutions, thus achieve greater strategic diversification	0.0	21.8	5.5	50.9	21.8	3.73	1.044
Large firms are more stable and mature, therefore generate greater sales because of their great production capacity	5.5	9.1	7.3	67.3	10.9	3.69	.979

Source own survey, 2022

Table 4.4 indicates that the control of managers pursuing self-interested goals may alter profit maximization as the firm's objective function since 85.5% of the respondents

agreed, while 9.1% disagreed, and 5.5% were not sure, the results had a mean of 4.13 and a standard deviation of 1.001. Large firms enjoy economics of scale and their average cost of production is low ensuring efficient operational activities since 80% of the respondents agreed, while 10.9% disagreed, and 9.1% were not sure, the results had a mean of 3.85 and a standard deviation of 0.826. Large firms face less difficulty in getting access to credit facilities from financial institutions, thus achieve greater strategic diversification since 72.7% of the respondents agreed, while 21.8% disagreed, and 5.5% were not sure, the results had a mean of 3.73 and a standard deviation of 1.044. Large firms are more stable and mature, therefore generate greater sales because of their great production capacity since 78.2% of the respondents agreed, while 14.6% disagreed, and 7.3% were not sure, the results had a mean of 3.69 and a standard deviation of 0.979.

4.2.1 Correlation between Firm Size and Performance of Insurance Companies

The researcher computed firm size factors to form one variable that was tested using the correlation analysis to determine the significance of firm size on the performance of insurance companies and the results were as presented in Table 4.5. The findings in Table 4.5 indicates that there was a positive significant correlation between firm size and performance of insurance companies at ($r=0.824$, $p<0.01$).

Table 4.5 Correlation between Firm Size and Performance of Insurance Companies

		Insurance Company Performance	Firm Size
Life Insurance Company Performance	Pearson Correlation Sig. (2-tailed) N	1 55	.824** .000 55
Firm Size	Pearson Correlation Sig. (2-tailed) N	.824** .000 55	1 55

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

The study also found that size of insurance companies, leverage level, growth in written premium, and age of insurance companies, loss ratio, human resources competence and technological competence are the factors influence performance of insurance companies in Tanzania. The finding from this study related with Daniel and Tilahun (2012) exposed that customers‟ range, affordability and influence are calculation important and completely linked with getting on entire prosperity; however, loss ratio (risk) is calculate ally important and unhelpfully connected with ROA. The finding from this study related with Shiu (2004), companies with more liquid assets as well as allocates resources for technological competencies are performing better in the market. Adam and Buckle (2003), technological and human resources competence increase capability of supervisors in coverage and protection firms to join their instant promises to policyholders and other creditors without consuming to rise profit from guaranteeing and asset actions and/or settle monetary resources. The finding from this study related with Agapova & McNulty (2016) who noted that interest rate spreads size of the firm, human resources management, technological adoption, administrative factor and insurance system efficiency has been important factors that stimulate performance of insurance companies in developing countries. The finding from this study related with Ahmed et al., (2015) as they noted that size of the firm, human resources competences and technological competences were important factors that determine of performance of life insurance sector of Pakistan. The factors such as loss ratio and size of the firm were found not important factors that determine the performance of life insurance in the study area. The finding from this study related with Anila (2017) who indicated that technological competences, size of the firm, leverage and age of insurance companies were important determinants of financial performance of the insurance companies in Albania. The finding also indicated that there positive and insignificant effects of growth written premium and financial performance of insurance companies. The finding from this study related with Emine (2016) who showed that size of the firm, administrative factors, human resources management, and growth in written premium, leverage and technological adoption are important factors that influence financial performance of Non-life insurance companies in Borsa Istanbul. The factors such as age and risks on investment were found not to be important variables that determine performance of insurance companies in Borsa Istanbul The finding from this study related with Georgievski et al., (2018) as they indicated that size of the bank, leverage, technological competences, innovative human resources, competitors' reactions and environmental factors were found significant factors that determine financial performance of banks in Central and Eastern Europe. The factors such as age, liquidity ratio and volume of capital were found not important factors significantly determine financial performance of banks in Central and Eastern Europe.

4.3 The Effect Marketing Strategies in Performance of Life Insurance Companies

The respondents were asked to rate statements that best represented their views about Effect of marketing strategies and performance of insurance companies using the scale: 1=Strongly Disagree, 2. Disagree 3. Not Sure, 4. Agree, 5. Strongly Agree. The results in Table 4.6 have a standard deviation of <1.5 which means that the responses were almost similar, and the mean of >3.5 indicates that the population closely related to the statements provided.

Table 4.6 Rating Effect of Marketing Strategies and Performance of Insurance Companies

	SD %	D %	NS %	A %	SA %	Mean	Std Dev
Do you view improper life insurance products packaging as a factor that affects growth of life insurance business?	0.0	0.0	0.0	30.9	69.1	4.69	.466
To what extent is sales force training and development a major factor in the growth and marketing of life insurance policies?	0.0	0.0	0.0	29.1	70.9	4.71	.458
In your opinion does the company have a comprehensive sales and marketing department?	0.0	0.0	0.0	72.7	27.3	4.27	.449
In your opinion does the company have a comprehensive sales and marketing department?	0.0	0.0	0.0	60.0	40.0	4.40	.494
Does carry out sales staff appraisals on their dealings with the life insurance customers	0.0	0.0	3.6	63.6	32.7	4.29	.533
Does the company Practice good ethics in their dealings with life insurance customers	0.0	0.0	5.5	47.3	47.3	4.42	.599
Does the company expose sales staffs that are unethical?	0.0	0.0	0.0	50.9	49.1	4.49	.505
Does your company carry out adequate customer surveys?	0.0	0.0	5.5	47.3	47.3	4.42	.599
How do you rate your company in getting the customers satisfied with your services?	0.0	0.0	4.1	50	45.9	4.49	0.505

Source own survey, 2022

Table 4.5 shows that improper life insurance products packaging as a factor that affects growth of life insurance business since all respondents agreed, the results had a mean of 4.69 and a standard deviation of 0.466. sales force training and development a major factor in the growth and marketing of life insurance policies, since all respondents agreed, the results had a mean of 4.71 and a standard deviation of 0.458.

In your opinion does the company have a comprehensive sales and marketing department, since all the respondents agreed, the results had a mean of 4.27 and a standard deviation of 0.449. Does the company have a comprehensive sales and marketing department since all the respondents agreed, the results had a mean of 4.40 and a standard deviation of 0.494.

The company carries sales staff appraisals on their dealings with the life insurance customers since 96.4% of the respondents agreed, while 3.6% were neutral, the results had a mean of 4.29 and a standard deviation of 0.533. the company Practice good ethics in their dealings with life insurance customers since 94.5% of the respondents agreed, while 5.5% were neutral, the results had a mean of 4.42 and a standard deviation of 0.599. the company expose sales staffs that are unethical since all the respondents agreed, the results had a mean of 4.49 and a standard deviation of 0.505. company carry out adequate customer surveys since 94.5% of the respondents agreed, while 5.5% were neutral, the results had a mean of 4.42 and a standard deviation of 0.599. Company in getting the customers satisfied with your services, since 95.9% agree while 4.1% were neutral, the result had a mean of with mean of 4.49 and a standard deviation of 0.505.

4.3.1 How Does your Company Promote its Services

The researcher sought to determine the how does the company promote its services Figure 4.2 shows that 56% use advertising, 17% use personal selling and the rest is shown in the figure below. These results show that at majority the Sanlam insurance company promote its services through 56%.

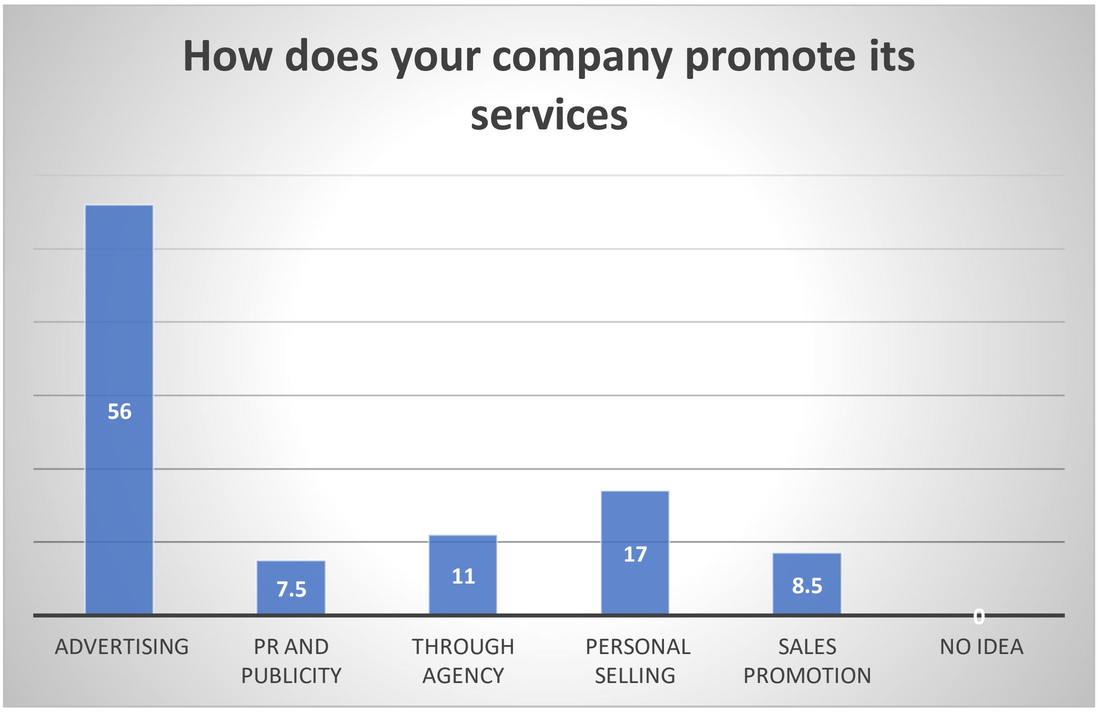

Figure 4.2 How Company Promote its Services

4.4 Effect of Customers Income on the Performance of Life Insurance Companies

4.4.1 The Effect of Income on Buying Existing Life Insurance Products

Table 4.7 Frequency Score of Participants on the Effect of Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	11	11.7	11.7	11.7
	Agree	83	88.3	88.3	100.0
	Total	94	100.0	100.0	

Source own survey, 2022

As shown in the above table, out of the total 94 respondents regarding the affordability of life insurance, 88.3% of them responds agree, and 11% where neutral. This is to say to the fact that the low-income earners cannot afford the product.

4.4.2 Introducing Affordable Products Will Maximize Number of Customers and Sales

Table 4.8 Frequency Distribution on Affordable Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	0	0	0	0
	Agree	73	77.7	77.7	77.7
	Strong Agree	21	22.3	22.3	100
	Total	94	100.0	100.0	

Source own survey, 2022

As the above table shown, for the inquiry that introducing affordable products will maximize number of customers and sales, All the respondent agrees this indicate in order to maximize the number of customers and sales the company should concentrate on introducing new and affordable products.

4.5 Other Responses

4.5.1 What Extent do you think Government Regulation Policies in Tanzania Affects the Marketing and Growth of life Insurance Business in your Company

Table 4.9 Frequency Distribution on Government Policy and Regulation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	14	14.8	14.8	14.8
	Neutral	6	6.3	6.3	21.1
	Agree	30	31.8	31.8	50
	Strongly Agree	47	50	50	100.0
	Total	94	100.0	100.0	

Source own survey, 2022

As the above table shown, 81.8% government regulation policies in Tanzania affects the marketing and growth of life insurance business in Sanlam.

4.5.2 The Single most Important Reason for the Current State of Low Penetration of Life Insurance in the Country.

Table 4.10 Important Reason for the Current State of Low Penetration

Description	**Response**
Relatively inexperienced employees / management	2%
Lack of timely intervention by the regulator	27%
Lack of focus by companies ('let’s do everything', 'let’s do what the competitor does')	12%
Too much focus on top - line customers for growth / monthly new business volumes	59%

Source own survey, 2022

As depicted in the above table 59% % respondents say the reason for the current state of low penetration of life insurance company is due to, too much focus on top line customer for growth. While the majority of the population is middle- and low-class people.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDETION

5.1 Summary of Findings

The general purpose of the study was to investigate factors affecting the performance of Tanzania life insurance companies: A case study at Sanlam Arusha city branch, Tanzania. The study was guided by below research questions; how does a firm's size affect performance of insurance companies in Tanzania? How does a marketing strategy in place affect performance of life insurance companies in Tanzania? How does level of income of customers affects performance of life insurance companies in Tanzania? The primary population of study selected for this research was limited to Sanlam Insurance Company of Tanzania.

The descriptive research design was selected for this study as it is concerned with finding out who, what, where, when or how much and also tries to measure the types of activities; how often, when, where and by whom. Stratified random sampling was used to generate the sample size. In stratified random sampling, the population is divided into two or more strata, when the population is heterogeneous with regard to the characteristics or variables under study. The data collection method was based on a structured approach due to the target population and their nature of work. The examination information was broken down using Microsoft excel and Statistical Package for Social Sciences (SPSS) program and presented using tables and figures to give a clear picture of the research findings at a glance. To ensure ease in analysis, the questionnaires was coded accordingly to each variable of the study and entered into the SPSS program. The quantitative tools employed were descriptive statistics which included measures of central tendencies. These tools of analysis used to determine views of commonality and deviations from commonality. Correlation was another useful statistic tool that described the degree of relationship between the variables used. The output after analysis were presented using frequency tables, graphic presentations and inferential statistics outputs.

The study revealed that Sanlam had not reported high loss ratios, and the organization did not rely on investment income to act as a cushion for its underwriting results. Firm size is an important determinant of an insurance company's performance, and the control of managers pursuing self-interested goals has the ability to alter profit maximization as the firm's objective function. The study indicated that large firms enjoy economies of scale and their average cost of production is low ensuring efficient operational activities, that they face less difficulty in getting access to credit facilities from financial institutions, thus achieve greater strategic diversification. The study showed that marketing strategies and performance of insurance companies. Sanlam has a high trust environment that produces accurate results in the least amount of time and its organizational structures create vertical and horizontal structures that facilitate communication. The study revealed that Sanlam organizational structure is not complex and facilitates as well Last the study revealed that the level of income of customer affects performance of life insurance companies in Tanzania is significant in enhancing or retarding.

5.2 Conclusion

As shown in the literature part of this study some factors which may have influence on low performance of Sanlam life insurance products are discussed. To prove these, questionnaires was prepared and administered to the sample respondents. The responses are analysed and findings are discussed. Based on this the following conclusion are given.

Based on the analysis one of the main reasons for low development of life insurance is lack of awareness among the public. Because of this the premium collected from life insurance is much lower than the premium collected from non-life insurance. As we can see from Sanlam insurance company, number of individual customers of life insurance is very much lower than corporate customers. In foreign countries life insurance plays a vital role in people's lives. The other main reason to low development of life insurance is low income level of the society. Earners don't have enough money to cater for their basic needs and hence no room to consider buying life insurance cover. So, the society might to consider buying life insurance is a luxury.

Several respondents agree that the emerging of other insurance companies that offered life insurance and the growing competitiveness of these companies didn't contribute to this near to the ground performance. However, Lack of human resource and agent/broker development and giving low focus for life insurance when compared to non-life insurance is also another causes. According to the respondents' poor sales techniques of life insurance is also one of the reasons.

The contribution of life insurance business to the economy is almost nil as depicted in the introduction part of the study.

Another aspect mentioned as a factor that contributes to low development of life insurance is marketing strategies. Most of the respondents agree that poor marketing strategies among the company is one of the reasons for low development of life insurance business. It is hard to understand the importance of risk and risk management. The other factor is saving. In regard to this the respondents mostly agree that the society did not consider life insurance as one way of saving. Therefore, this is one of the factors for low performance of life insurance.

5.3 Recommendation

Based on the findings the study made the following recommendations;

In view of the fact that income aspects affect the buying behaviour of the society & that of most people are not aware of the concept of life insurance, Sanlam has to take several tasks in creating awareness about life insurance among the public by giving information in the different benefits of insurance and the insurance products available in the market on a regular basis, not just when selling insurance.

Given that of the poor filing system observed above, in order to increase its market share Sanlam should take corrective actions like improving its filing system and make a follow-up in order to compete with other insurance companies, maintain its existing customers and attract new business. The company has to give enough attention to life insurance in line with non-life insurance. The company has to have well-articulated marketing strategy and has to use aggressive marketing strategy like advertisements on different Broad casting Medias, social medias and distributing fliers that explains the benefits of life insurance and different products the company offer especially on offices which have large number of employees with a capacity to buy life insurance to reach more potential clients. This can help the company to increase the premium earned from the sector.

Sanlam also has to train its employees and agents/brokers in a continuous basis so as to update and increase their knowledge in the area and encourage and motivate them to convince customer to buy life insurance.

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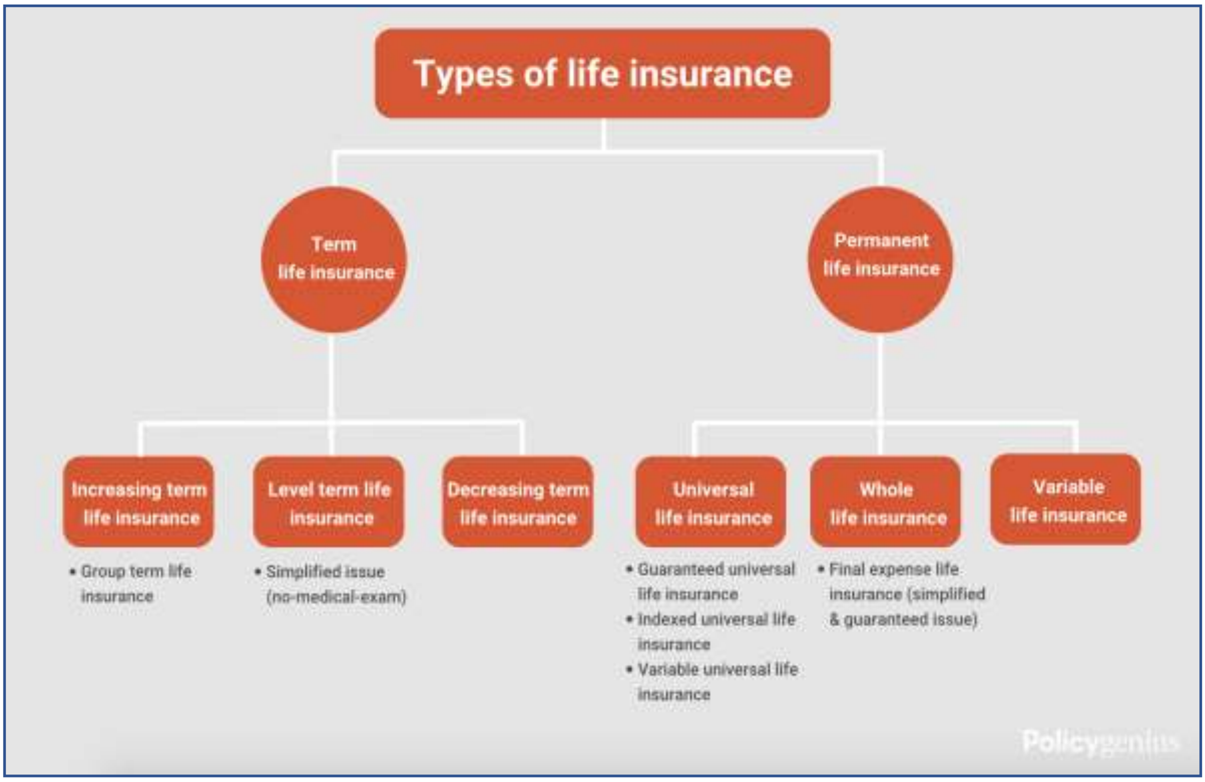
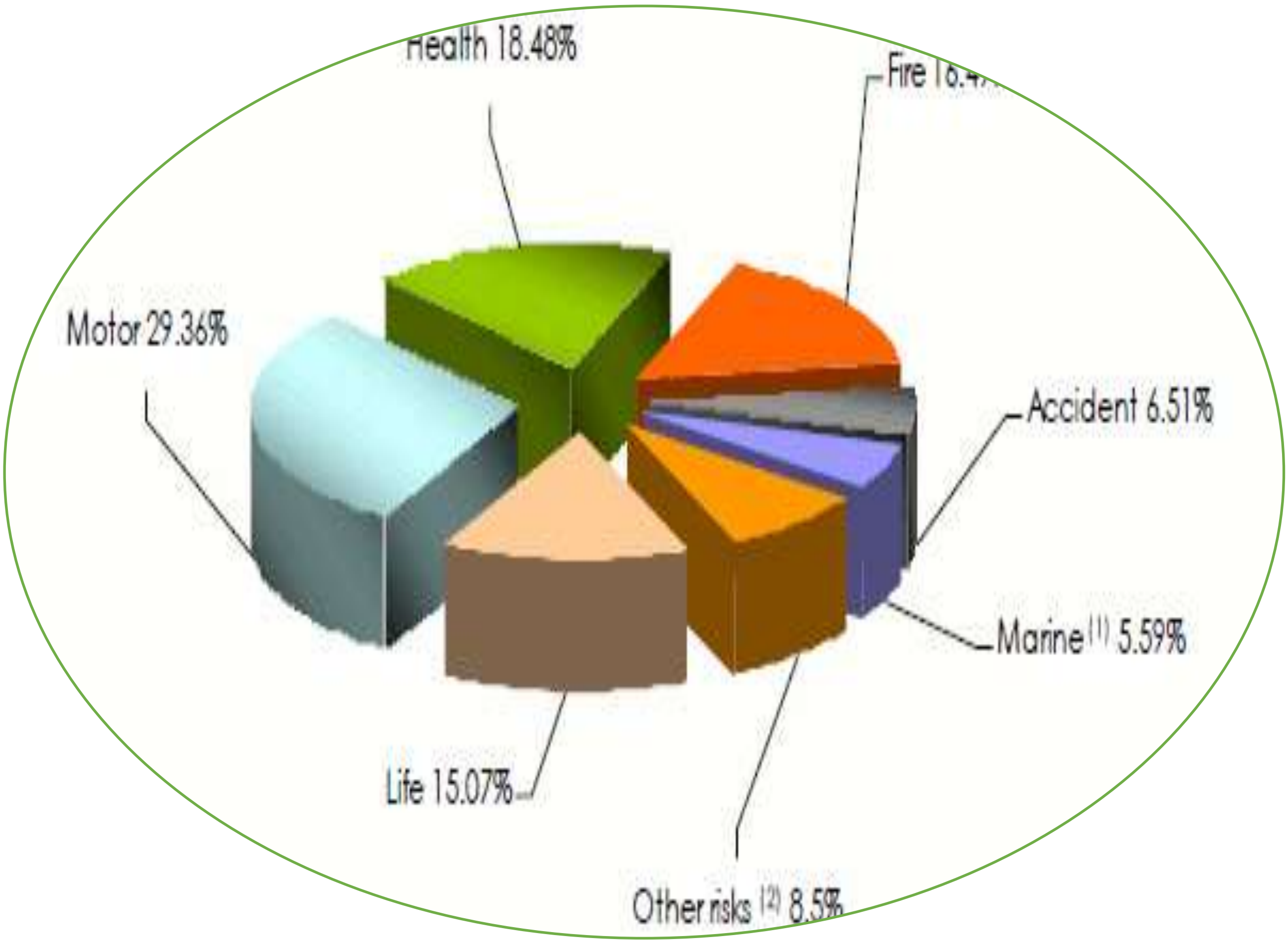
Appendix

Appendix I: Type of life Insurance



Appendix II: Tanzania Insurance Industry



Appendix III: Timetable of Activities

Activities	Dates					
	Nov	Dec	Aug	Sept	Oct	Nov
Title Identification						
Reviewing Literatures						
Research Proposal Writing						
Research Proposal Defense						
Data collection.						
Data analysis						
Research Report Writing						
Defense of Research Report						
Final Report Corrections						
Submission of Dissertation						

Appendix IV: Budget

ESTIMATED BUDGET

Item	Amount
Materials and stationeries	1,000,000/=
Transport cost	500,000/=
Meals cost	500,000/=
Other related expenses	500,000/=
Total	2,500,000/=

APPENDEX III: Questionnaire

QUESTIONNAIRE

Questionnaire Serial No…………

Dear respondent, this research is meant for academic purpose. You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential. Please tick where appropriate or fill in the required information on the spaces provided.

SECTION A: SOCIO – DEMOGRAPHIC CHARACTERISTICS

Please put a tick {√} in the box where the question requires you to do so.

Name of your organization ………………………………………………..………………

Date of interview ------ **/** ------ / ---------

No.	Questionnaire	Response	
1	Gender	1= Male	
		2= Female	
2	Respondent organizational responsibility category	1= Managerial	
		2= Non-Managerial	
3	How long have you worked in this organization	1= Less than 1 year	
		2= 2- 5 Years	
		3= 6-10 Years	
		4= More than 10 Years	
4	Level of Education	1=Certificate	
		2=Diploma	
		3=Degree and above	

SECTION B: Firm Size and Performance of life Insurance Companies Please indicate on the scale provided below by ticking the extent to which you agree with the following statements: 1=Strongly Disagree, 2=Disagree, 3=Not Sure, 4=Agree, and 5=Strongly Agree.

No	**Questionnaire**		
1	Our organization has generally reported high loss ratios	1	
		2	
		3	
		4	
		5	
2	Our organization relies on investment income to act as a cushion for our underwriting results	1	
		2	
		3	
		4	
		5	
3	Firm size is an important determinant of an insurance company's performance	1	
		2	
		3	
		4	
		5	
4	Does your current Debt ratio affect company performance	1	

		2	
		3	
		4	
		5	
5	Does the company able to meet daily operation cost	1	
		2	
		3	
		4	
		5	
6	Does the company able to meet his targeted profit	1	
		2	
		3	
		4	
		5	
7	Large firms face less difficulty in getting access to credit facilities from financial institutions, thus achieve greater strategic diversification	1	
		2	
		3	
		4	
		5	
8	Large firms are more stable and mature, therefore generate greater sales because of their great production capacity	1	
		2	
		3	
		4	

		5	
9	Large firms enjoy economics of scale and their average cost of production is low ensuring efficient operational activities	1	
		2	
		3	
		4	
		5	
10	Does the company have been able to reach all his targeted consumer	1	
		2	
		3	
		4	
		5	

SECTION C: **The Effect Marketing Strategies in Performance of Life Insurance Companies**

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements: 1=Strongly Disagree, 2=Disagree, 3=Not Sure, 4=Agree, and 5=Strongly Agree

No	**Questionnaire**		
1	Do you view proper life insurance products packaging as a factor that affects growth of life insurance business?	1	
		2	
		3	
		4	
		5	
2	To what extent is sales force training and development a major factor in the growth and marketing of life insurance policies?	1	
		2	
		3	
		4	
		5	
3		1	

	In your opinion does the company have a comprehensive sales and marketing department?	2	
		3	
		4	
		5	
4	How do you rate your company in undertaking professional sales staff training?	1	
		2	
		3	
		4	
		5	
5	Does carry out sales staff appraisals on their dealings with the life insurance customers	1	
		2	
		3	
		4	
		5	
6	Does the company Practice good ethics in their dealings with life insurance customers	1	
		2	
		3	
		4	
		5	
7	Does the company expose sales staffs that are unethical?	1	
		2	
		3	
		4	
		5	
8	Does your company carry out adequate customer surveys?	1	
		2	
		3	
		4	
		5	
9	How do you rate your company in getting the customers satisfied with your services?	1	
		2	
		3	
		4	
		5	

10.

How does your company promote its services?	1 = Advertising	
	2 = PR and Publicity	
	3 = Through Agency	
	4 = Personal Selling	
	5 = Sales Promotion	
	6 = No idea	

SECTION D: **Effect of Customers Income on the Performance of Life Insurance Companies** Please indicate on the scale provided below by ticking the extent to which you agree with the following statements: 1=Strongly Disagree, 2=Disagree, 3=Not Sure, 4=Agree, and 5=Strongly Agree

Sources of growth	**1**	**2**	**3**	**4**	**5**
The effect of income on buying existing life insurance products					
Introducing Affordable Products Will Maximize Number of Customers and Sales					

Other Questions

i) To what extent do you think government regulation policies in Tanzania affects the marketing and growth of life insurance business in your company?

1 = Most Likely

2 = Likely

3 = Less Likely

4 = Not likely at all

5= No Idea

ii) What do you think is the single most important reason for the current state of low penetration of life insurance in the country?

Description	**Response**
Relatively inexperienced employees / management	
Lack of timely intervention by the regulator	
Lack of focus by companies ('let's do everything', 'let's do what the competitor does')	
Too much focus on top - line customers for growth / monthly new business volumes	
None of the above ('it is not all that bad')	

Other (Please specify)	

iii) Do you think most of the life insurance products are traditional and do not address the Modern needs of the public leading to low penetration of life insurance?

1 = Yes

2 = No

THANK YOU VERY MUCH FOR YOUR PARTICIPATION.